

Creating enduring quality

Annual report
- 2011 -

Our solutions are about working together for a better living environment. An environment that people are happy to live, work and spend time in. We make our customers' wishes, ideas and ambitions a reality. For housing, mobility, energy and nature. Always with an integrated approach and in harmony with the broader picture.



We add value in the life cycle of development, construction, management and recycling of our living environment. And we leave our trace on the living environment. We look further, wider and deeper. For today and tomorrow.

We create enduring quality.



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Highlights 2011

One Ballast Nedam, one company with integrated operations

Ballast Nedam has withstood the challenging market conditions well. Our order book remained well filled, we achieved a good operating profit and a stable revenue. We adjusted the Ballast Nedam organization in 2011 in line with Ballast Nedam's strategic pursuit of integrated projects and our focus on five niche markets.

- Operating profit rises to € 19 million (2010: € 18 million)
- Profit for the period up: € 9 million (2010: € 7 million)
- Revenue stable at 1.4 billion (2010: € 1.4 billion)
- Better-filled order book of € 1.9 billion (2010: € 1.8 billion)
- Higher proposed dividend for 2011 of € 0.47 per share (for 2010: € 0.36 per share)
- Downward value adjustment of land positions and goodwill of € 10 million (2010: € 4 million)
- Financing position improved to € 11 million debt (2010: € 56 million debt)
- Considerably lower non-recourse loans of € 34 million (2010: € 175 million)
- Loan facilities extended to 2017
- Restructuring operations in 2011 on schedule
- Forecast for 2012 of approximately equal results in deteriorating markets
- Relative CO₂ reduction of 12%
- Injury frequency improved from 10.7 for 2010 to 6.5
- Proposed new Supervisory Board member, Mr L.W.A.M. van Doorne

New organization structure in line with strategy

In 2011 we brought Ballast Nedam's organization further into line with the strategy of focusing on integrated projects and the niche markets of industrial construction, hospitals, offshore wind turbines, secondary raw materials and alternative fuels. Ballast Nedam is assuming a more prominent role in project development and longer-term involvement in management, maintenance and operation. Our range of products and services is shifting towards specific product-market combinations with greater added value. Our integrated approach helps raise environmental quality and lower life-cycle costs.

Corporate governance changes

There have been changes in the allocation of duties within the Board of Management: Mr Romeo Malizia has been reappointed Chief Operating Officer (COO) and Mr Peter van Zwieten has been appointed Chief Financial Officer (CFO). The Supervisory Board has resolved to increase the number of Supervisory Board members in 2012 to five.

Operational control improved

Ballast Nedam's former divisional structure has made way for six clusters based on processes and products. The clusters are managed by six cluster directors. Together with the Board of Management, they constitute the Ballast Nedam Concern Council. All supporting services have now been combined.

Market position in the Noord-Holland region bolstered by the acquisition of Heddes

With the acquisition of Heddes Ballast Nedam inherited sixteen projects with a volume of approximately 100 million euros, plus small-scale building operations. Heddes Bouw & Ontwikkeling's head office is in Hoorn, with approximately one-hundred and thirty employees.

Market position stronger on the growing PPP market

The Benelux Secondary PPP Fund I has taken over the equity interest of three operational public-private partnership (PPP) projects from Ballast Nedam. We thereby released resources for investment in new PPP projects and strengthened our balance sheet. Ballast Nedam has a 20 per cent stake in this fund, and DG Infra 80 per cent.

Strong position on the growing European market for offshore wind farms

Ballast Nedam signed a contract worth approximately 250 million euros with the wpd group of Germany for the design, delivery and installation of eighty foundations for the German Butendiek offshore wind farm. This is an excellent outcome of our focus on this niche market.

Production capacity adjustment at prefabricated concrete plant

The workforce at Waco Lingen Beton in Bergen op Zoom has been reduced by one hundred. This is some 25 per cent of the total number of jobs in the four prefabricated concrete companies. Waco Lingen Beton is now focusing on a selected number of civil engineering products.

Production capacity adjustment in the Infrastructure regional companies

This adjustment affects 115 jobs. In early 2012 we will adjust the capacity of each regional company in line with market conditions. Later in 2012 we will continue to bring the organization structure of the regional activities into line with our strategy.

Kicking Horse Mountain Resort in Canada sold

Ballast Nedam has strengthened the balance sheet through the sale of the four-season Kicking Horse Mountain Resort to Resorts of the Canadian Rockies Inc..

Ballast Nedam reaches the highest rung on the CO₂ performance ladder 2.0

Alongside Prorail, the Directorate-General for Public Works and Water Management (RWS) and a fast-growing number of municipalities are using the CO₂-performance ladder 2.0 in their procurement. The ladder is now operated by the Stichting Klimaatvriendelijk Aanbesteden en Ondernemen and is the standard sustainable procurement tool.

Ballast Nedam held the first Ballast Nedam Innovation Day and innovation agenda

Some 400 stakeholders attended the Innovation Day, at which Ballast Nedam gave the latest news about numerous innovations. A panel of experts led by Matthijs van Nieuwkerk debated the importance of innovation and aspects of sustainability. Ballast Nedam introduced the concept of innovation panels at the event. The aim is to join forces with stakeholders in 2012 on sustainable innovation.

Ballast Nedam has refined its policy for innovation management, corporate social responsibility and communication based on an external stakeholders' survey

Ballast Nedam builds the first transportable hydrogen station

Ballast Nedam won the contract for building a transportable production and filling station for hydrogen: the ultimate sustainable fuel.

Production plant in Weert for iQwoning® homes

The innovative iQwoning® industrial method of building under controlled conditions yields many benefits: constant high quality, extremely short construction time, and an excellent price-quality ratio.

Ten-year summary

x € 1 million	2011	2010	2009	2008
Revenue and profit				
Revenue	1 382	1 359	1 384	1 426
the Netherlands	1 252	1 275	1 272	1 348
international	130	84	112	78
Order book	1 950	1 841	1 818	1 667
Earnings before interest, taxes, depreciation and amortization (EBITDA)	47	45	42	67
Impairment	(2)	(1)	0	(0)
Depreciation	(25)	(25)	(23)	(24)
Earnings before interest, taxes and amortization (EBITA)	20	19	19	43
Amortization	(1)	(1)	(2)	(1)
Earnings before interest and taxes (EBIT)	19	18	17	42
Profit before income tax	12	11	8	31
Profit for the period before amortization	10	8	8	25
Profit for the period	9	7	6	24
Investments				
Investments	80	104	102	64
Disposals	6	12	6	22
Net investments	74	92	96	42
Balance sheet data				
Non-current assets	286	420	352	274
Current assets	655	664	682	730
Assets	941	1 084	1 034	1 004
Current liabilities	(625)	(598)	(644)	(660)
Capital structure				
Capital employed	229	425	279	252
Shareholders' equity	171	161	162	168
Interest-bearing non-current liabilities	121	285	197	126
Net cash	87	61	111	92
Net financing position	(45)	(231)	(92)	(41)
Ratios				
Earnings before interest and taxes / revenue	1%	1%	1%	3%
Profit for the period / revenue	1%	1%	0%	2%
Profit for the period / average shareholders' equity	5%	4%	4%	14%
Shareholders' equity / assets	18%	15%	16%	17%
Average number of employees	3 929	3 841	3 947	3 941
Shares				
Number of ordinary shares (x 1 000)	10 000	10 000	10 000	10 000
Number of ordinary shares issued (x 1 000)	9 668	9 700	9 702	9 870
Market capitalization at year-end	129	140	147	137
Dividend paid	4	3	12	14
Per average share in issue of € 6 nominal value				
Shareholders' equity	17.66	16.58	16.62	17.05
Dividend paid	0.36	0.31	1.24	1.38
Profit for the period	0.93	0.73	0.62	2.46

				NL GAAP		
2007	2006	2005	2004	2004	2003	2002
1 270	1 310	1 206	1 164	1 164	1 619	2 307
1 157	1 206	1 105	1 042	1 042	1 132	1 242
113	104	101	122	122	487	1 065
1 438	1 093	1 064	971	971	1 046	1 833
63	63	58	63	45	33	(70)
0	-	0	(8)	(7)	(6)	
(20)	(19)	(18)	(19)	(17)	(23)	(46)
43	44	40	36	21	4	(116)
(1)	(2)	(2)	(1)	(2)	(4)	(6)
42	42	38	35	19	-	(122)
38	38	28	24	15	(6)	(135)
28	46	22	14	10	50	(137)
27	44	20	13	8	46	(143)
37	67	32	20	17	19	67
7	12	67	20	20	26	218
30	55	(35)	(0)	(3)	(7)	(151)
242	253	211	268	179	213	224
656	541	636	556	352	342	402
898	794	847	824	531	555	626
(590)	(555)	(644)	(586)	(327)	(362)	(484)
256	177	74	78	(11)	(2)	(16)
172	158	124	101	109	102	56
97	36	54	99	39	27	39
52	62	129	160	160	136	116
(63)	23	68	56	116	104	72
3%	3%	3%	3%	2%	0%	-5%
2%	3%	2%	1%	1%	3%	-6%
16%	31%	18%	14%	8%	58%	-106%
19%	20%	15%	12%	20%	18%	9%
3 838	3 701	3 721	4 022	4 022	4 957	6 549
10 000	10 000	10 000	10 000	10 000	10 000	10 000
9 900	9 924	9 847	9 861	9 861	9 879	9 886
280	328	327	123	123	47	48
13	10	-	-	-	-	11
17.31	15.98	12.54	10.26	11.02	10.33	5.62
1.34	1.02	-	-	-	-	1.14
2.75	4.44	2.05	1.36	0.80	4.67	(14.46)

Financial results

Revenue

<i>x € 1 million</i>	<i>2011</i>	<i>2010</i>
Infrastructure	523	534
Building & Development	642	641
Specialized companies	252	214
Supplies	232	202
	1 649	1 591
Other	(267)	(232)
Total	1 382	1 359

Revenue increased by 2% from € 1 359 million to € 1 382 million. Infrastructure's revenue decreased to € 523 million. Partly because of the acquisition of Heddes early last year, Building & Development's revenue was almost unchanged at € 642 million. The revenue of both Specialized Companies and Supplies rose to € 252 million and € 232 million, respectively. The 15% rise in internal revenue in 2011 is a favourable development that confirms our steadily growing capability in implementing integrated projects, and demonstrates the fruits of our organizational restructuring. Of the revenue, 91% was generated in the Netherlands.

EBIT

<i>x € 1 million</i>	<i>2011</i>	<i>2010</i>
Infrastructure	14	10
Building & Development	8	4
Specialized companies	-	2
Supplies	4	10
	26	26
Other	(7)	(8)
Total	19	18

The operating profit rose from € 18 million in 2010 to € 19 million. Profits rose at Infrastructure and Building & Development, with good contributions mainly from the larger projects and the sale of the PPP projects. The total operating profit of the segments was equal to that in 2010. The 'Other' result consisted mainly of holding company costs.

Margin

<i>x € 1 million</i>	<i>2011</i>	<i>2010</i>
Infrastructure	2.7%	1.8%
Building & Development	1.2%	0.7%
Specialized companies	0.0%	0.9%
Supplies	1.7%	5.0%
Total	1.4%	1.4%

The overall margin was unchanged at 1.4% on a fractionally higher revenue. Both Infrastructure and Building & Development succeeded in improving their margins. Supplies' margin went down because of losses in the prefabricated concrete companies.

Profit for the period

x € 1 million	2011	2010
EBIT	19	18
Net finance income and expense	(7)	(7)
Profit before income tax	12	11
Income tax expense	(3)	(4)
Profit for the period	9	7

The financing item was unchanged relative to 2010 at € 7 million. Profit before income tax was € 12 million, which was up by € 1 million. With the help of a lower tax burden, the profit for the period rose by € 2 million to € 9 million. Last year's higher tax burden arose because a smaller portion of the results could be settled within the fiscal unity.

Order book

x € 1 million	2011	2010
Infrastructure	1 152	986
Building & Development	693	735
Specialized companies	89	80
Supplies	54	67
	1 988	1 868
Other	(38)	(27)
Total	1 950	1 841

The order book grew in the second half of 2011 by € 234 million to € 1 950 million, which was € 109 million higher than at year-end 2010. Of these orders, approximately € 1 billion will be executed in 2012. The quality, composition and larger size of the total order book put us in a relatively strong starting position in a market that continues to deteriorate. It is therefore possible for us to continue to tender in a disciplined manner, and if necessary to adjust capacity progressively in line with market conditions, as occurred in 2011 with property development, the prefabricated concrete companies and the regional companies.

Equity

The capital ratio improved from 20% at year-end 2010 to 21%. This is the capital ratio as calculated in accordance with the method that accounts for joint ventures as an interest at the share in the assets (i.e. the equity method). The capital ratio as calculated in accordance with the proportionate consolidation method that is currently allowed under IFRS and applied for the joint ventures, such as the PPP projects, improved strongly from 15% at year-end 2010 to 18%. This increase is predominantly attributable to the sale of three PPP projects, which are largely financed by loans that provide no opportunity of recourse on Ballast Nedam.

Ballast Nedam's shareholders' equity increased by € 10 million to € 171 million. This rise comprised the profit for the period of € 9 million, the dividend distribution of € 4 million, an increase of € 4 million in the hedging reserve for interest rate derivatives for the PPP projects, and foreign currency translation gains of € 1 million.

Total assets went down by € 143 million to € 941 million, in particular because of the sale of PPP projects and the sale of Kicking Horse Mountain Resort. Another favourable development was the lower working capital requirement because of the decrease in inventories. Capital employed therefore decreased by € 196 million to € 229 million.

Cash flows

Cash flow for 2011 improved considerably and was € 26 million positive compared with a negative cash flow for 2010 of € 50 million.

The operating cash flow of € 72 million was positive, compared with a negative operating cash flow of € 39 million for 2010, because of a better work in progress position and lower inventories of unsold stock.

The cash flow from investing activities was € 52 million negative compared with € 92 million negative for 2010. This consisted of € 75 million of investments, € 6 million of disposals, € 5 million for acquisition of operations, € 2 million for a participation and € 23 million for the sale of the PPP projects and the Canadian resort. Investments included € 42 million of property, plant and equipment, € 6 million of intangible assets and € 27 million of financial assets. Most of the financial assets were concerned with the PPP receivables for the A15 Maasvlakte – Vaanplein project. The € 37 million net investment in property, plant and equipment exceeded the € 25 million of depreciation.

The positive cash flow from financing activities of € 5 million consisted of the net € 9 million proceeds from long-term loans and a dividend payout of € 4 million.

Financing position

<i>x € 1 million</i>	<i>2011</i>	<i>2010</i>
Cash and cash equivalents	98	81
Bank overdrafts	(11)	(20)
Net cash	87	61
Recourse loans	(98)	(117)
Financing position	(11)	(57)
Non-recourse loans	(34)	(175)
Financing position including non-recourse	(45)	(231)

The financing position improved by € 45 million from € 56 million debt at year-end 2010 to a debt position of € 11 million. The sales of the PPP interests and the Canadian resort contributed to this improvement. The financing position including the non-recourse loans (which include the PPP loans) improved even more strongly, by € 186 million from a debt position of € 231 million at year-end 2010 to € 45 million. Net cash rose by € 26 million to € 87 million. The prepayments on projects remained approximately unchanged at € 92 million. The financing requirement is always higher in the course of the year than at year-end.

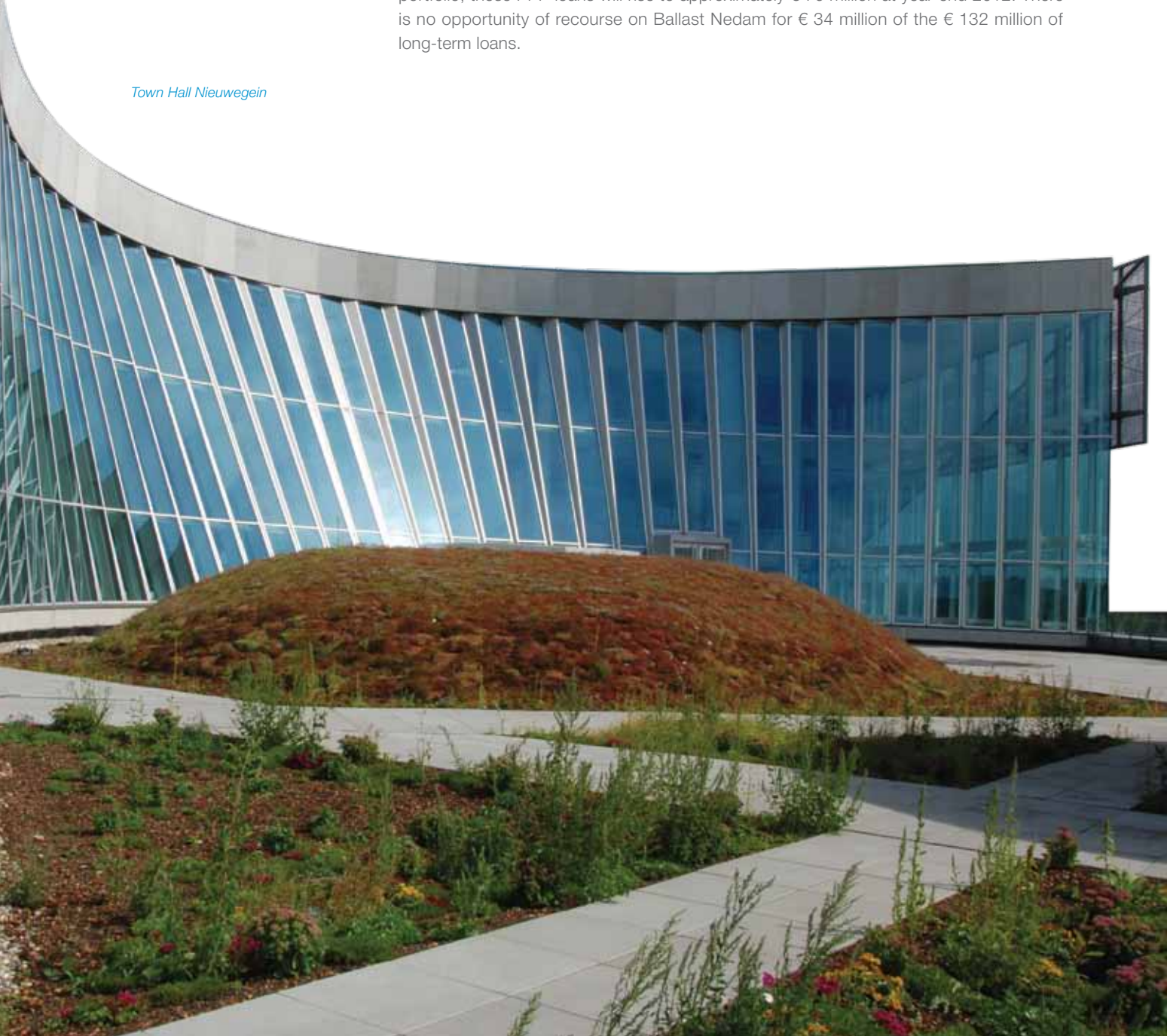
Loans

<i>x € 1 million</i>	<i>2011</i>	<i>2010</i>
PPP loans	25	169
Land bank financing	43	33
Business loans	50	50
Financial leases	10	9
Other loans	4	31
	132	292
Recourse	98	117
Non-recourse	34	175
	132	292
Current loans	11	7
Long-term loans	121	285
	132	292

There will be no need to refinance the long-term loans in the coming years, since in March 2012 the general loan of € 50 million was extended by 3 years to April 2017. The interest rate was unchanged at 5.4% and mortgages were taken out on a number of properties in use by Ballast Nedam as security for the loan. The other large loan of € 33 million is mainly for financing several land positions in a separate company. This loan matures in October 2015 and the interest rate is Euribor plus a margin. The land positions concerned were mortgaged as security for the loan. There are no financial covenants in the conditions of these loans.

The other long-term loans of € 49 million consist of € 25 million of PPP loans, for which the interest rate is fixed by means of derivatives. Based on the current PPP project portfolio, these PPP loans will rise to approximately € 70 million at year-end 2012. There is no opportunity of recourse on Ballast Nedam for € 34 million of the € 132 million of long-term loans.

Town Hall Nieuwegein



The share and dividend proposal

This section provides details of Ballast Nedam's share and how the share price has moved in the reporting year.

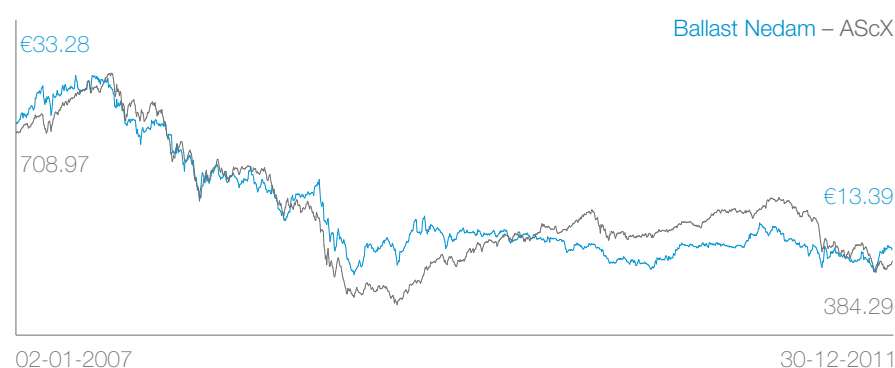
Shares and stock exchange listing

On 31 December 2011 Ballast Nedam had 9 667 500 in issue out of the 10 million issued shares. On this date we had 332 500 repurchased own shares and depositary receipts for shares, which is slightly more than the 300 000 in 2010. We repurchased 32 500 of our own shares and depositary receipts for shares in the course of 2011. The 332 500 repurchased shares and depositary receipts for shares are needed to cover the liabilities arising from the current management option scheme.

The Ballast Nedam Administration Office issues depositary receipts for shares and administers the underlying shares. The depositary receipts are fully exchangeable. At year-end 2011, depositary receipts had been granted for 99.46 per cent of the capital in issue. Ballast Nedam depositary receipts for shares are listed on NYSE Euronext Amsterdam. Ballast Nedam has been included in Euronext's Amsterdam Small Cap Index (AScX) since 2006. ABN AMRO Bank, ING Bank and Kempen & Co act as liquidity providers for Ballast Nedam shares.

Price movements

The Ballast Nedam share price quoted at the end of 2010 on NYSE Euronext was 14.40 euros. The year 2011 ended with a 7% lower rate of € 13.39. The Amsterdam Small Cap Index (AScX), where the Ballast Nedam shares are included, declined by 24% in 2011. The highest closing price of € 17.55 was reached on 30 March 2011. The lowest closing price of € 9.78 was quoted on 22 November 2011.



Trading volume

The liquidity of Ballast Nedam shares declined in 2011. An average of 5 770 shares were traded per trading day in 2011. This is a decrease from 2010 when the average was 8 697 shares per trading day.

Other information per average share in issue of € 6 nominal value

		2011	2010	2009	2008	2007
Shareholders' equity	€	17.66	16.58	16.62	17.05	17.31
Dividend paid	€	0.36	0.31	1.24	1.38	1.34
Profit for the period	€	0.93	0.73	0.62	2.46	2.75

The average outstanding equity per share amounted to € 17.66. The average net income per share rose from € 0.73 in 2010 to € 0.93.

Dividend distribution

The underlying principle of our dividend policy is that 50 per cent of the profit for the period is placed at the disposal of shareholders for distribution as dividend. The Board of Management, with the approval of the Supervisory Board, proposes to distribute a cash dividend for 2011 of € 0.47 per ordinary share in issue. In 2011 Ballast Nedam paid a dividend of € 0.36 for 2010. In 2010 a dividend of € 0.31 was paid for 2009.

Shareholders with an interest of 5 per cent or more

As at 29 February 2012 the following organizations had reported to the Authority for the Financial Markets (AFM) that they held shares or depositary receipts for shares in Ballast Nedam representing an interest of 5 per cent or more, pursuant to Section 5.3 of the Financial Supervision Act.



General Meeting of Shareholders

The Annual General Meeting of Shareholders of Ballast Nedam will be held on 16 May 2012 at the Beatrix Theatre (Main entrance), Jaarbeursplein 6a, Utrecht. The meeting will commence at 1.30 pm. Prior to the meeting, the Ballast Nedam Administration Office will convene a meeting at noon of holders of depositary receipts for shares. The agendas for these meetings will be available to interested parties on request from the company, or can be downloaded from the Ballast Nedam website.

Financial calendar 2012

- Publication of annual results	Friday 9 March 2012
- Registration date for the Annual General Meeting for shareholders	Wednesday 18 April 2012
- First quarterly report 2012	Wednesday 25 April 2012
- General Meeting of Shareholders	Wednesday 16 May 2012
- Quotation ex-dividend	Friday 18 May 2012
- Registration date for dividend (after closing stock market)	Tuesday 22 May 2012
- Availability of dividend	Tuesday 29 May 2012
- Publication of interim results	Friday 13 July 2012
- Third quarterly report 2012	Friday 26 October 2012

Investor Relations

Investor Relations focuses on the interests of the shareholders and the permanent interest of the financial market in Ballast Nedam. Investor Relations aims to inform the focus groups transparently and honestly about the Ballast Nedam strategy, Ballast Nedam's business model, our distinctive character and the financial position of the company. We do this by providing all relevant information available, through the annual report, the annual and interim results presentation, 1st and 3rd quarterly reports, press releases, presentations to (potential) investors and analysts and via our website www.ballast-nedam.com.

Foreword

Ballast Nedam held up well under deteriorating market conditions. We have seen improvements in the quality and size of the order book and moreover succeeded in strengthening our balance sheet. The organization structure has been adjusted. We have asserted our innovative capacity in the niche markets and have taken specific measures to enhance our corporate social responsibility. These results were possible only through the concerted effort of our people, and application of their knowledge, skills and capacities.

Strategic focus

Ballast Nedam performed well in 2011, certainly considering the bleak market conditions, increasing competition and price pressure. We are now reaping the rewards of adhering to our strategic focus. Excellent results were achieved on several large multiyear projects and in the niche markets of industrial construction, hospitals, offshore wind turbines, secondary raw materials and alternative fuels. We continued to fortify our position on the PPP market with the Benelux Secondary PPP Fund. We have strengthened our balance sheet through the sale of three PPP projects, the sale of the Canadian resort, reducing property exposure, and extending the financing to 2017. Ballast Nedam played a more prominent role in project development and has achieved a longer-term involvement in management, maintenance and operation. Our stronger balance sheet plus the quality and greater size of our order book gives Ballast Nedam a favourable starting position in 2012 to withstand the current recession and to continue to gain from the opportunities for integrated projects and the niche markets.



Organization and corporate governance

2011 was a year of sweeping change for Ballast Nedam. Ballast Nedam was steaming ahead in the business, through the credit crisis, with the housing market already being squeezed, when in the second half of the year the infrastructure market was struck by far worse conditions. Effort in the past year has been on moving towards operating as 'One Ballast Nedam' (or 1BN): a single company with integrated operations. The Board of Management has reallocated its duties, with the appointment of the new CFO, Peter van Zwieten. The new cluster structure has improved operational management. All the supporting services have also been combined. Furthermore, we acquired Heddes Bouw & Ontwikkeling. There were another three restructuring operations in 2011 following the introduction of the cluster structure. These changes were necessary because of poor market conditions and the consequent losses in property development, the infrastructure regional companies and the prefabricated concrete companies. The measures taken were to adjust the capacity of the prefabricated concrete plants and the regional infrastructure companies. We will continue to make adjustments as necessary in line with the state of the market. All the above means that in the next few years we as One Ballast Nedam will be increasing our orientation on the market, customers and the community, while achieving efficiency gains.

Our employees

We have placed great demands on our employees. In difficult market conditions and with an organization in a state of flux we have succeeded in achieving a higher operating profit than in 2010. This achievement is attributable to our employees' unflinching effort, innovative capacity and entrepreneurship. Internally we have succeeded in working together effectively and dealing resolutely with the challenges that have confronted us. On behalf of all the members of the Board of Management I sincerely thank our employees for their efforts in 2011.

Innovative strength

Ballast Nedam continued to invest in industrial, modular building techniques. For instance, the iQwoning® plant in Weert started operation this year. ModuPark®, a modular parking concept, is another fine example. Our stake in Ursem in 2012 puts us in an even better position to serve the various residential and nonresidential construction markets, new building and renovation, with modular concepts.

We also employed our innovative capacity in the alternative fuels niche market. CNG Net extended its nationwide network of green gas filling stations to 52, five of which are under construction. At the start of 2012 CNG Net strengthened its position as the largest supplier in the Netherlands of green gas as a road vehicle fuel with a contract with Connexxion for the largest green gas public transport concession. In 2011 we also embarked on a public filling station network for liquefied natural gas (LNG). Ballast Nedam also won the contract for building the first transportable hydrogen station in the Netherlands.

We also invested in new Feniks Recycling installations in England and Amsterdam for recovering secondary raw materials from incinerator bottom ash.

Our innovative strength was also expressed in the process-oriented side of the business, as the new forms of chain cooperation and the major strides we have taken with building information models (BIM) testify.

Our range of products and services is shifting towards specific product-market combinations with greater added value.

Corporate social responsibility

Corporate social responsibility is an integral part of our vision. Our CSR policy is in pursuit of working together for a better living environment. We have accordingly incorporated the Global Reporting Initiative (GRI) into our Annual Report. We produced a CSR manual in 2011 and consequently improved reporting substantially. Ballast Nedam is now at level B+ on the GRI G3.1 reporting guidelines with respect to CSR reporting. In 2011 Ballast Nedam also attained the highest level on the CO₂ performance ladder 2.0, which makes us a member of a select group.

Ballast Nedam is engaged within its markets in sustainable energy, including the application of green gas, heat/cold storage and wind energy. The company actively pursues a reduction of energy consumption. For example, in the past year the number of CNG-fuelled vehicles in Ballast Nedam increased by 269 to 458, which is 23% of the entire vehicle fleet. The target for our internal operations is to have 30% less CO₂ emission in 2020 relative to 2008. We achieved the envisaged 12% reduction in 2011.

Safety is one of Ballast Nedam's core values. Our employees and chain partners must perform their work safely and be in a position to do so. Much attention was again given to safety in the past year. In total there were 48 lost-time accidents in 7.4 million hours worked, which represents an improvement in the injury frequency from 10.7 in 2010 to 6.5. The injury frequency is the number of lost-time accidents per million hours worked.

Good starting position

In the current recession we expect markets to deteriorate further in 2012. Competition will continue to intensify and price pressure will increase accordingly. Our areas of work are housing, mobility, energy and nature, which gives us a relative favourable spread of risks in a deteriorating market. We will continue to adhere firmly to our strategic focus in 2012. We draw encouragement from a stronger balance sheet, a better quality and larger order book and an optimum organizational structure. We will again be putting our shoulders to the wheel in 2012.

Theo Bruijninx
CEO





1. About Ballast Nedam

We give an outline of our company in this section, in terms of what we do and why we do it (our vision and mission), what we stand for, our key activities, the market environment we operate in, how we monitor our impact on people, the environment and the community, and the legal and operational structure of our organization.

1.1. Vision and mission

All our solutions are about working together
for a better living environment. This can be expressed in just
two words: enduring quality.

Working together for a better living environment, today and tomorrow is the vision that guides Ballast Nedam's work. It means achieving enduring quality in the life cycle of development, construction, management and the recycling of our living environment. In our projects Ballast Nedam embraces total responsibility for all facets of this cycle. We pursue our customers' needs while unburdening them of all concern. We and our partners act as a team to live up to this promise. Our solutions are custom work: appealing, future-proof and in harmony with the broader picture. They enhance people's wellbeing in their living environment. We create solutions by working together with our customers and partners. We always act with safety and integrity.

Our mission is to give our customers added value in all we do, which is manifest in our practical solutions, our organizational structure, our knowledge and experience, and the innovative capacity of our people. This is how we create enduring quality. We believe it is the best way to ensure the continuity of Ballast Nedam and a healthy dividend for our shareholders.

Keeping our promise

Our approach of working together for a better living environment is reflected in our products, services and brands, and moreover in our socially responsible conduct. Our vision and mission imply a promise, which we keep through our reliance on five pillars: In section 3.1. (see p. 35) these pillars of our strategy are explained.

Life cycle thinking and acting
Our people, standards and values
Chain cooperation
Innovation
Being at the heart of the community

Walney II, United Kingdom



1.2. Our CSR policy: in pursuit of working together for a better living environment

Public authorities, companies and households alike are being forced to adjust to the uncertain economic situation. The government's course is crystal clear: the level of debt must be brought down. Severe spending cuts are inevitably coinciding with dwindling purchasing power. Despite the tight money supply, there is still a need for sustainable housing, employment, mobility, energy and nature. The new situation calls for a different approach to projects and new forms of financing. Projects must be optimized throughout the life cycle and contribute to overall improvement. Compartmentalized thinking and fragmented optimization are inefficient and expensive. This is also the essence of corporate social responsibility: looking beyond the immediate future and creating the best solutions for all concerned. The changed situation and our vision are leading us to take a fresh look at our built environment and devise new solutions to issues. Our collaborative style of working will develop along the same lines in the next few years.

The long-term success of the enterprise depends on how we respond to today's trends. In essence, our corporate social responsibility strategy and policy are about working together for a better living environment, today and tomorrow, while balancing the needs of people, the environment and the community. The point is to create enduring quality.

Creating enduring quality is a linchpin of our company, and reflects our position on the growing market for contracts in which aspects of financing and management continue for twenty or thirty years. Ballast Nedam is among the leaders in defining and performing these contracts. We are also engaged in innovations and product development, for example for alternative energy facilities. We generate electricity using our own wind turbines. We are also migrating our motor fleet to green gas, which we produce together with our partners and sell through our CNG Net filling station network. There are now 458 Ballast Nedam vehicles running on green gas instead of diesel, which has substantially reduced the CO₂ burden and nitrogen oxide and particulate emissions.

Our aspiration to create enduring quality is conspicuous in our increasingly industrial modular building methods and product standardization, which enables us to work faster, limit nuisance for the local community, and optimize quality and costs. Standardization also helps improve working conditions and safety. Standardized products are made in controlled environments in an industrial process. An interesting related development is the Tunnel Fund set up by Prorail to promote standardization in rail underpasses. This year Ballast Nedam took a new iQwoning® production plant into use. We are able in the controlled environment of this plant to construct a home with the minimum of nuisance in just six weeks. Another good example is the ModuPark® system, a rapid and low-cost modular solution to parking problems.

Our success in our market depends on how effectively we link projects and products together and optimize solutions throughout the life cycle. We can only achieve this success by working together with a variety of stakeholders, and this requires openness, entrepreneurship and a self-critical capacity. We are moving towards more long-term teamwork, such as partnerships along the lines of our collaboration with the Woningcorporatie Havensteder housing association. At our Innovation Day that was held in late 2011 we joined with some four hundred stakeholders to explore how we can respond better to the issues we will be faced with in the future. The best ideas are always the ones we create together. Ballast Nedam will pursue this line together with its partners in the coming period. Life-cycle thinking for us is not an end in itself, and the greater challenge is life-cycle acting!

1.3. Core activities

Ballast Nedam engages in integrated projects in four areas of work: housing, mobility, energy and nature. Our focus in these projects is on the entire life cycle of development, construction, management, recycling and financing. Within the growth market for integrated projects we focus on five niche markets: industrial construction, hospitals, offshore wind turbines, secondary raw materials and alternative fuels.

- Our housing area of work encompasses buildings with diverse functions for people, businesses and public authorities.
- Our mobility area of work involves all built objects that facilitate goods and passenger transport by road, rail, air or water.
- Our energy area of work includes our operations that contribute to energy supply. We work on conventional systems and invest in sustainable energy facilities.
- Our nature area of work comprises all we do towards the responsible use, reuse and management of our landscape, such as water management, raw material extraction and nature conservation.

Ballast Nedam's range of products and services is shifting towards specific product-market combinations with greater added value. The following sections in this Annual Report summarize these combinations and our company and product brands.



1.3.1. List of brands by segment

As 'One Ballast Nedam' we create enduring quality for our customers in housing, mobility, energy and nature, which are our areas of work. This involves contributions from multiple specializations and responsibilities, in some cases embodied in companies with their own brand.



The Specialized Companies segment



Gebr. Van Leeuwen specializes in anchorage and drilling operations, and in particular in innovative anchoring methods for constructions, and trenchless techniques for infrastructure crossings both above and below ground. www.gebr-vanleeuwen.nl



Spanstaal is a specialist in prestressed constructions for civil engineering and nonresidential construction. The company supplies prestressed systems, suspension cables, carbon cables, joints and supporting bearings, casing tubes, bonded external reinforcement and jacking constructions. www.spanstaal.nl



Recircle specializes in separating and reusing stony mineral raw materials. The company segregates materials and identifies new applications for secondary raw materials. The objective is to minimize residuals. www.recircle.nl



Dibec provides a range of services in the environmental and safety field, such as soil testing, risk evaluation, clean-up investigations, clean-up plans and environmental support, to large and small building projects. www.dibec.nl

The Supplies segment



After almost half a century of gravel extraction the concession has come to an end, and the 'Bichterweerd' gravel pit is now a drinking water reservoir. The installation is now in use for current and future extraction in the Maas valley in Belgium. www.bichterweerd.be



N.V. Algri produces sand and gravel for use in the concrete product and ready-mix industry. The material excavated from the quarry in Belgium is processed at the gravel washing plant into high-quality sand and semi-rolled gravel. www.algri.be



Société d'Exploitation des Carrières d'Yvoir in Belgium supplies high-quality hard sandstone granulates, which are mainly used in the top layers of asphalt roads and as railway ballast. www.secy.be



Großkunkel Rurkies GmbH is a sand and gravel producer. The quarry's annual production is 400,000 tons of sand and semi-rolled gravel, mainly for use in the concrete product and ready-mix industry. www.grosskunkel.de



N.V. Lugo extracts and sells granulates (sand and gravel) as raw materials for the construction industry.



B.V. Grind- en Zandhandel v/h T. Verkaik sells and transports raw materials, such as sand, gravel and stone chippings, for concrete and civil engineering applications.



Feniks designs, builds, operates and manages installations for the cold processing of waste incineration ash, and identifies secondary raw material applications in the construction industry. www.feniksrecycling.nl



Hoco-beton develops and produces, either alone or with other market parties, advanced prefabricated concrete solutions for the entire spectrum of customers for concrete. www.hoco-beton.nl



Waco Lingen Beton develops and serially produces innovative prefabricated concrete items and systems, and supplies advanced prefabricated solutions for selected civil engineering products. www.wacolingen.nl



Haitsma Beton designs, produces and assembles prestressed prefabricated concrete elements for bridges, viaducts, stadiums and multistorey car parks. Haitsma also produces concrete piles and barriers. www.haitsma.nl



Omnia Plaatvloer produces wide panel flooring for custom solutions in residential and nonresidential buildings and the agricultural sector. www.omniaplaatvloer.nl



The Rademakers foundry supplies cast components to all branches of industry where material economy and light weight are important. The castings are used in the construction industry for sewers, drainage systems and drill tips. www.rademakersgieterij.nl



TBS Soest supplies the civil engineering industry with drainage, water management and water level control products made from a variety of materials and combinations. www.tbs.nl

The Building & Development segment



ABL2 expedites, improves and implements sustainable, spatial developments through the performance of feasibility studies and process management, and consultancy on technical issues. www.abl2.nl



Heddes Bouw & Ontwikkeling operates in the provinces of Noord-Holland and Flevoland on development, new building, small-scale building and renovation and maintenance for residential and commercial property. www.heddes.nl



Laudy Bouw & Ontwikkeling is based in Limburg, where it serves the entire building column, comprising new building, renovation, restoration and the major maintenance of nonresidential and residential buildings. www.laudybouw.nl



Bouwborg performs maintenance, renovation, service and restoration work. The company is a national partner for housing corporations and institutional investors for the structural and technical maintenance of their property. www.bouwborg.nl

The Infrastructure segment



Climate Green designs, implements and operates sustainable energy concepts in new housing and commercial property by offering existing techniques in a customized form, and by leasing and maintaining the solutions on a long-term basis. www.climategreen.nl



LNG24 is investing in a national network of liquefied natural gas (LNG) filling stations. LNG is an excellent fuel for the transport industry and is a sustainable alternative to diesel. Like CNG Net, LNG24 operates jointly with other Ballast Nedam companies. www.lng24.com



CNG Net is making natural gas / green gas a viable vehicle fuel in the Netherlands by investing in a national natural gas filling station network. The company works together with other Ballast Nedam companies to provide turnkey solutions. www.cngnet.nl

1.3.1.1. Product brands



HR-actief is an integrated energy concept that helps make new and existing homes energy self-sufficient. The energy butler – a central control unit – intelligently coordinates a variety of proven technologies.



ModuPark® is a modular car park construction system that can be recycled when it is no longer needed, with no material waste. The system was developed together with Oostingh Staalbouw and Grontmij Parkconsult. www.modupark.nl



iQwoning® is an innovative housing concept developed by Ballast Nedam. Much of the home is prefabricated and assembled on site, greatly reducing construction time while providing an excellent price-quality ratio. www.iqwoning.nl



Lindenhuys is an energy-efficient housing concept. High insulation values and the maximum reuse of heat from the home mean low energy consumption. When green electricity is used, Lindenhuys is CO₂ neutral. www.lindenhuys.nl



Re-vitaal helps property owners breathe new life into vacant and outdated office buildings: effective and generation-proof. The Re-vitaal partners, Ballast Nedam, Imtech, Troostwijk Taxaties and Atelier V, plan and carry out the work.

1.3.1.2. Product-market combinations

Ballast Nedam Parking provides total parking solutions including temporary multistorey structures, and other above-ground, underground and mechanical car parks.

Ballast Nedam Geluidwering designs, produces and constructs noise screens on and alongside infrastructure projects.

1.3.2. Our international customers

Our focus in our international projects is countries and regions in which we have performed civil engineering work for several years, such as Ghana, Surinam and the Middle East. Our offshore wind energy operations are focused on northwest Europe. Outside these regions the international organization supports our specialized companies in projects where we are able to add value as a specialist subcontractor. A key feature is our account-driven approach to major international customers, based on the principle of extending the chain. Our specialized and supply companies operate in Belgium, the United Kingdom and Germany in soil clean-up and environmental consultancy, secondary raw materials, building materials, raw material extraction and alternative fuels.

Arcade homes, Heerhugowaard



1.3.3. Our clients and customers

Public clients	Public clients are all the organizations that are part of the Dutch state, ranging from small municipal authorities to the major implementing agencies of the Ministry of Infrastructure and the Environment (the Directorate-General for Public Works and Water Management and Prorail) and the Ministry of the Interior (the Government Buildings Agency). At the height of the economic crisis the government provided the construction market with incentives such as the Emergency Act, lowering the VAT on maintenance, and bringing forward capital expenditure. The economy measures that have now been announced imply an imminent government withdrawal, which construction and infrastructure companies will feel immediately. The national government is moving towards managing on life cycle costs and integrated contracting practices through Design, Build, Finance, Maintain and Operate (DBFMO) Projects.
Ballast Nedam's position	The government is Ballast Nedam's most important client. All the major infrastructure and construction projects that we perform are for national or provincial governments, water authorities or municipal authorities. As a major building company, Ballast Nedam attaches considerable importance to sustainability, corporate social responsibility and integrity, which are aspects that our public clients highly esteem. Ballast Nedam is also adapting its organization to respond to the increasing demand for integrated project forms.

Semipublic clients	Semipublic clients are organizations such as hospitals, care institutions, school boards and housing associations that operate in a dynamic environment in which government influence has declined. These types of organization are being made increasingly responsible for the results they achieve. At the same time, the public is demanding stronger governance. The development of new property and the management of existing property have a strategic position in these organizations' operations, but they often lack the necessary knowledge, skills and experience. They are therefore happy to transfer this entire constellation of responsibilities – with the associated risks – to parties with the requisite expertise.
Ballast Nedam's position	Ballast Nedam's profile is compatible with the needs of semipublic organizations. Ballast Nedam brings together disciplines including development, construction and management, and is therefore a potential long-term partner. We are capable of creating innovative forms of cooperation in which we fully exploit the benefits of chain integration. We can manage risks optimally by engaging the strengths of the client and contractor, which means we pursue custom solutions for each project in a process of open dialogue.

Private clients	Our private clients, which include property developers, energy companies and owner-occupiers, are feeling the full force of the economic crisis. Property developers are finding it hard to sell homes, lease buildings and arrange finance for projects. Owner-occupiers are reluctant to invest in their property. Public and political pressure is increasing for them to meet as much as possible of their need for space through existing premises and to reuse or redevelop office buildings. The energy industry is having fewer crisis-related problems. Energy companies are able to continue to invest in new projects because of the considerable demand for sustainable and other forms of energy.
Ballast Nedam's position	Private clients are an important target group for various Ballast Nedam business units. Property developers that have no construction company of their own can trust our many years of residential construction expertise implicitly. Owners and occupiers of commercial buildings benefit from Ballast Nedam's business model, which enables the delivery of land positions with buildings ready for occupation in a single contract. Integrating the products and services of the Specialized Companies and Supplies segments enables us to make unique propositions, in particular in constructing sustainable and conventional power plants.

Consumenten	The consumer market for Ballast Nedam is restricted to the buyers of new and redeveloped homes. Residential construction has contracted sharply as a result of the economic situation. Consumers are exercising considerable restraint on the market for newly built homes. The uncertainty surrounding economic recovery and the rumoured end of the tax deductibility of mortgage interest in the Netherlands rule out any change in the short term. Existing homes are proving hard to sell when people move. All these considerations make consumers think very carefully before deciding on a newly built home, and these buyers are aware of their powerful position in this demand-driven market.
Ballast Nedam's position	Developing and building new homes for individual buyers is a Ballast Nedam core business. These customers are served at Ballast Nedam by our regional construction companies, which are close to the market. Their focus is on small-scale projects in which they translate the wishes of individual consumers into residential solutions. We are directing new initiatives towards inner city restructuring and area development.

1.3.4. Our suppliers and subcontractors

Ballast Nedam operates as part of a supply chain and provides clients with solutions based on substantial knowledge. At a minimum the solutions must satisfy the client's needs while also meeting our own sustainability criteria for people, planet and profit. Entering into chain cooperation with suppliers and entrepreneurs allows us to share knowledge and skills. Ballast Nedam's buyers select many of our suppliers and subcontractors on the basis of quality, innovative capacity and price. In the supply chain we engage our suppliers and subcontractors in our projects by means of purchasing contracts.

1.4. Impact on people, the environment and the community

Our activities have a considerable impact on the quality of our living environment. For instance, the construction industry accounts for approximately 40 per cent of waste in the Netherlands, and the built environment is responsible for almost half of global energy consumption. The impact on people and the environment of the choices we make in the design and use of our built and natural environments persist for a long time. This places a considerable responsibility on us, which is something we accept. We are determined to prevent disruption and nuisance around our construction and production sites through a variety of innovations and our pursuit of sustainability. Chapter 6 sets out our policy for limiting the negative impact of our operations on the living environment.

Responsible action through chain strategy

The extent of our influence on social aspects in the chain depends on the scope given to us by our clients and legislation. However, responsible action is an urgent matter, and we therefore project our strategy onto the entire chain. We are better able to control the entire chain by influencing choices at the front end. The ultimate goal is to have a favourable impact on the living environment.

Standards and guidelines

We underpin our approach by adhering to the Guiding Principles in the Construction Industry and the Dutch codes of conduct of Bewuste Bouwers (which is similar to the Considerate Constructors Scheme in the UK), Flora and Fauna, and Structural Safety. An increasing number of Ballast Nedam companies are certified under ISO standard 14001 and the Safety, Health and Environment Checklist for Contractors (VCA). Our manuals document how we follow these and other standards and guidelines in practice.

Origin of raw materials and semifinished goods

All raw materials and semifinished goods from our suppliers must fully comply with legislation. We also expect suppliers to observe the code of conduct to be introduced by Ballast Nedam in the first quarter of 2012. The code of conduct will also address the impact of raw materials and semifinished goods on people and the environment.

1.5. Legal organization structure

Ballast Nedam N.V. is a private limited liability company under Dutch law, subject in full to the statutory two-tier rules. The issued share capital consists of ten million registered ordinary shares. Depositary receipts for Ballast Nedam shares are listed on NYSE Euronext Amsterdam. The Ballast Nedam Administration Office issues depositary receipts for shares and administers the underlying shares. As at 31 December 2011, the Administration Office had issued depositary receipts for 99.46 per cent of the capital in issue. Ballast Nedam has no anti take-over constructions.

The company has a Supervisory Board and a Board of Management. The Board of Management requires Supervisory Board approval for certain important decisions. The Board of Management also requires the approval of the General Meeting of Shareholders for important changes in the identity or character of the company or the business. Details of the legal structure are given in Section 8.1., Corporate Governance.

1.6. Operational organization structure

In 2011 we brought our organization further into line with the strategy of strengthening our position on the growing integrated projects market. Ballast Nedam operates as one company, with integrated operations and combined support departments. The section on strategy on page 31 has details of the tangible results of this strategic objective.

Since early 2011 Ballast Nedam has managed its operations from a structure of four segments and six clusters, which are formed around products and processes. The six cluster directors together with the Board of Management constitute the Ballast Nedam Concern Council. With this step to cluster-based management, Ballast Nedam has departed from the two-division structure that existed until the end of 2010. We reallocated duties to members of the Board of Management accordingly, with the reappointment of Mr Romeo Malizia as Chief Operating Officer (COO) and the appointment of Mr Peter van Zwieten as Chief Financial Officer (CFO). We have combined all our supporting services, thereby raising the efficiency of our operations.

Starting with the 2011 half-yearly figures we report our activities based on four segments: Building & Development, Infrastructure, Specialized Companies, and Supplies. The Building & Development segment comprises the clusters -Ballast Nedam Building & Development and Ballast Nedam Building & Development Special Projects. The Infrastructure segment comprises the clusters -Ballast Nedam Infrastructure and Ballast Nedam Infrastructure Special Projects.

Infrastructure and Building & Development segments

The companies in the Infrastructure segment develop, construct and manage infrastructure projects, industrial construction, offshore wind turbine projects and international projects. The companies in the Building & Development segment have a similar role with respect to real estate projects in the Netherlands. As in the past, Ballast Nedam Concessies and Ballast Nedam Beheer have been included under Infrastructure and Building & Development on a fifty-fifty basis. These companies are important for the PPP projects in the mobility and housing areas of work.

The Specialized Companies segment

The companies in the Specialized Companies segment deliver specialized products and services on a project basis, such as engineering, construction trenches, foundations, drilling and anchoring, installation engineering for energy supply and mobility, environmental consultancy and engineering, prestressing, plant and equipment, asphalt, and green space.

The Supplies segment

The companies in the Supplies segment extract primary raw materials, produce secondary raw materials, and supply industrially prefabricated concrete products.

DUO², Groningen



2. Strategic objectives and results

This chapter recalls our objectives for 2011 and presents the results we achieved against these objectives. We present a brief evaluation of our position followed by our objectives for 2012.

2.1. Our achievements in 2011 relative to our objectives

The 2010 Annual Report set down various objectives for 2011 that were intended collectively to help Ballast Nedam operate as one company.



1BN: connecting and inspiring

We have widely communicated the implementation of our new organization structure. We launched one Ballast

Nedam, or 1BN for short, as part of an internal campaign. We designed our own 1BN stamp, which we use in all information about related changes, measures and decisions, so that all employees can see immediately what 1BN means.

We have also set up a web site with all the 1BN news and information. The new cluster directors made short videos to explain what they mean by 1BN. As a fitting way to mark a full and extraordinary 2011, various local staff parties were combined into a large 1BN party for all employees.

In 2011 Ballast Nedam made important strides towards operating as one company. In line with the organizational changes we have rolled out a new consultation structure. All clusters are now represented at decision points for each substantial subject and issue. The consultation that occurs in the acquisition phase takes a Ballast Nedam-wide view of the opportunities to be pursued. The specialized and supply companies now contribute their knowledge and skills at an earlier stage and provide more input to the projects. The success of the new consultation and decision structure is evident in the internal revenue, which rose from 232 million euros in 2010 to 267 million euros in 2011.

Below we present achievements in 2011 for each of the seven objectives we set ourselves.

Objective 1: acquiring more integrated projects

To acquire a greater proportion of projects through planning, devising alternative designs, using the design & construct and the engineer & build approaches, and engaging in public-private partnerships.

Our order book grew in 2011 from 1.8 billion to 1.9 billion euros. We achieved much of the revenue in integrated projects, projects with significant development responsibility, and projects arising from our own product development. Examples include contracts for temporary and permanent car parks, the Nieuwvlietbad beach resort, the public transport-terminals in Breda and Arnhem, designing iQwoning homes into new development projects, expansion of the CNG and LNG networks, the biopower plant in Delfzijl and the foundations for the Butendiek wind farm. By forming the Benelux Secondary PPP Fund I, Ballast Nedam has released resources for new investment in PPP projects.

Objective 2: more emphasis on maintenance and operation

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

We are acquiring an increasing number of contracts for management and operation. A number of contracts entered the management or operational phase in 2011, including the N210, the N322, the Komfort PPP in Utrecht and the DUO² PPP in Groningen. The expansion of our CNG and LNG operations is also generating growth. Specific new contracts in 2011 include multiyear maintenance for the Directorate-General for Public Works and Water Management in Noord-Brabant and real-estate management for the Port of Rotterdam and the Radboud University Nijmegen. We see many opportunities in the tenders for new PPP contracts in which Ballast Nedam is participating. We will announce the results in 2012.

Objective 3: strengthening the vertical value chain

To broaden and extend the specialized companies' range of products; to replace and expand concessions for raw material extraction; to focus on innovation, leading to at least two innovative initiatives.

Ballast Nedam's specialized and supply companies operate in the vertical value chain. They constantly adapt their range of products and services to market trends and Ballast Nedam's needs. Innovation plays an important part. Our installation engineering knowledge is extensive. We are part of the installation consortium for the A2 road project in Maastricht.

We have also expanded our operations on the raw materials market. Raw material extraction in Woerden stopped at the end of 2011 and we are now preparing the installation for the new resource extraction operation in Echten. The procedures and permit applications for developing the Lus van Linne are on schedule. We expect to start work in 2012. Feniks Recycling made a successful start in 2011 on the new installation in Tilbury Docks (England) and a non-ferro (e.g. copper, brass and zinc) installation for the waste power plant in Amsterdam. In the field of secondary raw materials, we, together with waste disposal specialist Afvalzorg, are performing tests for the large-scale processing of waste processing ash, and the technology for subsequent wet cleaning. Based on the initial results, we will start a larger pilot in 2012.

Gebr. Van Leeuwen is working on a new concept for horizontal directional drilling, the main interest for which is in the offshore market. The first contracts are foreseen in 2012. Ballast Nedam Materieel built a prototype Greenerator in the summer of 2011. The Greenerator delivers 100 per cent green energy (wind and solar) on construction sites, and was tested for the first time in 2011 at the Mysteryland festival.

Objective 4: strengthening the cluster structure

To implement the cluster structure and the associated concentration of the support services.

Ballast Nedam continued in 2011 to form the cluster structure and to combine the supporting services. We have put many organizational changes into effect: the Legal, Finance, HR and Communication & Investor Relations departments have been combined and reorganized, and now support the entire group. We have also centralized the policy-related information management and prequalification tasks.

We have also investigated whether specific activities are positioned appropriately in the organization, and have consequently moved the Surveying Department from the Ballast Nedam Infra cluster to the Ballast Nedam Specialized Companies cluster. We harmonized Ballast Nedam's processes and methods for development activities in 2011. Since early 2012 we have been tackling all development activities in the same way.

Objective 5: supporting regional and prefabricated concrete companies

To improve the operational performance of the regional and prefabricated concrete companies through closer cooperation and direct operational management.

We have improved the operational performance of our regional and prefabricated concrete companies by adapting capacity to the market conditions and shifting the focus to products and services in which Ballast Nedam is able to add value.

For instance, following capacity adjustments in 2011, the Waco Lingen Beton

Blauwdruk: magazine for all BN people

An integrated Ballast Nedam should share one internal magazine. The new magazine is Blauwdruk (Blueprint in English), and its aim is to inspire, connect and inform all present and former Ballast Nedam people, replacing the existing magazines Pijler and Het Fundament. The title alludes to the traces we leave behind in the living environment – the results of our work – and the associated values we share. The first edition appeared in December 2011 and prompted many favourable responses. Blauwdruk will appear four times a year and is supported through the 1BN website. The magazine has a professional style and the format is compatible with the current themes in our areas of work and the pillars of our strategy.



plant now focuses exclusively on selected civil engineering products. A capacity and organizational adjustment of Ballast Nedam Infrastructure's regional companies was planned in 2011 with a view to improving performance on the growth market of integrated contracts. We have relocated or phased out a number of activities, such as transport and the deployment of self-propelled plant. In 2012 we will continue to adjust the capacity of each site to suit market conditions and we will bring the organization structure of the regional activities further into line with our strategy.

Objective 6: more sustainable operations

To approach or exceed the measurable and ambitious sustainability objectives, which are presented on page 68 of this Annual Report.

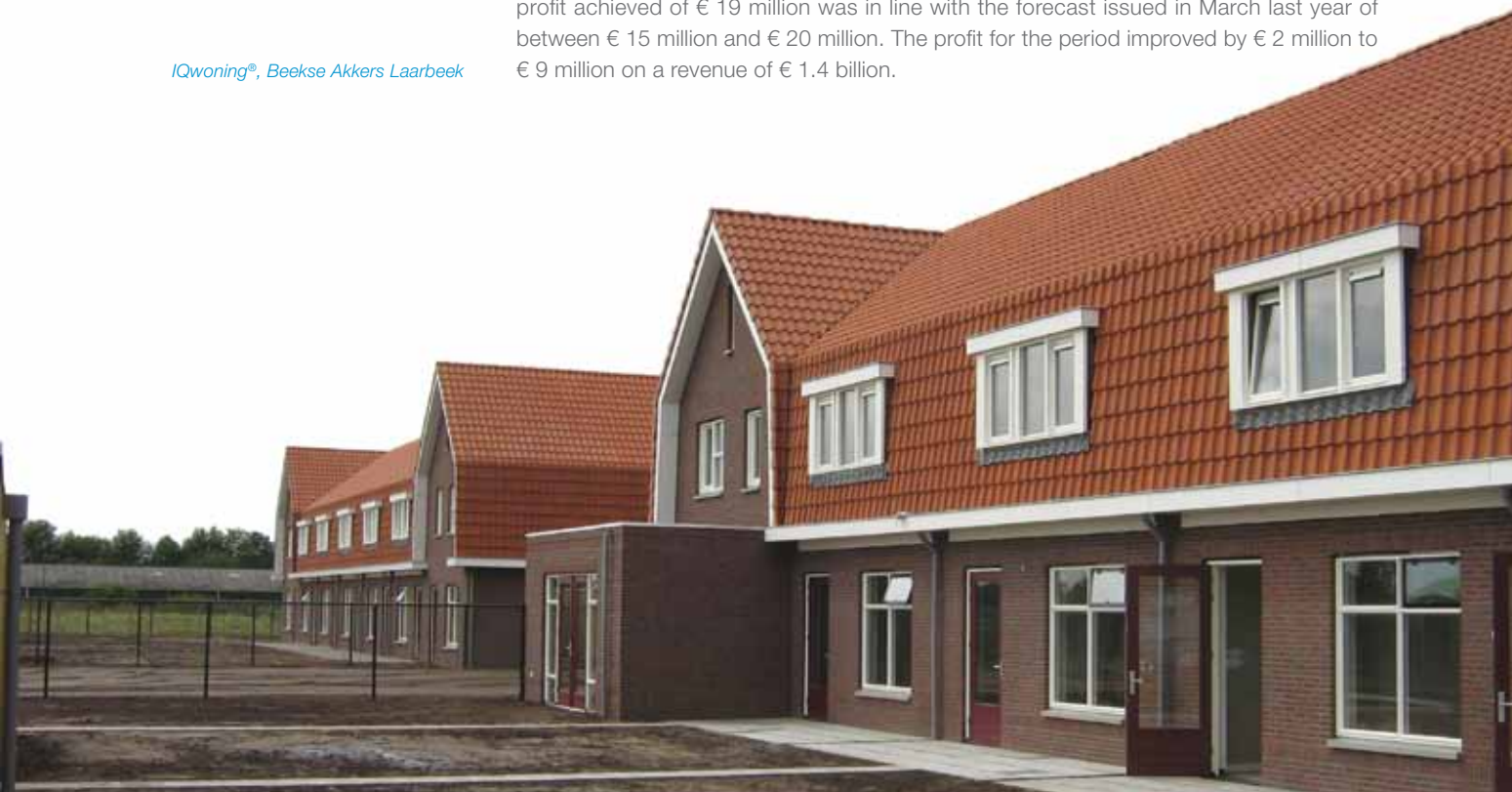
In the past year Ballast Nedam has developed a transparent process for collecting data more effectively and professionally about how sustainably we work. We have documented this process in a Corporate Social Responsibility (CSR) manual. By embedding the CSR reporting process in the organization we clearly communicate Ballast Nedam's related strategy and objectives and connect specific activities to these objectives. In formulating policy and strategy we are always mindful of social and ethical aspects, the environment, human rights and consumer interests. The CSR policy must also be compatible with our strategic framework. Section 6.1 of this Annual Report (CSR objectives) explains how we anchor CSR in our organization, how we collect the relevant data, and the reporting principles we adhere to.

Section 6.2 (Life cycle thinking and acting) sets out Ballast Nedam's efforts in 2011 on achieving our own sustainability ambitions.

Objective 7: To achieve an operating profit of between 15 million and 20 million euros.

Ballast Nedam achieved an operating profit of 19 million euros for 2011. The operating profit achieved of € 19 million was in line with the forecast issued in March last year of between € 15 million and € 20 million. The profit for the period improved by € 2 million to € 9 million on a revenue of € 1.4 billion.

IQwoning®, Beekse Akkers Laarbeek



2.2. Strategic objectives for 2012

We achieved our strategic objectives well in 2011 and we are now in an excellent position to face the challenges awaiting us in 2012 and beyond. In view of market trends and Ballast Nedam's strategy we have set the following strategic objectives for 2012.

1. To strengthen our position in the niche markets of industrial construction, hospitals, offshore wind turbines, secondary raw materials and alternative fuels.
2. To acquire a greater proportion of projects through planning, devising alternative designs, using the design & construct and the engineer & build approaches, and engaging in public-private partnerships (PPPs)
3. To create and market at least two new product-market combinations.
4. To expand the management of maintenance and operation of property, infrastructure and energy projects
5. To strengthen the vertical value chain by:
 - broadening and extending the specialized companies' range of products;
 - expanding the concessions for raw material production through acquisitions;
 - further emphasizing innovation, which must lead to at least two innovative initiatives.
6. To enhance internal teamwork within Ballast Nedam and increase the synergy between the various companies.
7. To achieve or exceed our own measurable, ambitious sustainability objectives (given on page 68 of this Annual Report).
8. To achieve approximately unchanged results on a revenue of 1.4 billion euros. In 2011 the operating profit was € 19 million euros and the profit for the period was € 9 million euros.

Magnum, Eemshaven



3. Strategy

This chapter first explains how we put our vision and mission into practice through reliance on the five pillars, followed by our strategic focus on integrated projects and the five niche markets. We continue by describing several trends that were conspicuous in 2011. Finally, this chapter presents a SWOT analysis and briefly discusses the strategic outlook.

3.1. Keeping our promise through reliance on five pillars

We work together for a better living environment, which is reflected in our products, services and brands. Our ambition is to do so responsibly. We keep the promise implied in our vision and mission through our reliance on five pillars:

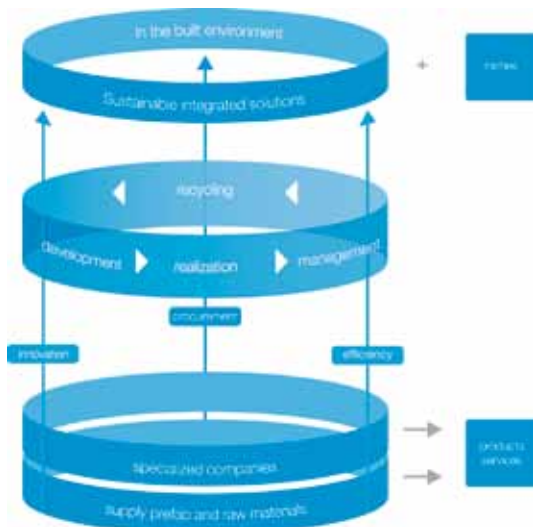
1. Life cycle thinking and acting
2. Our people, standards and values
3. Chain cooperation
4. Innovation
5. Being at the heart of the community

3.1.1. Life-cycle thinking and acting

We provide our customers with optimum solutions throughout the life cycle and in harmony with the broader picture. Our customers' needs are in housing, mobility, energy and nature, which are our four areas of work. Ballast Nedam's focus within these areas

of work is on integrated projects and the niche markets of industrial construction, hospitals, offshore wind turbines, secondary raw materials and alternative fuels.

We develop, construct, manage and recycle. We aspire to a more prominent role in project development and longer-term involvement in management, maintenance and operation. Ballast Nedam also arranges for financial feasibility. Our supply and specialized companies deliver competitive advantage to our solutions through innovation, cost leadership and purchasing strength. Ballast Nedam's range of products and services is shifting towards specific product-market combinations with greater added value. Taken together, these activities raise environmental quality and lower life-cycle costs.



3.1.2. Our people, standards and values

We achieve most when we exchange ideas about solutions with our customers and partners, which we repeatedly confirm in practice.

Our approach is critical and committed. We are good at translating complex needs and criteria into tangible, innovative solutions. We are proud of the results we achieve for our customers. Our attitude is one of getting to grips with the task and forging ahead. What drives us are entrepreneurship and innovation. Our trade-mark down to earth and forthright approach means we get things done. These are qualities we are happy to be held to account for.

Our people are the most important factor in our organization's success. We want them to stay motivated and in good health, and to be safe at work. We give them the scope to be creative and to innovate. We invest in synergy, in our people, in their knowledge and conduct, and in their awareness of the new roles they are fulfilling. They act in accordance with our shared standards and values. Our code of conduct sets down how we interact with each other, our environment, and our customers.

3.1.3. Chain cooperation

Chain cooperation demands trust and transparency. Traditional role patterns and conventions must be overturned. Ballast Nedam creates real solutions within innovative

forms of cooperation with a wide variety of partners. These solutions are better than those we could achieve separately. For instance, we contribute to a lower burden on space, raw materials and energy, a smaller CO₂ footprint, higher quality, lower life-cycle costs, reduced failure costs, innovation and capturing knowledge.

Not only do we aim for chain cooperation with our partners, but also enter into dialogue with non-government organizations (NGOs) and knowledge institutes. We all benefit in this way from each other's expertise, while working on a truly sustainable business.

3.1.4. Innovation

Innovation is deeply anchored in our organization. It is what we do every day. We firmly believe that the best ideas are joint ideas! The point is to plough back innovations of proven practical value for our customers' benefit. Besides substantial upgrades we also innovate through stepwise improvement. We promote innovation by encouraging our employees on all levels to be creative and work as a team. We also aim for open cooperation with our stakeholders.

3.1.5. Being at the heart of the community

We perform our work at the heart of the community, and we are fully aware of the impact of our work on the living environment. Our three-pronged community investment policy sets out to make our impact positive: we invest in education, employment and entrepreneurship. We also regulate our influence through community relations management, in particular through participation, the creation of local support, the exercise of due care and reliability. Ballast Nedam also sponsors socially valuable causes and charities.

3.2. Focus on integrated projects and the five niche markets

Ballast Nedam's focus is on integrated projects and the niche markets of industrial construction, hospitals, offshore wind turbines, secondary raw materials and alternative fuels.

3.2.1. Integrated projects: DBFM(O) / PPP projects

The market for integrated PPP projects in the form of Design-Build-Finance-Maintain-Operate (DBFMO) projects continues to grow. The national government opts for public-private partnership (PPP) where doing so will yield added value. According to government calculations, PPP projects for the past ten years have demonstrated added value amounting to 700 million euros.

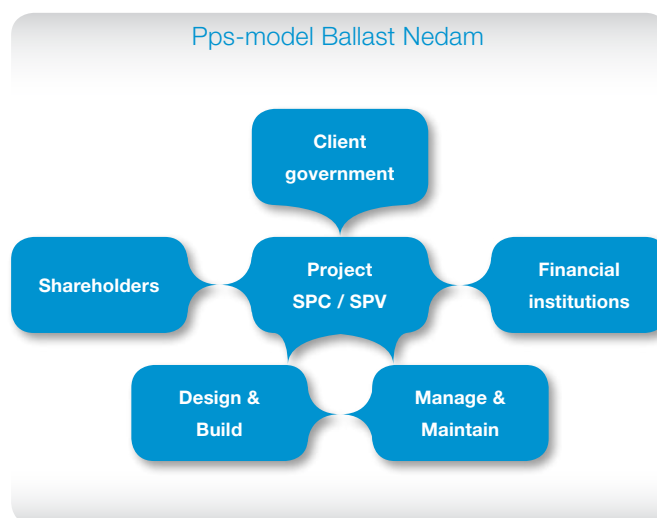
The national government intends to procure many projects in the form of PPPs in the next few years, or will put them out to tender in 2012. The Ministry of Infrastructure's Structure Vision established twelve DBFM projects and another twenty projects identified as PPP candidates. The Government Buildings Agency has three ongoing tenders and another five projects being prepared to be put out to tender in 2012. Local authorities also have many projects that are eligible for PPP. The national government is setting up a PPP information point where parties in this market can share their knowledge and experiences, and is also investigating the opportunities for pension funds to become involved in financing PPP projects.

Ballast Nedam has accumulated much knowledge and experience with PPP projects, including N31, Komfort, DUO² and A15 Maasvlakte-Vaanplein. This experience is essential to being able to propose the right price and quality for the upcoming projects. Ballast Nedam also sets itself apart by having a clear strategy for integrated projects. We have perfected this integrated approach in terms of bidding, execution and management. Ballast Nedam wishes to remain involved with the projects in the long term. Our specific

knowledge of DBFM(O) contracts and project financing adds value throughout the chain, and all the more so when added to our knowledge and experience in the development, construction, management and maintenance of infrastructure and buildings, plus our solid financial position.

Ballast Nedam's PPP business model

Ballast Nedam Concessies manages the PPP project portfolio and the acquisition, investment, operation and disposals in concession projects. Our twenty per cent stake in the Benelux Secondary PPP Fund I enables Ballast Nedam to remain as a concession project partner even after divestment, and to be responsible for the related multiyear management and maintenance. We also intend to bring the subsequent Ballast Nedam operational PPP projects within this fund. Ballast Nedam also applies the PPP business model for investments in its own business cases, such as CNG Net and LNG24.



3.2.1.1. Industrial construction

Ballast Nedam has a solid reputation in industrial construction. We focus on industrial private clients and frequently work alongside or inside a customer's installations. Knowledge about the operational processes, speed, flexibility, high quality and safety are fundamental conditions for success in these circumstances. Working together with partners from inside and outside Ballast Nedam throughout the chain enables us to propose better total solutions.

In industrial construction, Ballast Nedam focuses on the energy and oil & gas sectors in the Netherlands and Europe. We foresee modest growth in this market in 2012. We have substantial experience in these sectors. The demand for sustainable and other forms of energy is considerable, so that energy companies are continuing to invest in new projects. The wave of new conventional power plants in the Netherlands will come to an end in 2012. Looking forward to 2020, the development of sustainable energy sources will become increasingly important. In 2011 we won the contract for Eneco Bio Golden Raand, the most efficient bioenergy plant in the Benelux.

Our customers operate in an international setting. Safety and low costs are essential attributes for them. Ballast Nedam ensures that its customers' operational processes proceed unhindered. To this end we use all the civil engineering knowledge we have in house in design, engineering and construction, plus our project management skills.

We also develop specific civil engineering product-market combinations, which

we also intend to put on the market outside Europe, preferably together with strategic partners. We have now become a specialist in cooling water installations and we are studying the opportunities for acquiring other specializations.

3.2.1.2. Hospitals

Ballast Nedam has built up considerable experience in recent years in various hospital projects (both new build and renovation) and with the complexity that these projects entail. Market forces in the care sector continue to hold hospitals back from implementing their building plans, since they find it hard to obtain financing based on their own business case. Ballast Nedam offers hospitals (and therefore also the finance providers) added value by eliminating uncertainties at an early stage and covering the cost-side risks. An integrated building contract is an attractive proposition for a hospital. Ballast Nedam brings its own project financing, construction and management & maintenance experts together with project partners specialized in translating business plans into accommodation plans. We are then able to provide our customers a package with the right balance. In principle we could serve all ninety-five hospitals in the Netherlands, some with a future new building programme, others with the maintenance or alteration of their existing property. Among Ballast Nedam's current projects are the new builds for the Erasmus Medical Centre in Rotterdam and the Meander Medical Centre in Amersfoort.

3.2.1.3. Offshore wind energy

Offshore wind energy is one of the most important means of achieving European sustainable energy objectives, as our neighbouring countries, Belgium, Denmark, Sweden and France recognize. They are developing and constructing offshore wind farms, but Germany and the United Kingdom in particular are heavily committed to offshore wind energy. Estimates of energy generation capacity in 2020 vary around 58,000 MW and a market size of approximately 210 billion euros. Ballast Nedam designs, installs and maintains foundations for offshore wind farms. In the next ten years some 11,000 foundations are expected with an investment volume of approximately 40 billion euros.

The major European energy companies in particular are investing increasingly in offshore wind energy, partly motivated by sustainability objectives, but also because other energy sources are dwindling. Furthermore they are wary of being dependent on oil and gas and believe that the alternatives will perform well. The growth in offshore wind energy translates into larger offshore wind farms further from the coast. The requirements being set on wind farm foundations are becoming ever more challenging.

We at Ballast Nedam are in an excellent position to satisfy these demanding requirements, because of our current track record in the offshore wind market, our specialized knowledge and our heavy lift vessel Svanen. As a foundation specialist Ballast Nedam brings together all the knowledge about the project management, design, fabrication, installation and management of offshore foundations. The resulting foundations are innovative and cost-efficient, and a reliable base for generating sustainable energy offshore.

3.2.1.4. Secondary raw materials

The market for secondary (recycled) materials comprises two segments: first there are the secondary materials released in Ballast Nedam's operations, and then there are the materials that have to be cleaned prior to reuse. The first segment is mainly associated with civil engineering work, where an internal soil bank mediates the reuse of soil in projects, the reuse of asphalt granulate in asphalt production and the reuse of concrete aggregate as a foundation material.

In the second segment Ballast Nedam serves various niche markets, the first of which is for cleaning contaminated soil and sand. We clean these materials satisfactorily (usually with wet techniques), and use the resulting aggregates in the production of concrete, asphalt and for civil engineering applications. This Dutch technology is now

also being applied in Belgium, which will need to make up much lost ground in this field in the coming years.

Furthermore, Ballast Nedam has an excellent position in the market for waste incineration ash, and is indeed a market leader in this niche. The application areas for waste incineration ash will be limited in the Netherlands in the next few years, which will increase demand for thorough cleaning of the material, for which wet cleaning technologies are the most suitable. Numerous parties are offering partial solutions to this problem. However, Ballast Nedam is among the few companies with sufficient knowledge and market position to be able to continue to serve the existing market, to identify new application areas together with the waste power plant operators and the Dutch government, and to implement the necessary processing and cleaning technologies.

We have successfully implemented our knowledge of processing technology and secondary raw material production and marketing abroad. Ballast Nedam is the dominant market leader in the United Kingdom. The United Kingdom is making up lost ground in the waste management field and is building many new waste power plants. Ballast Nedam is contractually involved in many of these projects for managing bottom ash and other waste streams from waste power plants. This effort will ensure that the number of operational processing installations in the United Kingdom will grow from the current seven.

3.2.1.5. Alternative fuels

Alternative fuels differ from their traditional counterparts in that they are inexhaustible, environmentally safe and climate friendly. Whether the general public will be able to use alternative fuels depends mainly on the availability of the right vehicles for energy transport and an infrastructure for these fuels. Fuel infrastructure is one of Ballast Nedam's areas of work. Within the Netherlands three Ballast Nedam operating companies have a joint total concept for producing, maintaining and commercially exploiting alternative fuels. We also acquire contracts for building alternative fuel filling stations both in the Netherlands and abroad.

The market for alternative fuels consists of:

- relatively clean fuels of fossil origin, such as Compressed Natural Gas (CNG) and Liquefied Natural Gas (LNG);
- fuels from waste, such as green gas and biomethane;
- fuels from sustainable energy carriers, such as hydrogen and electricity.

Alternative fuels do not provide a uniform energy content for each full tank, unlike traditional liquid fuels. Therefore each fuel type is associated with a different radius of action, and the application areas also differ from one alternative fuel to another. Roughly speaking, the categories are as follows:

- CNG and hydrogen for local transport within a radius of about 100 km;
- LNG for long-distance transport;
- electricity for city transport.

Hydrogen will play an important part in future wind energy transfer. Electricity generated in wind turbines will power electrolytic hydrogen production. The hydrogen will then be transported to distant locations for conversion back into electricity. Hydrogen is already being used as a road vehicle fuel, either directly in combustion engines or indirectly in electric vehicle fuel cells.

A challenge we are facing is to combine our expertise in wind and solar energy with our expertise in energy infrastructure, engineering and maintenance. This is the ideal combination to make us a formidable European player, helping communities to continue to develop without harming the environment and climate, and without depleting natural raw materials.

3.3. Trends

Internationalization

There is a trend towards internationalization in the construction industry. Borders have been opened within the European Union and considerable subsidies are flowing to the new member states. At the same time, ever more of our customers have international operations. We follow these customers as the need or opportunity arises. These trends present opportunities for Ballast Nedam abroad. On the other hand an increasing number of major European builders are trying their hand on the Dutch market. Large DBFM(O) contracts are interesting for these parties. A greater proportion of Dutch demand will be met by foreign parties.

Economic situation

First it was the banks, and now countries are in crisis. Various European member states are in the danger zone and are being downgraded by the credit rating agencies. A period of heavy government investment to avert the crisis has now been followed by a need for stringent spending cuts. Meanwhile, demand for sustainable and conventional energy, housing, employment, mobility and leisure facilities persists. There are therefore opportunities for new business cases, with projects based more on life-cycle thinking and financing components.

Raw materials market

There is much turbulence on the raw materials market. The demand from emerging economies such as China and India is leading to shortages of steel and other raw materials, and consequently to rising prices. Disturbances in the Middle East and rising demand are driving oil prices upwards. These trends present opportunities for recycling, secondary raw materials and alternative energy supplies in the Netherlands and elsewhere.

Population ageing

Rising prosperity, improved hygiene and better healthcare have greatly increased our life expectancy in recent decades. With the baby-boom generation set to retire over the next few years, a new phenomenon that awaits us is an inordinately large number of elderly people. This demographic group will need particular kinds of consumer goods, for example for leisure activities and healthcare, leading to shortages of the products concerned. The impact of population ageing on employment is the imminent retirement of many experienced employees, with the prospect of shortages of qualified workers.

Climate change and air quality

The temperature of the earth has risen over the past century. Climate scientists point to emissions of the greenhouse gas CO₂ as an important cause. Global warming has serious effects, such as rising sea levels and increased drought, or, conversely, precipitation, in certain areas. Governments are therefore adopting policies to reduce greenhouse gas emissions and improve air quality. The measures being introduced include energy saving and sustainable energy. The Dutch government's preparations for the effects of more extreme weather, such as peaks in precipitation and river flow rates, also present opportunities.

The rise of social media

As people find it easier to access Internet technology, many opportunities present themselves for giving form and content to social innovation. This trend will have a tangible impact sooner than many suspect. Innovation is always about doing things differently and better than before. Social media have much to offer in terms of smart and affordable collaboration, which is indeed what is happening. Social media bring people together and make information and knowledge more accessible.

Market becoming more demand-driven

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

The demand-driven nature of the property market is attributable to a sharp fall in demand and high vacancy levels. This is a permanent change, which means that customer demand is paramount and property providers are obliged to adopt a more consumer-oriented approach. Opportunities arise in the redevelopment of office locations and in the maintenance and renovation market, where energy-efficiency is an important factor.

Contract formation is a specialization in its own right

The investment budget will also remain low for the next few years, leading the government to put more contracts onto the market as Design, Build, (Finance,) Maintain, Operate (DB(F)MO) constructions. Similar opportunities exist for smaller contracts. An advantage of these contract forms is the possibility of optimizing projects over a larger part of the life cycle. Proposals for contracts of this kind are also being assessed more on variables such as sustainability, safety, community relations management and ease of access. These contracts involve higher transaction and bid costs, and greater risks, but also present more opportunities. Contract and risk management are becoming far more important and are now specializations in their own right, and vital for success in this market.

Industrialization

There are increasing opportunities in the industrialization of the building process. It is possible to manufacture products in controlled environments, which has efficiency and quality benefits. In the face of population ageing and a shrinking workforce, industrialization is a way of still meeting demand. Industrialization also has potential benefits in working conditions, with the prospect of fewer work-related lost-time incidents and less occupational disability.

Aert Swaens, Veldhoven



3.4. SWOT-analysis

Strengths

- Diversity: a broad spread of activities, specializations and supply in portfolio;
- a strategically well distributed land bank with substantial development potential;
- good portfolio of companies, distinguishing themselves through high quality, innovation and cost leadership
- a strong position in DBFM, raw materials, offshore wind, waste incineration ash processing, and alternative fuels;
- an innovative, entrepreneurial and solution-oriented approach;
- a strong image and solid financial position;
- significant potential in employees, including young ones.

Opportunities

- A growing market for integrated contracts (such as PPP), also for smaller projects;
- strong growth in the management of the built environment;
- market niches such as offshore wind farms, alternative, sustainable fuels, hospitals, industrial construction and renovation;
- and, to close the circle, demolition and recycling of the built environment;
- markets for secondary raw materials;
- continued industrialization of the building process
- further rollout of niche markets abroad.

Weaknesses

- Relative overdependence on the Dutch market;
- insufficient utilization of the synergy between the various activities (fragmentation);
- limited installation engineering knowledge;
- insufficient creativity and poor assessment of opportunities;
- insufficient safety awareness.

Threats

- Protracted market recovery: building and infrastructure remain capacity markets;
- elevated risk of suppliers' and customers' insolvency;
- an imminent shortage of qualified employees through population ageing;
- litigiousness within partnerships and a claim culture;
- international parties entering the market;
- increasing government deficits;
- deteriorating housing market.

3.5. Prospects

In the current recession we expect markets to deteriorate further in 2012. Competition will continue to intensify and price pressure will increase accordingly.

The volume in the infrastructure market will be lower in 2012 than in 2011. Nonetheless, our well-filled order book, the promising opportunities we see in the niche markets, and the effects of restructuring the regional companies lead us to expect Infrastructure to achieve a higher profit in 2012 on a likewise higher revenue.

The market volume for 2012 in the construction and real estate sector will contract by about two per cent. The projects that started in 2011 have a lower margin than those now nearing completion. For Building & Development we therefore expect a lower operating profit from break-even to a modest profit on a lower revenue in 2012. For the coming year we expect markets for the specialized companies to remain under pressure. Specialized Companies will achieve an approximately unchanged profit on a somewhat lower revenue than in 2011.

For 2012 we expect Supplies to achieve a higher profit on a lower revenue. Operating profit will improve as a result of last year's capacity adjustment in the prefabricated concrete companies. Revenue will be down slightly because supplies to the Maasvlakte project came to an end last year and the prefabricated concrete capacity has been adjusted downward.

x € 1 million

	EBIT		Revenue	
	2012	2011	2012	2011
Infrastructure	higher	14	higher	523
Building & Development	break even plus	8	lower	642
Specialized companies	equal	0	lower	252
Supplies	higher	4	lower	232

For the entire group in 2012 we expect an approximately unchanged profit on a revenue of € 1.4 billion in further deteriorating market conditions. In 2011 the operating profit was € 19 million and the profit for the period was € 9 million on a revenue of € 1 382 million.



Bijlmerpark, Amsterdam

4. Segments

This chapter presents by segment the market developments we intend to respond to with specific action plans in 2012.

4.1. Infrastructure

The Infrastructure segment consists of two closely cooperating clusters, each with their specific area of expertise. The Ballast Nedam Infrastructure cluster develops, constructs and manages infrastructure projects with a value of up to approximately 100 million euros, and industrial construction projects with a value of up to approximately 30 million euros. This is managed from a central organization with five district offices around the country and a company with national operations concerned with concession projects. The national company acts as a process manager and knowledge centre for Ballast Nedam as a whole.

The Ballast Nedam Infrastructure Special Projects cluster implements major infrastructure and industrial construction projects in the Netherlands, all Ballast Nedam's international projects, and the offshore wind turbine projects. The control of processes ranging from design to construction is key.

4.1.1. Results Infrastructure

x € 1 million	2011	2010
Revenue	523	534
EBIT	14	10
Margin	2.7%	1.8%
Order book	1 152	986
Assets	228	309

The volume in the infrastructure market remained reasonable in the first half of last year. The picture changed half-way through the year as competition intensified. The downward pressure on prices in the public procurement market for traditional contracts consequently increased substantially. The regional companies were still heavily dependent on this type of tender. Although competition also increased for the major projects, the niche markets of industrial construction and offshore wind turbines held up well. Generally speaking, infrastructure performed well. Profit increased from € 10 million for 2010 to € 14 million because of the excellent major project results and the contribution from PPP project sales. The regional companies made a disappointing loss in the second half of the year.

The results were excellent on the ongoing major projects in the niche segments of industrial construction and offshore wind turbines. For instance, in industrial construction, building has started on a bio-energy plant in Delfzijl, and the Nuon Magnum multifuel power plant was nearing completion. It was also a good year for offshore wind turbines. In the first half-year the heavy lift vessel Svanen installed 51 foundations for the Walney II Offshore Wind Farm in England, before moving on to the London Array offshore wind farm. At the end of the year installation started of the foundations for the Anholt offshore wind farm in Denmark, which comprises 111 turbines.

Poor prices and declining volume in the market prevented the regional companies from keeping pace with the cost level of competitors in the regions. In addition, their scale was insufficient to realize the ambition to strengthen their position on the growth market of more integrated projects. A restructuring of the regional companies was therefore put into action at the end of last year. The reorganization costs came on top of the regional companies' losses. The first action was to adjust capacity downward, thereby eliminating 115 of the 519 jobs. The operations will later become a centrally managed company, with attendant efficiency gains, while putting the company in a stronger position to tackle the more integrated design & construct projects.

We are strengthening our position on the Dutch market for public-private partnership projects through the Benelux Secondary PPP Fund I, in which Ballast Nedam has a 20% stake and responsibility for management. The fund acquired the equity stakes of three operational PPP projects from Ballast Nedam. Two of these PPPs were Komfort in Utrecht, which is the headquarters of the Dutch Army, and DUO² in Groningen, which provides new offices for the Education Executive Agency and the Tax Administration. This transaction has released resources for investment in new PPP projects, and also demonstrates that the business model is successful. We create value through design, building, multiyear management and investment in these projects. Infrastructure was a member of a consortium that prequalified in 2012 for the PPP tender for the A1 – A6 highway link from Diemen to Almere. Infrastructure had already prequalified last year for the current PPP tender of the entire two-line tram system in the city of Groningen.

The balance sheet was also strengthened by the sale at the end of 2011 of the 4-season Kicking Horse Mountain Resort in Canada. Ballast Nedam created the infrastructure, developed the village centre and managed the 1,131 hectare skiing area that attracts 160,000 visitors a year.

In early 2012 CNG Net's position as the major road vehicle green gas supplier was strengthened by the award to Connexxion of the largest green gas public transport concession in the Netherlands. For a ten-year period from the end of 2012 CNG Net will supply green gas for all 225 Connexxion city buses in the Arnhem-Nijmegen metropolitan region, which represents an expansion of approximately 6 million kilograms of green gas a year. In 2011 CNG Net also continued to expand its nationwide green gas filling station network. With the current 52 stations, five of which are under construction, the volume has risen by 30% to approximately 13 million kilograms. Green gas is a less expensive vehicle fuel than the alternatives and is almost CO₂ neutral. The vehicles are quieter and almost free of harmful emissions, such as nitrogen dioxide and particulate matter. In 2011 Ballast Nedam also started the company LNG24 for the construction of a public LNG filling station network. LNG stands for liquefied natural gas. It has the same advantages as natural gas, but with a much larger radius of action, making it an attractive fuel for the heavier road vehicles and shipping. LNG24 will open the first LNG filling station in Zwolle in the spring of 2012.

Infrastructure's total assets declined from € 309 million to € 228 million, in particular through the sale of the PPP projects and the Canadian resort.

Infrastructure succeeded in the second half of 2011 in acquiring orders with a value as high as € 566 million. The contract worth approximately € 250 million for the design, delivery and installation in 2013 of 80 foundations for the Butendiek offshore wind farm in Germany was the largest of these. The order book of € 1 152 million was consequently € 166 million higher than at the end of 2011. In the next few years there will be substantial contributions from attractive major projects, such as the A2 in Maastricht, which was acquired in a new contract form in 2009, and the large multiyear PPP project for the Maasvlakte – Vaanplein section of the A15.

4.1.2. Market developments, Infrastructure

Conditions on the Dutch infrastructure market are challenging, to say the least. While accelerated government expenditure has resulted in many large projects, there have been far fewer relatively small projects in recent years. After 2012 we anticipate a modest fall in volumes. Price pressure is high because little work is coming onto the market relative to the substantial capacity among the market parties.

Integrated approach adds value

The Directorate-General for Public Works and Water Management is set to put various Design, Build, Finance, Maintain, Operate (DBFMO) projects onto the market in the next few years, some of which will be extremely large. These projects will also attract large international parties. We also observe a trend among public authorities for outsourcing entire projects to private parties. The above will mean an increasing number of integrated DBFMO contracts in a competitive environment in the coming decade. In this market situation, the Infrastructure segment will be focusing on the integrated projects market, where we add more value and create enduring quality. Our main quest will be for markets where customers demand this quality-driven approach. The growth in the number of DBFMO projects can already be seen in the major projects for national clients. This integrated approach is also appropriate for smaller projects from semipublic and regional clients. Financing is becoming one of the most important distinctive factors in the current economic situation.

Quality-mindedness

When clients award contracts in accordance with the economically most favourable bid, they are not interested only in price, but also in quality criteria, such as public orientation, safety, sustainability and project control. Although in current practice this method all too frequently yields price-driven solutions, the economically most favourable bid criterion definitely presents opportunities for creating enduring quality. Rapid building techniques also allow us to raise the quality of building projects and limit nuisance. The demand for modular products, produced in series and in an industrial process, is increasing.

Ballast Nedam is involved in major infrastructure projects

For 2012 Ballast Nedam is participating in several PPP procurements on the infrastructure market. We are a members of consortia that are bidding for the A1-A6-A9 link from Diemen to Almere, and for Regiotram Groningen: a complete two-line tram system in the city of Groningen. Ballast Nedam has independently prequalified for the design & construct contract to divert the A9 around Badhoevedorp, and create a new connection with the A4.

4.1.2.1. International projects

We have performed civil engineering work for several years in Ghana, Surinam and the Middle East. Our offshore wind energy operations are focused on northwest Europe. Outside these regions the international organization supports our specialized companies in projects where we are able to add value as a specialist subcontractor. The key point is our account-driven approach to major international customers, based on the principle of chain extension.

4.1.3. Action plans for 2012

The Infrastructure segment's focus in the next few years will be on three themes, which we have translated into action plans for 2012.

1. To improve operational performance through process control and information management

The increasing complexity of our projects is leading us towards closer cooperation within the chain, sometimes with parties that operate outside the industry. This approach demands an open and transparent stance, control of processes, and a capacity to share and communicate knowledge. One of the related critical success factors is our ability to apply state-of-the-art information management. We propose to take the following actions in 2012:

- to use Building Information Models (BIM) in all new design & construct contracts, with BIM being applied as standard in this type of contract from 2013;
- to evaluate our company manual for compliance with 'lean management' principles, as a demonstration of the efficiency of our operations;
- to ensure and improve safety by appointing a central Health, Safety, Security and Environmental (HSSE) officer.

2. To expand the existing, and develop new, product-market combinations

Ballast Nedam's range of products and services is shifting towards specific product-market combinations with greater added value. We are expanding our package of products by translating specialized knowledge and skills into a standard approach to specific issues of our customers. We are able to apply this approach at a lower cost. Our priorities in 2012 are:

- to utilize highly specialized knowledge for new product-market combinations in the fields of drinking, cooling and waste water, where possible also internationally;
- to expand sustainable parking solutions, such as the reusable ModuPark® parking system;
- to explore the opportunities for standardizing rail underpasses, which are now usually constructed on site.

3. To continue to expand our portfolio on the private and public PPP markets, also for relatively small projects

Ballast Nedam has developed into a specialist in PPP projects, and sees plenty of opportunities on this growing market. We are convinced that this approach is also appropriate for relatively small, regional projects, for which we have developed models. We also apply the PPP model in the business cases we develop in house. We propose to take the following actions on the public and private PPP market:

- to expand the PPP portfolio to five projects in 2014, by acquiring one PPP project on the public market in 2012;
- to position the business cases on the private market: with LNG24 providing natural gas for the transport industry, Climate Green supplying sustainable heat and electricity and Biomethaan producing and selling green gas;
- to develop the PPP model for application on small projects, based on the results of the pilot project.

4.2. Building & Development

The Building & Development segment consists of two closely cooperating clusters, each with their specific area of expertise. The Ballast Nedam Building & Development cluster develops, constructs, maintains and manages real estate projects with a value of up to approximately 40 million euros. There are seven regional companies that operate in the Netherlands, two of which also have restoration in their portfolio. Three companies with national operations in spatial development and area development and management act as process managers and knowledge centres for Ballast Nedam as a whole.

The Ballast Nedam Building & Development Special Projects cluster performs complex building projects with an elevated risk profile by virtue of their size, location, or contract form. Control of the process from design to completion of construction is therefore key in this cluster.

4.2.1. Results Building & Development

x € 1 million	2011	2010
Revenue	642	641
EBIT	8	4
Margin	1.2%	0.7%
Order book	693	735
Assets	346	447

Building & Development performed well considering the difficult market, with operating profit improving by € 4 million to € 8 million because of higher profits on the major projects and the contribution from the sale of the PPP projects. While the regional companies contributed somewhat less than last year, they were nonetheless profitable. Property development made a loss because of a low trading volume and the downward valuation of the land positions.

Building & Development's revenue was almost unchanged at € 642 million. The underlying revenue from the major projects was lower in particular because of the extremely high rate of production achieved in the first half of 2010. This decline was largely compensated by a rise in the regional companies' revenues following the acquisition of the Heddies operations in the first quarter of last year. Property development revenue decreased. Ballast Nedam Beheer, which has operations in housing, mobility and energy, achieved a higher revenue. The multiyear management of three PPP projects started in 2011.

The order book went down by € 42 million to € 693 million. Good progress on some major projects, such as the building for the Ministry of Security and Justice and the Ministry of the Interior in The Hague, and the Erasmus MC university medical centre in Rotterdam, has resulted in a smaller order book for major projects by approximately € 75 million. This decline was partially compensated by the regional companies, with support from the Heddies acquisition at the start of 2011. Ballast Nedam's share in the proposed awards in 2011 of the public transport terminals in Breda (€ 130 million) and Arnhem (€ 37 million) had yet to be included in the order book.

Building & Development's assets decreased by € 101 million to € 346 million through the sale of the PPP projects and the lower inventories of land positions and unsold projects.



Building & Development's residential construction operations increased above the market rate, partly because of the Heddes acquisition. From internal property development 413 homes were started in 2011. Compared with the lowest point in 2010, when only 28 homes were started, and given the poor market conditions, this was a creditable performance. The total number of homes under construction thereby increased from 669 at year-end 2010 to 1 147. For 2012 we expect a further decrease in this number. In 2011 607 homes were completed, which is 946 fewer than in 2010.

Exposure property development

<i>x € 1 million</i>	<i>2011</i>	<i>2010</i>
Land positions	154	160
Unsold stock under construction	13	12
Unsold stock delivered	12	27
Total on balance	179	199
Liabilities to complete projects under construction	7	3
Liabilities to acquire land positions	24	30
Total liabilities off-balance	31	33
Exposure property development	210	232

Good progress was made in the second half of 2011 on reducing the risks of property development. The total property development exposure, which consists of investments in land positions, investments in unsold stock and the related future obligations, was reduced by 9% from € 232 million at year-end 2010 to € 210 million. This is a favourable development in view of the substantial deterioration in the property market in the second half of 2011. Despite our ambition to lower the capital invested in real estate over the next few years, our expectations for the near future are tempered by the poor market outlook.

The total investment in unsold stock, both delivered and under construction, decreased in 2011 by € 14 million to € 25 million. There are obligations to complete on 9 real estate projects, which increased by € 4 million to € 7 million. The number of unsold homes went down from 124 at year-end 2010 to 110. The number of these homes that are completed also went down from 102 to 36, spread over 10 projects. The completed unsold stock was unchanged compared with year-end 2010 at 1 609 m² of leased and 1 000 m² of unleased commercial space.

Land positions

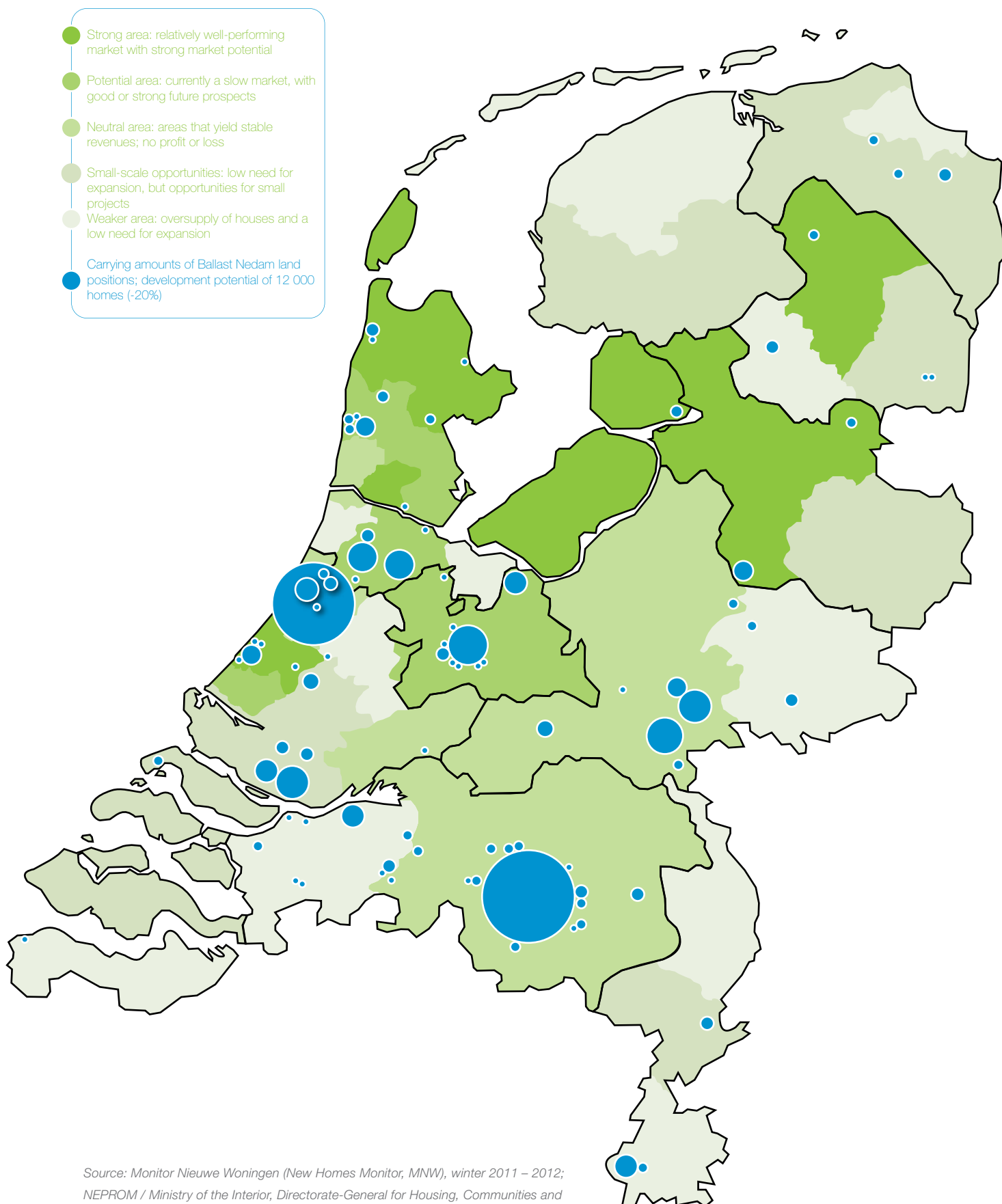
<i>x € 1 million</i>	<i>2011</i>	<i>2010</i>
1 January	160	157
Net investment	2	7
Write-down	(8)	(4)
31 December	154	160
Cumulative write-down	18	10

The estimated development potential of the land bank fell by 20% from 14 900 homes at year-end 2010 to approximately 12 000 because of the termination of several partnership agreements for which no land had yet been purchased, refraining from exercising a number of land-purchase options, and lower estimates of the numbers of homes to be built on a number of positions. The land positions decreased by € 6 million to € 154 million, consisting of a net investment of € 2 million and a write-down of € 8 million. The net investment of € 2 million included the acquisition of several real estate positions from Heddes and the take-up of land from pre-existing purchase obligations. The take-up of land caused a further decrease in the outstanding unconditional purchase obligations for land at year-end of € 6 million to € 24 million, of which € 6 million will fall in 2012. The

conditional purchase obligations also fell sharply from € 205 million at year-end 2010 to € 159 million. The disposals were concerned with various positions now in development, such as the Nieuwvliet-Bad Beach Resort area development on which construction has started. The write-down of € 8 million was mainly concerned with six land positions for residential construction in the northeast of the Netherlands and a hotel development. The cumulative write-down on land positions therefore increased by € 10 million at year-end 2010 to € 18 million. The net write-down in 2010 was € 4 million, consisting of a write-down of € 7 million and reversal of a previous write-down of € 3 million.

Kloosterkwartier, Sittard





4.2.2. Market developments, Building & Development

According to recent forecasts, building production will resume a downward trend in 2012 after a brief revival in 2011. We expect the residential and nonresidential building companies in particular to face continued challenges, which will demand clear choices and more scope for renewal. In this segment too, we attach importance to different forms of cooperation between disciplines, and also to chain cooperation and product innovation with the potential to reduce construction time and costs.

The debt crisis has created uncertainty for potential house buyers, who are postponing the purchase of new homes. The growth in the economy is slowing, making companies reluctant to invest in their premises, while government cutbacks are reducing the scope for investment in buildings and infrastructure. Taken together, the above factors have a depressing effect on building production. Nonetheless, building production increased sufficiently in the first half of 2011 for the total in 2011 to be 3 per cent up. The higher growth in 2011 and the worsened economic outlook lead, for 2012, to a predicted 1.0 per cent contraction in building production. The prospects for the renovation market continue to be good and offer additional work. The emphasis is shifting to traditional methods of restoration and away from new building assembly methods.

There is a heavy demand in the healthcare sector for new accommodation, which is subject to a wide range of requirements. Large new hospitals are being created through mergers in the secondary care sector, and the trend towards specialization is increasing the number of relatively small institutions. There is a similar clustering process in primary care. Market forces in the care sector are making effective property management in combination with multiyear maintenance an ever more important part of the building chain.

There is strong demand for new building in the education sector in response to varying student numbers, the introduction of new educational methods and outdated accommodation. The building of schools is highly compatible with the Design, Build & Maintain (DBM) and Engineer, Build & Maintain (EBM) forms of partnership. The functionality can easily be separated from the physical building, and the customer lacks the necessary risk management expertise on building projects. An increasing number of clients are opting for integrated contracts for a variety of reasons, including financing, spreading risks, management aspects and project-specific reasons such as time or political pressure.

4.2.3. Action plans for 2012

The Building & Development segment's focus in the next few years will be on two themes, which we have translated into action plans for 2012.

1. To improve operational performance through process control and combining knowledge

The increasing complexity of projects in the Building & Development segment is leading us towards closer cooperation within the chain, sometimes with parties that operate outside the industry. This approach demands an open and transparent stance, control of processes, flexibility, and a capacity to share and communicate knowledge. Our priorities in 2012 are:

- to implement a uniform and up-to-date organization structure in the regional companies with a view to improving the structure of project acquisition and building development. We intend to further develop lean building principles within the regional companies, where the key point is for employees to identify opportunities for improvement;
- to set up a Building Methods, Construction and Formwork department to provide the construction companies with product group management support in determining the most efficient building method for structural work on building projects;
- to have Ballast Nedam Building & Development Special Projects achieve ISO 14001 certification by introducing an environmental management system to control and improve our environmental performance in operations.

2. To improve the existing package of products and develop new product-market combinations

Ballast Nedam's range of products and services is shifting towards specific product-market combinations with greater added value. We translate our specialized knowledge and skills into a standard approach to our customers' specific issues. This approach will expand our package of products and enable us to provide solutions at lower cost. Our principal aims in 2012 are:

- to expand and further professionalize the Bouwborg operations as one of the four constituent regional company units. We will accordingly set up a Bouwborg Shared Service Centre, with the objective, jointly with Ballast Nedam Beheer, to be able to provide total technical facility management for buildings;
- to expand the services related to iQwoning® with energy-efficient housing concepts, long-term maintenance and digital sales tools;
- to develop a process menu for Design, Build (Finance) & Maintain (DB(F)M) and Engineer, Build (Finance) & Maintain (EB(F)M) contracts to clarify for our customers the added value of innovative cooperation;
- to investigate product-market combinations that will allow us to breathe new life into obsolete office locations and to change the function of the existing or future office inventory.

4.3. Specialized Companies

The companies in the Specialized Companies segment provide specialized products and services on a project basis, such as engineering, construction trenches, foundations, drilling and anchoring, installation engineering for energy supply and mobility, environmental consultancy and engineering, prestressing, plant and equipment, asphalt, and green space. These specialized companies deliver competitive advantage to our solutions through innovation, cost leadership and purchasing strength.

4.3.1. Results Specialized Companies

x € 1 million	2011	2010
Revenue	252	214
EBIT	-	2
Margin	0.0%	0.9%
Order book	89	80
Assets	139	121

Specialized Companies' revenue increased by € 38 million to € 252 million. The main reason for the revenue increase was the redevelopment and reconstruction of several filling stations in Belgium by Ballast Nedam IPM and increased delivery of the specialized companies to major projects such as the A2 in Maastricht, the A15 Maasvlakte – Vaanplein PPP project and the Magnum multifuel power plant in Eemshaven.

Specialized Companies thereby achieved a higher profit. The poorer market conditions in 2011 pushed down the profit to break even.

Ballast Nedam IPM is the innovative specialized company in installation engineering for energy and mobility. For instance, a lead was taken in 2011 with the construction of the first public LNG filling station in the Netherlands that complies with all future European legislation and regulations. Furthermore, Ballast Nedam IPM won the contract for building the first transportable production and filling station for sustainable hydrogen in the Netherlands. These are important developments in the transition to sustainable and clean fuels.

The specialized companies perform the site assembly of the modular building systems produced by Supplies. For example, 14 iQwoningen® were built in Laarbeek in 2011.

The order book grew by € 9 million to € 89 million through a larger volume of orders at Ballast Nedam Milieutechniek. Specialized Companies' contribution to the large multiyear projects ensured a reasonable quality of the order book, in view of the general fall in volume in the market.

4.3.2. Market developments, Specialized Companies

The economic crisis is putting pressure on most specialized companies, with an effect on revenue and profit. Demand appears to be shifting from new building to renovation, redevelopment and maintenance. Furthermore, projects are required to reduce their impact on the local community. We are therefore focusing on faster building with less local nuisance and fewer transport movements. We are continuing to optimize this aspect while seeking to identify smart innovations.

The increasing number of complex integrated Design, Build, Finance, Maintain and Operate (DBFMO) projects is creating opportunities in the management phase, such as the monitoring of buildings and engineering structures.

The demand for alternative fuels has increased in recent years. We will remain a leader in the related development, and thus fully exploit our strong position in this field.

4.3.3. Action plans for 2012

The Specialized Companies segment's focus in the next few years will be on three themes, which we have translated into action plans for 2012.

1. To improve compatibility with activities in the Building & Development segment

The existing products and services of the specialized companies are mainly services to the Infrastructure segment. The increasingly integrated nature of our projects leads us to align our products and services better with the housing area of work. In this regard the main opportunities we see are in the market for renovation, restoration and maintenance. Our priorities in 2012 are:

- to further expand prefabricated assembly, including for iQwoning®;
- to design, install and maintain 'green' external walls and roofs;
- to adopt a product approach to small foundations for foundation repair;
- to further develop installation engineering for energy supply.

2. To reduce the burden on the local community from construction activities

As we redevelop the existing living environment, it is becoming increasingly important to reduce the nuisance caused by our work. In all our areas of work we are therefore focusing on faster building with less local nuisance and fewer transport movements. We are engaged in continuous improvement on this point and we are seeking to identify additional smart innovations. Our aims for 2012 are:

- to reduce the number of transport movements to and from our construction sites;
- to analyse the noise levels of plant and equipment;
- to use more green gas and CNG as relatively clean transport fuels. The Specialized Companies segment now accounts for 44 per cent of Ballast Nedam's CNG consumption, compared with 35 per cent of diesel consumption.

3. To expand our secondary raw materials activities

Together with the Supplies segment we are investigating opportunities for reusing waste streams as secondary raw materials. Accordingly we are combining our knowledge of the raw materials market with our experience in specialized processing and cleaning techniques.

4.4. Supplies

The companies in the Supplies segment extract primary raw materials, produce secondary raw materials, and supply industrially prefabricated concrete products. These supply companies manage the product groups for their specific segment and deliver competitive advantage to our solutions through innovation, cost leadership and purchasing strength.

4.4.1. Results Supplies

x € 1 million	2011	2010
Revenue	232	202
EBIT	4	10
Margin	1.7%	5.0%
Order book	54	67
Assets	221	188

The revenue of Supplies increased by € 30 million to € 232 million because of the increased raw materials revenue. This rise was attributable to supplies from our Norwegian quarry to Maasvlakte and the offshore projects, and higher sales of secondary raw materials by Feniks Recycling.

The raw material companies achieved a sound profit on a higher revenue. Underutilization and price pressure because of the low market volume caused some prefabricated concrete companies to make a loss. Production capacity was accordingly adjusted, with the loss of 100 jobs at Waco Lingen, which amounts to approximately 25% of the total number of jobs at the four prefabricated concrete companies. The reorganization expenses involved depressed the profit further.

Partly because of the production capacity adjustment at Waco Lingen, the order book went down by € 13 million to € 54 million. The other supply companies succeeded in maintaining approximately unchanged levels of their order books.

Supplies' assets increased by € 33 million to € 221 million, mainly as a result of the investments in the new iQwoning® plant in Weert, Feniks Recycling's new installations in England and Amsterdam for recovering secondary raw materials from incinerator bottom ash and the rebuilding of the vessel Yeoman Bontrup for transport from the Norwegian quarry.

Supplies strengthened its position in modular construction, which is an innovative industrial building method under controlled conditions. Alongside the iQwoning® and ModuPark® (the modular parking product) plants that started operation in 2011, Ballast Nedam acquired a stake in Ursem modular building systems in 2012. These modular building systems are used for utility buildings such as student apartments, schools, detention centres and hotels. Ballast Nedam is thereby in a position to serve a variety of markets in residential and nonresidential construction, and new building and renovation, with modular concepts.

In Great Britain, Feniks Recycling reinforced its lead on the market for recovering secondary raw materials from waste incinerator bottom ash, as its seventh installation started operation. We certainly see growth opportunities for this niche market in the next few years.

4.4.2. Market developments, Supplies

The financial crisis and cutbacks have led to substantial contraction of the infrastructure and property market in recent years, and no recovery is in sight for the next few years. The limited demand and large market capacity are depressing prices and putting subcontractors and suppliers under great pressure to follow suit.

Scope for innovative ideas: the iQwoning®

Demand has fallen away considerably in the concrete industry, many projects have been postponed, and there are signs of long-term overcapacity and price dumping. Ballast Nedam greatly reduced the underutilization risk by adapting capacity in 2011. For instance, the introduction of the iQwoning® is a response to demand on the house-building market for flexible solutions with a favourable price-quality ratio. The iQwoning® is ideal for inner-city renewal and for the home rental market. There are sufficient growth opportunities for this kind of innovative product in the current, contracting market.

The supply companies also have less work in the raw material industry, but this has fewer direct effects because of this sector's specific characteristics. The high entry thresholds mean there are fewer market players, and the labour-intensive production is less sensitive to fluctuations in sales. Furthermore, Ballast Nedam has a strong position in relatively scarce products.

4.4.3. Action plans for 2012

The Supplies segment's focus in the next few years will be on three priorities, which we have translated into action plans for 2012:

1. To improve operational performance through focus and exchange of knowledge

The companies in the Supplies segment deliver competitive advantage to our solutions through innovation, cost leadership and purchasing strength while also serving their external markets. To ensure their success in this aim, we have developed an approach for each market sector. For 2012 the approach is:

- to add focus to the existing package of products with an accent on specialized products that set us apart from competitors;
- to improve our operational performance by using the production facilities in the plants more efficiently and continuing to bring down failure costs and overheads;
- to align the range of specialized products for asphalt, temporary traffic measures, surface planing and specialized concrete paving with the shift in demand from new building to maintenance.

2. To contribute through teamwork to Ballast Nedam's product-market combinations

Ballast Nedam's range of products and services is shifting towards specific product-market combinations with greater added value. A good example is the iQwoning®, which we achieved through specialization, combining knowledge, and the standardization of engineering, process and production methods. We will continue along this path in 2012, aiming:

- to expand our package of products for iQwoning® by providing customers with long-term maintenance and energy-efficient concepts, together with Ballast Nedam Beheer and Bouwborg;
- to exchange knowledge more intensively between the plants and within Ballast Nedam by applying product group management. Combining the knowledge and skills about prefabricated concrete makes Ballast Nedam Prefab the specialist for all prefabricated concrete solutions.

3. To exploit the starting position on the primary and secondary raw materials markets

In 2012 we intend:

- to study the further recycling and enhancement opportunities for industrial residuals, with research by Feniks Recycling and Ballast Nedam Milieutechniek;
- to apply product group management in the purchasing of raw materials and raw materials trading on the external market;
- to expand the primary raw materials position.

5. Risk analysis

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

Effective risk management requires us to identify risks in good time, and control any risks that may have a long-term effect on our activities. The most important risk management principles are as follows:

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

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

5.1. Risk management and organization

Ballast Nedam changed its organization structure in 2011, and our operations are now managed from six clusters, which were formed around products and processes. Each cluster comprises one or more operating companies. To avoid companies taking on unwanted risks, prior approval from a cluster management team is required for contracts above a certain limit. Prior Board of Management approval is required for all projects regarded as high risk. This rule applies to international contracts, investments in land, and property, plant and equipment, disposals, non-current liabilities, acquisitions, alliances outside the industry, projects with an elevated risk profile and projects with a production value of more than 25 million euros. With the formation of the six clusters, Ballast Nedam has brought the overhead departments of the former two divisions and the holding company together within the central organization. Ballast Nedam is combining knowledge and skills in the organization to make them available where they are needed in the operating companies.

5.1.1. Clear authorities and allocation of duties

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

5.1.2. Range of instruments and agreements

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

5.1.3. Improved central review systems

The Legal Department seconds staff to projects in the line organization whereby the staff concerned retain a functional line with the central department. This arrangement allows us to detect contractual risks at an earlier stage, and puts the central department in a position to apply the appropriate knowledge in the event of any contractual or legal risks. In 2011, 200 of our managers took a refresher course on the subject of integrity. Integrity is part of our internal training programmes.

In 2011 the Development Shared Service Centre was rolled out to support all clusters. This is a national back office that handles all secondary business processes for property development. All development processes are financially assessed and monitored in a uniform way.

We also embarked in 2011 on combining invoice handling operations. The F&A Shared Service Centre records, checks and handles purchase invoices. The centre will support the majority of operating companies in 2012. The implementation of a single financial system was rolled out further in 2011, and the process is expected to be complete in 2012.

5.1.4. The existing central review system

In 2010 Ballast Nedam redrafted and implemented the guidelines for Administrative Organization and Internal Control. Alongside the main audits Ballast Nedam performs automated data audits on operating company accounting systems. The central cash management system monitors the liquidity requirements from project level upwards on a daily basis. It is compulsory to have two reviews for complex projects in the tendering stage. The Legal Department performs a contract review, and Ballast Nedam Engineering performs a design review.

5.1.5. Internal risk control

We intend to control financial and operational risks, and the risk of noncompliance with relevant legislation and regulations. The measures we take to this end include risk analyses in combination with systematic reporting, and responsible financing methods. We report on financial and operational matters with reference to a business plan. We observe a phasing with thirteen periods for the current year. The reports are:

- a daily liquidity report;
- a periodic financial report;
- an extensive quarterly report.

The Board of Management discusses the course of events periodically with the cluster management teams, with reference to the financial and operational reports, which always give the risk profile. The cluster management teams conduct a similar dialogue with the management of the operating companies.

5.1.6. Supervisory Board and Audit Committee alert to risks

Ballast Nedam's risk profile and the internal risk management and control systems are on the agenda of all meetings with the Supervisory Board and Audit Committee. The achievement of the corporate objectives in the light of acceptable risks is a factor in determining the remuneration of members of the Board of Management. There are three Audit Committee meetings a year attended by the CEO, the CFO and the external auditors. The meetings are to discuss the financial course of events and the findings of the company's internal audits and risk management. The activities are covered in the Report of the Supervisory Board (see page 109).

5.1.7. Statement of the Board of Management

The 2011 Financial Statements (which are presented after page 128 below) give a true and fair view of the assets, liabilities, financial position and profit of Ballast Nedam and the undertakings included in the consolidation taken as a whole. The Annual Report gives a fair review of the development and performance of the business during the financial year and the position at the end of the reporting period of Ballast Nedam and the undertakings included in the consolidation taken as a whole. This section gives details of the risks that Ballast Nedam is exposed to.

5.1.8. Regular evaluation

Ballast Nedam's risk management and control systems are regularly analysed and evaluated. The internal control framework is clearly reflected in the operating companies' and clusters' style of business planning and reporting. The risk profile and the internal risk management and control systems are on the agenda of all meetings with the Supervisory Board. There are no signs that the existing systems were not properly designed. It goes without saying that we are aware that the internal risk management and monitoring systems are no guarantee that we will always achieve our objectives. Likewise, we cannot prevent with these systems all material errors, loss, fraud and infringements of legislation and regulations.

No transactions took place in 2011 that involved any material conflict of interest on the part of managing directors, likewise there were no transactions that involved any material conflict of interest between the company and natural persons or legal entities holding more than 10 per cent of the shares. Corporate Governance Code best practice provisions II.3.2, II.3.3 and II.3.4. have been complied with. Other than improvements to risk management and control systems, there were no essential changes to the operation of these systems in 2011.

5.2. Types of risk

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

5.2.1. Strategic risks: integrated projects and spreading risks

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

The market for relatively large infrastructure projects will remain reasonably stable for the next few years and our operations in various niche markets give us a relatively favourable risk profile. However, the market for construction and property development is much more sensitive to the economic cycle. Although our business strategy sets out to reduce sensitivity to cyclical trends, the current recession will have repercussions in construction and property for some years to come. Part of our strategy is to invest in activities with long-term, predictable cash flows, including management and maintenance and PPPs, besides which we also spread strategic risks by delivering activities that perform differently in various stages of the economic cycle.

5.2.2. Market risks: developing more under our own control

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

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

We intend in the future to be able to increase our share of own development, and we have accordingly acquired strategic land positions with a carrying amount of 154 million euros in recent years. We value these land positions at historical cost, so that we have imputed almost no interest and preparatory expenses. We limit the impairment risk in this way. We perform an annual impairment test on each separate land position to determine whether the value has reduced exceptionally. We start construction on projects under our own control only once we can be sure that at least 60 per cent of the homes or 100 per cent of the commercial property is sold or leased. These land positions are a good basis from which to benefit from an economic recovery.

5.2.3. Identifying and controlling financial and operating risks

The highest-risk elements of the primary process are the design, preliminary estimates, the tendering process, purchasing and project planning, and particularly the transitions between these phases. A second opinion may therefore be required on key sections, in particular for large and complex projects. We include any uninsurable operating risks in the budget as a risk premium. Any risk that materializes, despite the controls, will often have a considerable impact on a project's margin.

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

5.2.3.1. Failure costs

Getting things right first time. This is the best answer to the stubbornly high level of failure costs in the entire building column. Ballast Nedam sets to prevent failure costs out on three levels: on the market, inside the group, and in projects.

Reducing failure costs on the market

Integrated contracts lead to lower failure costs in the building column. In traditional contracts, the client chooses to divide the process into many pieces. New project partners are then required to master the subject matter for every new contract. We engage in dialogue with the building column (which consists of clients, advisers, subcontractors and end-users) with a view to increasing the number of integrated contracts.

In 2011 Ballast Nedam was part of a consortium that acquired the Arnhem Public Transport Terminal project based on a design & build contract. The client opted for an integrated contract following the failure of earlier tenders. The Arnhem Public Transport Terminal project set out to distribute the project risks more effectively and control failure costs. The result was a successful tender.

Reducing failure costs within the group

A result of the 2011 organizational changes is more intensive cooperation between Ballast Nedam business units. Failure costs arise when people or departments dwell too long on subjects they know too little about. Ballast Nedam's specialized companies now contribute their knowledge at an early stage in projects. In this way the responsibility resides with the right experts. Where specific expertise is not available in house, we immediately call in comakers to take on the project components concerned and bear the associated risk.

Reducing failure costs on projects

We aim to staff our projects effectively, because failure costs arise when there are too few good people to get the work done. By consciously assigning additional people at the start of a project, we keep operational processes under control and manage risky actions at an early stage.

A school in Heerhugowaard was procured as an engineer & build contract. We then added a plan developer from our Building & Development Special Projects cluster to the regional company's project organization. He contributed the expertise needed to analyse the risks in the final design phase satisfactorily. Ballast Nedam acquired the project and work has now started.

In 2011 Ballast Nedam was part of a consortium responsible for the Nieuwegein Town Hall: a complex project on a poorly accessible, town centre construction site. By assigning additional planners early in the project, we completed all the critical components on time, in detail and as planned. The construction consortium was two months ahead of the completion stage schedule according to contract.

Noise barrier A12



5.2.4. Liquidity and treasury risks: cash flow management and responsible borrowing

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

Ballast Nedam carries out projects outside the euro zone on a limited scale. Foreign currency translation risk is estimated and where possible covered on a project basis.

Interest risk is determined by the combination of long-term loans and the positive cash position. The main long-term loans have been contracted at fixed interest rates for lengthy periods. The interest risk, other than for the financing of a number of PPP contracts, is not hedged. For an explanation and sensitivity analysis of the financial risks, see page 165.

5.2.5. Social risks: competent employees are the most important success factor

Employees are an important component of a company's value. Our ability to attract and keep good employees largely determines Ballast Nedam's success. Working conditions in the construction industry are heavy, and the sector is confronted with relatively high rates of absence through illness. There is additional information on this subject in the section on health (see page 81). A relatively large proportion of Ballast Nedam employees have flexible working arrangements, mainly through subcontractors. The operational margin is therefore less sensitive to a decline in revenue. Any strikes, work interruptions and integrity issues can lead to a substantial loss of revenue.

5.2.6. ICT risks: standard where possible, specific where necessary

All business units use ICT infrastructure and ICT information systems intensively. We continuously improve and upgrade these systems in various processes, enabling us to manage the associated change processes effectively with relatively little risk. The ICT infrastructure is based on a wide range of services, modern communication technology and advanced virtualization techniques for data storage and processing. We are able in this way to continuously achieve and safeguard the required capacity, availability and sustainability.

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

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

5.2.7. Risk of climate change

Ballast Nedam is aware that climate change may put a strain on the internal organization and diminish our market opportunities in the long term. Some examples of climate management measures we are taking are given in the section on Energy and CO₂ reduction (see page 69).

5.2.8. Risks in connection with tax and legal matters

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

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

5.3. Risk profile

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

5.3.1. Financing risk under control

The most important loans are from Rabobank and FGH Bank and are due to mature in 2017 and 2015, respectively. We have limited the financing risk by avoiding covenants for these loans.

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

It has become more difficult to finance public-private partnership (PPP) projects. Compared with the period before the credit crisis, banks now require a larger guarantee on new PPP projects, which is increasing the pressure on the company's lines of guarantee.

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

Ballast Nedam enjoys a solid and favourable reputation, which is a valuable asset for the group. Major loss of reputation may arise from any infringements of the Code of Conduct, which encompasses the competition rules. Any alleged human rights violations, child labour, corruption, or environmental threats on the part of our suppliers or subcontractors are also risks to our reputation. The consequences of any infringement are hard to quantify, but Ballast Nedam is aware that they may threaten the company's viability. We have accordingly introduced a socially responsible procurement policy and we observe our internal Code of Conduct, and we demand the same of our suppliers and subcontractors. There is additional information about this subject in the sections on Chain Responsibility (see page 87) and Integrity (see page 86).

5.3.3. Sector risk: construction and infrastructure sensitive to cyclical trends

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

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

The greatest operational risks in the primary process are in the design, preliminary estimates, the tendering process, purchasing and project planning, with the main risks in the transitions between these phases. These risks have increased because we have more orders in the portfolio. On the other hand our order book is spread over more than 200 projects, none of which contributes more than 10 per cent of annual revenue.

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

5.3.5. Housing market risk

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

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

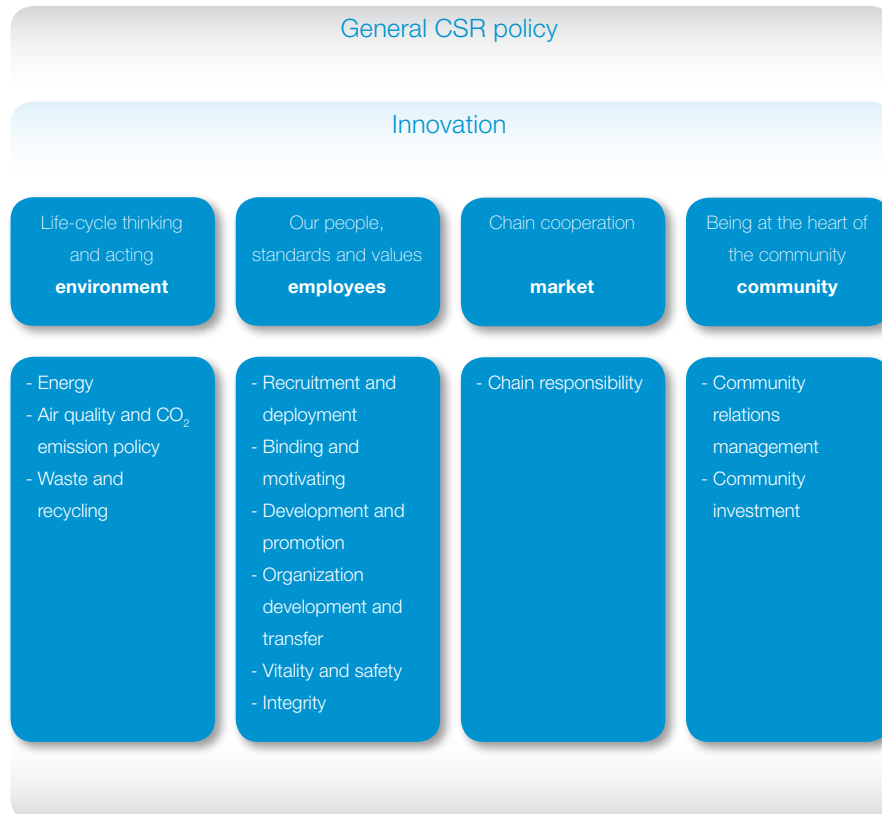
Although the recession will have repercussions for some considerable time, long-term housing market prospects are good. For this reason, together with the underlying high quality of our land bank and our associated valuation method, we consider the risk of material write-down on the land positions of 154 million euros to be limited. In 2011 there were write-downs of 8 million euros. The cumulative write-down was 18 million euros.

*Green gas fill-time installation,
Zuid-Kennemerland*



6. Our CSR policy

On the vast CSR playing field, the construction sector is an influential player. Our eagerness to join the game is tempered by an awareness of our limitations. We need to find the right balance, basing the choices this involves on our stakeholder analysis (see page 98). Each year we analyse any shifts in the playing field and adapt our policy accordingly. Our 2009 materiality analysis highlighted eleven key CSR issues, which are still relevant today. We grouped the CSR issues into themes: the environment, employees, market and community. In 2011 we defined policy and objectives for the eleven issues and aligned them with our strategic pillars, as shown in the figure below.



Ballast Nedam's CSR policy is to make our impact positive

Our starting point is working together for a better living environment, today and tomorrow, while balancing the needs of people, the environment and the community. This is how we create enduring quality. In doing so we utilize our innovative capacity, make our impact positive, and focus on the five pillars.

1. Life-cycle thinking and acting (environment)
 - energy and CO₂: reducing emissions and investing in sustainable energy;
 - waste: reducing waste at source and mitigating natural resource depletion.
2. Our people, standards and values (employees):
 - working conditions: creating a healthy and safe working environment;
 - integrity: communicating openly and honestly as a team.
3. Chain cooperation (market)
 - chain responsibility: creating optimum value together with stakeholders.
4. Being at the heart of the community (community)
 - social responsibility: making our impact positive in the local communities where we work.
5. Innovation for a high-quality living environment: balancing housing, mobility, energy and nature through innovative solutions.

This chapter starts with a summary of the CSR objectives that emerged from the above in 2011, and the corresponding results achieved (Section 6.1). Details are then given about these objectives and results for each theme (environment, employees, market and community) and each constituent subject. We also present our plans for 2012 and give examples from our CSR projects.

Hotel de l'Europe, Amsterdam



6.1. CSR objectives

Our CSR objectives are driven by our sixth strategic objective: to work ever more sustainably. In 2011 we set the following CSR objectives and achieved the following results.

<i>Objective for 2011</i>	<i>Result</i>	<i>Achieved/ Not achieved</i>	<i>Notes in section</i>
A 12% CO ₂ emission reduction in proportion to revenue relative to reference year 2008.	CO ₂ emission reduced by 12%. Total emission = 64 599 tons of CO ₂ .	Achieved	Energy
Stay on Level 5 (the highest rung) of the CO ₂ performance ladder.	Level 5 certificate awarded for all Ballast Nedam.	Achieved	Energy
Measure and analyse CO ₂ emission on at least three construction sites.	CO ₂ emission analysed on six projects.	Achieved	Energy
50% of our new lease cars and commercial vehicles fuelled by CNG.	53.8% of all new lease cars run on CNG.	Achieved	Air quality
Reduce the absence through illness rate to less than 4.8%.	The rate is 5.01%.	Not achieved	Vitality
Conduct at least a two-yearly performance review with all employees covered by a collective agreement, and at least an annual performance review with all employees with managerial, technical and administrative duties (UTA).	64% of the employees eligible for a performance review.	Not achieved	Development and promotion
10% of all employees to attend an internal training course at least once a year.	Proportion: 11.8%. 47.5% of all employees attended an in-company training course, of which almost 25% were organized internally.	Achieved	Development and promotion
Fewer than 9.0 fatal and lost-time injuries involving Ballast Nedam employees per million hours worked.	The figure was 6.5. There were no fatal accidents, and 48 lost-time injuries.	Achieved	Safety
No infringements of the Code of Conduct.	Four infringements (appropriate corrective measures have been taken).	Not achieved	Integrity
To define sustainability criteria for two product groups.	Not actioned because of progressive insights.	Not achieved	Chain cooperation
Implement at least three sustainable innovations.	Five sustainable innovations are now in the implementation phase and used commercially in the organization.	Achieved	Innovation
Earn the Bewuste Bouwers quality mark for at least 25 projects.	45 projects have been entered. The quality mark is no longer awarded.	Achieved	Community relations management

6.2. Life-cycle thinking and acting (the environment)

The primary concerns in CSR policy on the environmental theme are energy and CO₂ emission. The issues are the sustainable development of the one and reduction of the other. We also aim to handle waste sustainably: reducing waste at source and mitigating natural resource depletion.

6.2.1. Energy

Ballast Nedam's energy policy in the coming years is to apply a three-pronged approach of energy conservation, using sustainable energy, and only then using fossil energy sparingly. The supply of fossil fuels is finite, while scarcity and rising demand are driving up fuel prices. Ballast Nedam recognizes this risk and we are seeking opportunities to reduce our energy consumption and shrink our CO₂ footprint. Ballast Nedam's strategy is also to develop products in the area of sustainable fuels, wind energy and the processing of waste streams, which promotes the recycling of sustainable resources, both internally and externally. We also endeavour to use fossil resources as efficiently as possible.

Objectives for 2011

Reduce CO ₂ emission by 12 per cent in proportion to revenue relative to reference year 2008.	Achieved
For all Ballast Nedam to stay on Level 5 (the highest rung) of the CO ₂ performance ladder.	Achieved
Measure and analyse CO ₂ emission on at least three construction sites.	Achieved

Results for 2011: CO₂ emission reduction

Ballast Nedam's main uses of energy are in commuting, transport, construction plant and equipment, factory production, and on construction sites. 60 per cent of our energy consumption is of fossil fuels such as diesel and petrol, 26 per cent natural gas, and the remaining 14 per cent electricity. Ballast Nedam's ever greener use of electricity is reinforced by Renewable Energy Guarantee of Origin certificates for water and wind power. Ballast Nedam also operates the Green Gas Certificate scheme in CNG Net.

Ballast Nedam's footprint is the CO₂ emission generated by consuming energy, which is why the CO₂ footprint appears in the chapter on energy. We met the target for a 12 per cent CO₂ reduction in terms of revenue in the Netherlands. Our target for 2020 is a 30 per cent CO₂ reduction in proportion to revenue in the Netherlands relative to reference year 2008.

Total direct CO₂ emissions were 58 727 and indirect CO₂ emissions 5 832 tons, giving a total of 64 599 tons of CO₂.

The CO₂ footprint comprises Scope 1 (natural gas, diesel, petrol, coke, CNG and other fossil fuels) and Scope 2 (electricity and district heating) emissions for which Ballast Nedam pays the bill.

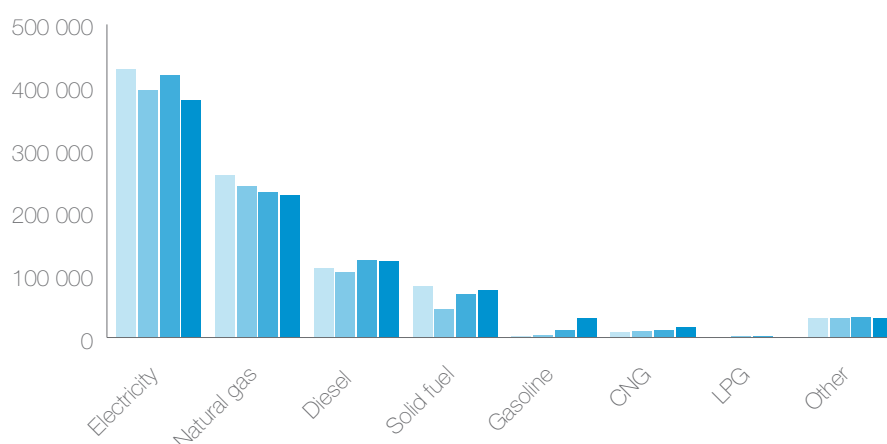
CO₂ emission reduction summary

The CO₂ data for 2008, 2009 and 2010 have been recalculated in accordance with the new measurement method for the SKAO performance ladder 2.0. Furthermore some adjustments were made to the data for these years.

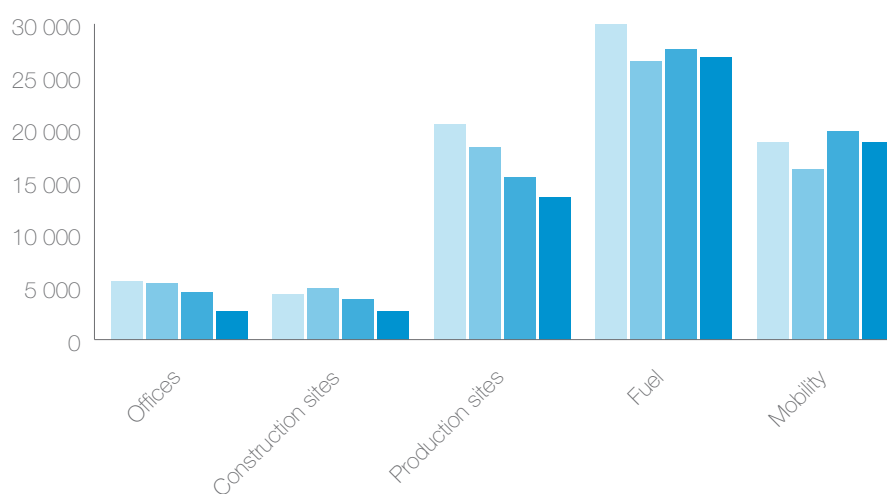
	2008	2009	2010	2011
CO ₂ (Dutch activities) (kilotons)	79.1	71.1	71.1	64.6 (*)
Revenue cumulative (Netherlands) (million euros)	1 348	1 272	1 275	1 252
CO ₂ emission (tons) per revenue (million euros)	58.7	55.9	55.8	51.6
Percentage relative to reference year		95%	95%	88%
Reduction relative to reference year		5%	5%	12%

(*) included in the KPMG assurance

Gigajoules per fuel type in the Netherlands (2008-2011)



CO₂ in tons per type of location in the Netherlands (2008-2011)



Other fuels include red diesel, coal and petrol used on various sites.

N329, Road of the Future

Suppliers involved in the Road of the Future project were pressed to contribute ideas for reducing CO₂, as well as achieving other objectives, such as cutting waste by using less packaging material. We took the opportunity at the Companies Day event in Oss to make contact with the smaller companies and talk with them about how together we can make the Road of the Future as 'green' as possible. The first idea to emerge was to limit transport movements.

Results for 2011: CO₂ performance ladder

Ballast Nedam is certified on Level 5 (the highest rung) of the CO₂ performance ladder. This is the latest version (2.0) of the performance ladder. This affirms Ballast Nedam's capability not only of reducing its own CO₂ emission, but also of performing its projects with less CO₂ emission.

January 2011 marked Ballast Nedam's first attainment of the highest rung on Prorail's original CO₂ performance ladder. The performance ladder has since been transferred to the independent organization Stichting Klimaatvriendelijk Aanbesteden en Ondernemen (SKAO), which has released version 2.0. The new version is fully compatible with the 'economically most favourable bid' criteria.

The CO₂ performance ladder is gaining in importance, not only for Ballast Nedam, but for the entire industry. It gives the building chain a clear and comprehensible tool to demonstrate to customers the collective CO₂ performance on project level. This is a socially relevant development, especially for companies that wish to add value through chain cooperation.

Ballast Nedam is constantly acquiring the knowledge needed for a life-cycle approach to projects. Our attention is not restricted to our own project-related emissions, but extends to the entire chain (including the consumption of suppliers and customers). In 2011 Ballast Nedam performed the second life-cycle analysis for the asphalt and wide-panel concrete flooring products. Relative to the reference year 2009, we achieved a 2 per cent CO₂ reduction for the two products in 2010 (per unit product).

Results for 2011: Measure and analyse CO₂ emission.

Ballast Nedam analysed building site consumption on six projects in 2011. Most were infrastructure projects that use much red diesel. A Plant and Equipment Working Group embarked in 2011 on a study of possible alternatives to reduce the consumption of red diesel and other fuels.

The following Ballast Nedam initiatives are involved.

- In the past year we have encouraged our employees to look critically at their travel behaviour. The themes of our Sustainability Week were a more energy-efficient driving style and smarter travel. We joined the 'Project Spitsvrij!', which is a scheme to encourage off-peak travel as a way of reducing congestion, and to promote flexible working hours. We also support the '2in5 Campaign', which means leaving the car at home and going to work by bike for two days a week. Numerous employees now arrive at work on an electric bike. We also offer CNG-fuelled pool cars, and an electric scooter is available.
- One of our own companies has performed an extensive energy audit of our iron foundry, Rademakers. Based on the findings, the roof has been insulated and heat from the production process is now reused for heating the transit store.
- Our 'Enterprising Building' training programme has led two employees to develop the Greenerator, with support from Ballast Nedam Materieel. The Greenerator produces 15kVA of completely sustainable wind and solar power, even on site (see p. 91 innovation).
- A scheme was introduced towards the end of 2011 to encourage Ballast Nedam employees to install solar panels on their homes at a reduced price. In this way they can generate approximately two-thirds of their energy needs entirely sustainably.
- A processing installation for turning biogas into green gas has been built together with the recycling organization 'De Meerlanden'. The green gas contributes to the natural gas network (see p. 91 innovation).
- Various studies and initiatives within Ballast Nedam's logistics chain have been started with a view to conserving energy in the chain (see page 89 on chain responsibility). Another example is the reduction in the number of transport movements needed in building an iQwoning® (see page 92 innovation).



Objectives for 2012

To develop a differentiated policy and set targets for specific energy consumers.

To encourage employees to take the initiative in promoting energy-efficiency and developing sustainable energy-based products and services.

To reduce CO₂ emission by 30 per cent in 2020 (in proportion to revenue relative to reference year 2008).

To reduce CO₂ emission in 2012 by 2 per cent in proportion to revenue (i.e. a 14 per cent reduction relative to 2008).

For all Ballast Nedam to stay on Level 5 of the CO₂ performance ladder.

To support our objectives we will continue to analyse our activities, thus determining where the most energy reduction can be achieved. We will then define a differentiated policy. We will continue to promote sustainable initiatives through our innovation platform 'tok!'. Our sustainability working groups for building, infrastructure, construction site and plant give high priority to energy and CO₂ reduction and propose appropriate measures to operational management. We are also fully aware that the main potential for reduction resides with our chain partners. Our purchasers will receive training in this area in the coming year, and a routine question to suppliers will be to specify their CO₂ footprint. We will also continue the '2in5' campaign to bring mobility and smart travel to employees' attention.

We will further professionalize our reporting structure for the CO₂ performance ladder 2.0 in 2012, in anticipation of the inclusion of this criterion in a growing number of project procurements. An increasing number of Ballast Nedam projects will be constructed with CO₂ awareness. As we make progress in offering customers sustainable solutions, we also acquire a deeper understanding of the environmental impact of various activities.

6.2.2. Air quality and CO₂ emission policy

The environmental impact of construction activities is not limited to the building period. The choices made in the built environment have repercussions for decades, for instance, on air quality. In our day-to-day management, projects and area development alike, we opt for an approach that is favourable to air quality.

Policy

In order to improve air quality we focus our policy on reducing emissions of CO₂, NO_x and particulate matter. Since Ballast Nedam's CO₂ emission is mainly related to energy consumption, the CO₂ figures are in the chapter on energy. In order to reduce emissions of NO_x and particulate matter, we are cutting down on the use of fossil fuels for both our own vehicle fleet and the plant and equipment we use on projects.

We also consider air quality in our area development. For raw material extraction sites, nature conservation is a standard component of our plans. Our aim when redeveloping these areas is a sustainable living environment.

Measuring system for CO₂ footprint

In its footprint, Ballast Nedam reports the GHG Protocol Scope 1 and Scope 2 emissions of the operations in the Netherlands. Where possible the CO₂ emission factors used conform to the SKAO performance ladder 2.0. The energy consumption calculations are based on the energy used in our own processes. For the first time this year KPMG has provided assurance services for the CO₂ footprint and the accompanying text (see page 198 for the assurance report).

Objective for 2011

To have 50% of new lease cars and commercial vehicles fuelled by CNG.

Achieved: 53.8%

Results for 2011

Various fuels have a great impact on air quality because of the nitrogen oxides and particulate matter released in combustion. Technological advances that are helping to reduce particulate matter include soot filters, and natural gas as a vehicle fuel. Ballast Nedam has promoted the use of natural gas as a fuel for many years. In principle, all our new vehicles run on CNG. Where this is impracticable, Ballast Nedam purchases only vehicles with soot filters in environmental categories A and B.

	Number of CNG-fuelled vehicles	% of the total Ballast Nedam vehicle fleet
2010	189	10.5
2011	458	22.6

In 2011 we purchased 269 new CNG vehicles: 53.8 per cent of the 500 new lease cars and commercial vehicles acquired in 2011. We have therefore achieved our objective.

Objectives for 2012

To increase the number of CNG vehicles in our total fleet by 5 per cent.

To develop a differentiated air quality policy.

There are two avenues along which we are pursuing our aim of raising the number of CNG-fuelled vehicles in our fleet. The first is to trim the size of the vehicle fleet, through, for example, 'smart travel' and the use of mobility budgets. The second is a policy to have new vehicles run on CNG. Board of Management approval is required for any vehicle that does not run on CNG. In the next few years we will be converting our CNG-fuelled vehicles to run on biogas, which will not only bring down emissions of NOx and particulate matter, but also of CO₂.

Particulates are released in the production processes of some of our supply companies. This was a major issue in the planing of asphalt, which we solved several years ago by extracting the particulate matter by vacuum as it is released and adding it to the coarse material being removed. Flue gas cleaners have been installed in our asphalt plants and iron foundry. We continue to adopt a proactive stance in all our activities to identify opportunities to further reduce harmful airborne emissions.

Asfaltwinkel.nl

The Asfaltwinkel.nl web site was launched by Dura Vermeer and Ballast Nedam, BAM, KWS, Millenaar en Van Schaik, ORTEC, WeegNet, the University of Twente and Tilburg University. Asfaltwinkel.nl helps create integrated real-time plans for the production, transport and delivery to construction sites of standard asphalt products. Asphalt mixing system production can now be optimized, and the number of ton-kilometres of asphalt transport reduced as never before through the improved matching of production and transport. This better coordination is made possible by cooperation in the chain of raw material suppliers, producers, transporters and asphalt processors. More uniform production and less transport lead to a better end product, greater efficiency and environmental gains. www.asfaltwinkel.nl

6.2.3. Waste and recycling

The construction industry accounts for approximately 40 per cent of waste in the Netherlands, and is thereby the largest contributor. We are fully aware of the need for us to do something about the situation. Even with more than 70 per cent of construction industry waste being recycled in treatment plants, the subject is still high on our CSR agenda.

Policy

Our policy aims to eliminate waste with no negative impact on the environment or the community. This policy also avoids unnecessary costs. We adopt two approaches.

1. Quantitative. We are systematically reducing the quantity of waste at source by raising material productivity. In this way we prevent waste by improving processes and innovating.
2. Qualitative. We are reducing the adverse effects of waste and avoiding resource depletion by using renewable and secondary materials. We combat pollution by using degradable and reusable materials and optimizing waste management procedures.

Results for 2011

The practical side of Ballast Nedam's waste and recycling policy is a dynamic area. We segregate waste on large construction projects, also as a way of controlling processing costs, but not yet in a sufficiently systematic way. We always segregate domestic waste, paper, board and household chemicals on collection, but there is much room for improvement in other waste streams. Needless to say, dangerous goods are discharged and processed separately, in accordance with legislation.

Several internal studies into the origins of waste, both on construction sites and our own and our suppliers' plants that completed in the past year pointed to potential financial and operational improvements and opportunities to increase sustainability.

We set up a central waste & recycling working group in 2011 with a view to pooling and sharing knowledge and establishing effective implementation measures. The working group's approach to waste is broad and comprehensive, also viewing it as a consequence of decisions earlier in the chain. This approach allows us to intervene appropriately at many points in the chain, with both quantitative and qualitative measures in the design, construction and end-of-life phases. A variety of plans may be involved, ranging from reusable modular building concepts in the design phase, to waste management plans in construction with optimized logistics and inventory. This planning necessarily involves our chain partners: the suppliers and waste processors.

Any waste that is still produced is recycled as usefully as possible, and preferably within Ballast Nedam. We already practice recycling in soil and gravel excavation work, the processing of waste power plant ash, asphalt and hardcore. If we cannot recycle we rely on our waste processors, who transform the waste streams on a large scale into new raw materials (see table).

Protection of species, habitats, biodiversity and nature conservation areas

Ballast Nedam devotes much time and care to preventing any direct or indirect negative impact on forests and natural assets. We take these aspects into consideration both when drawing up and executing our project plans. If this approach is impossible, we take mitigating and compensating measures instead. When we are unable to avoid harming the habitats of protected plant and animal species, we create alternatives elsewhere, and if possible we improve on them and make them more extensive. The criterion we observe is to ensure no net loss of natural assets, forest, or landscape values.

In support of this policy we adhere to the Flora and Fauna Code of Conduct. This brings part of the responsibility for protecting species and habitats within projects. We request dispensation under the Flora and Fauna Act where the species concerned is strictly protected. We investigate for each project any ecological networks that have planning protection. We also take land-use plans into consideration. We use the data we collect for project-based habitat assessments and compensation plans.

We continued redeveloping part of the former Bichterweerd gravel extraction site in 2011. Part of the redevelopment was to plant one thousand black poplars: a native tree variety that has declined over the past century. The planting of new trees gives a major boost to the spread of the original species in the Maas valley. The resulting softwood lowland floodplain forest is also expected to improve both air quality and biodiversity. For instance, the golden oriole may become more common in this area. We took 80 hectares of new nature conservation area into use in 2011.

*A herd of Galloways and a young
black poplar plantation in the nature
conservation area in the Maas river valley
with the Bichterweerd installation in the
background.*



Waste stream	Tons	Processing in %	Treatment	Result
Construction and demolition waste	5,365.829	80	Recycling and sorting	Reusable streams
		20	Incineration	Energy recovery
Hardcore	3,564.630	100	Throughput by product	Crushed demolition waste
Waste wood, B grade	786.270	100	Throughput by product	Wood chips
Industrial waste	392.194	38	Throughput by product	ICOPOWER pellets
		62	Incineration	Energy recovery
Soil	188.100	100	Cleaning and reusing	
Green waste	114.200	100	Composting	Compost and green energy
Sheet glass	87.400	100	Recycling	
Paper/board	73.904	100	Recycling	
Waste wood, A grade	45.600	100	Throughput by product	Wood chips
Waste wood, C grade	26.820	100	Incineration	Energy recovery
Synthetics, miscellaneous	24.338	100	Recycling	
Other waste streams (minor hazardous waste)	22.163	100	Various treatments	
Iron	21.460	100	Recycling	
Gypsum	8.800	100	Recycling	
Roofing waste	2.460	100	Landfill	
Total 2011	10,724.168		Degree of segregation	50%
Total 2010	13,280.000			44%
Total 2009	16,849.000			30%

The table gives the waste streams collected by our regular partner in 2011. Unfortunately, the table does not present a complete picture of the total quantity of waste. As was the case last year, the total quantity of registered waste decreased again this year, partly because there was less construction activity.

The degree of segregation improved again last year. Whereas in 2009 only 30 per cent of construction and demolition waste was segregated, the figure had risen to 50 per cent in 2011. We intend to continue this favourable trend in the coming years. There is additional information on this subject in the objectives for 2012.

Objectives for 2012

To generate unambiguous and quantifiable information about the waste streams that arise throughout Ballast Nedam (building, infrastructure and supplies).

To develop active measures for better waste reduction and segregation throughout Ballast Nedam and the chains the group is part of.



We are aware – especially in projects – that the degree of organization determines how well we can limit the flow of waste. We will draw up waste management plans in 2012 for all large projects and for the processes of the specialized and supply companies. The plans will raise awareness among project managers and building site workers. The clear measures we communicate promote less waste and greater awareness of the use of materials. We are also encouraging management on waste quality and quantity right from the design phase of projects. We will continue to improve our understanding of the waste streams that are created within our group and the projects.

Medimall

While installing the facade sheets for the Medimall in Rotterdam we were confronted with an abnormally large cutting waste of some 25 per cent. Our implementation team and the architect got together to produce a solution: to use the waste for ceilings. This demonstrates one of the benefits of complete design and build projects: the greater influence we have on execution.

6.3. Our people, standards and values (employees)

An effective CSR policy starts from our own company, which explains our critical scrutiny of our own working conditions: is the working environment healthy and safe? Integrity plays an important part: we will communicate and interact openly and honestly.

6.3.1. Good employment practice

Ballast Nedam's conviction is that success in the construction industry stands or falls with the commitment of our own employees in their work. The best way to guarantee this commitment is to create an inspiring and challenging working environment, and to be a company our employees can be proud of.

Ballast Nedam is an employer that people consciously choose and that offers real opportunities for personal development. Our employees are able to find a healthy balance between work and private time.

The recruitment, retention and development of good and well-motivated employees are central to our HR policy. In this context, management shares responsibility with the employees concerned for their deployment, development and wellbeing.

Our five HR policy themes are:

- recruitment and deployment
- binding and motivating
- vitality and health
- development and promotion;
- organization development and transfer.

The following sections present details of the policy and the objectives.

Recruitment and deployment

Ballast Nedam has an active approach to the labour market and seeks to recruit talented employees. We also offer worthwhile work placements, graduation assignments and apprenticeships to people who are preparing for the labour market.

The intake of young employees, also at the lower end of the labour market, still matters, not only for the continuity of knowledge transfer, but also for a balanced age profile in our organization. We have many ways of attracting talented employees, such as by maintaining contacts with schools, offering training and work placement positions, and by ensuring attractive career prospects.

Results for 2011

Last year Ballast Nedam offered a work placement or graduation project place to 312 young employees. Another 123 students were offered a work experience place last year as part of the vocational education track that includes an apprenticeship.

Of the 312 new young employees, 40 were women, which is in line with the ratio of men to women in our company. The proportion of women recruited in 2011 is 2 per cent higher than in the previous year.

It is striking that more than half of all women work part time, compared with only about 4 per cent of the men. We compared men's and women's basic salaries for three job categories of equal difficulty to explore any differences in average earnings. There are no gender-related reasons for any basic differences in salary. In view of the small number of women in these categories, the reasons for most differences are differences in age and number of years of service. 94 per cent of employees have a collective employment contract, and the other 6 per cent (224 employees) conform with the collective agreement.

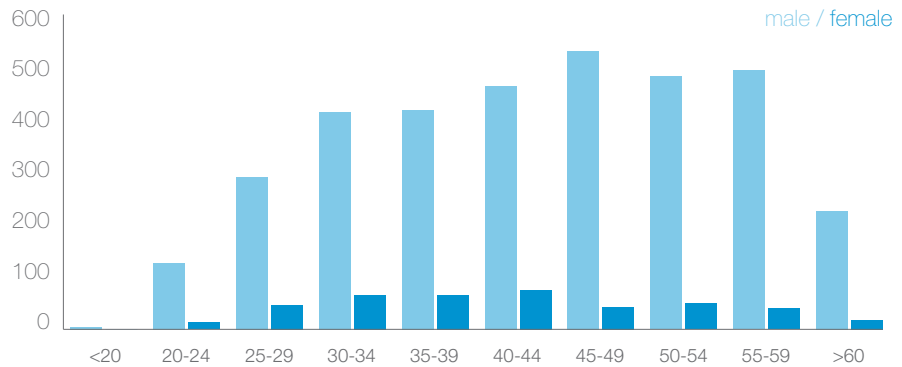
Total workforce by employment type, employment contract, region and gender

	Male	Female	Total
FTEs Netherlands	3369	344	3713
FTEs international	76	12	88
FTEs international (*)			60
FTEs total	3445	356	3861

	Male	Female	Total
Full time	3309	178	3487
Part time	138	238	376
Abroad (*)			126
Total	3447	416	3989

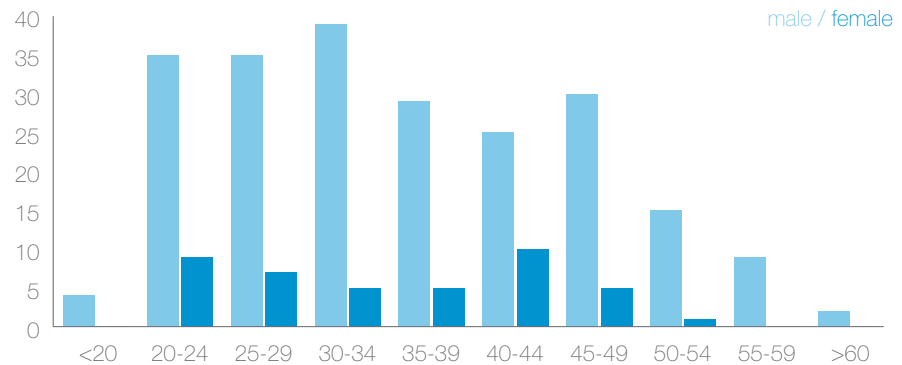
(*) These data are not held in central files for 126 of the employees abroad. The report is based on the 3863 employees whose data are completely recorded.

Number of men and women employed by age group



The need to recruit well-trained personnel also exists in years when the economy is weak. Ballast Nedam's selection criteria do not include age, gender, orientation, or religion. We often seek out employees with the right experience, as well as taking on school leavers with an appropriate academic background.

Intake by age and gender



Objective for 2012

At least 300 people on work placements and graduation projects per year .

At least 100 apprentices in the apprenticeship system per year.

At least 10 trainees from professional or research university per year.

In order to achieve these objectives in 2012 we are continuing to focus on recruiting and coaching people who, based on their field of study, wish to familiarize themselves with the labour market in the building industry.

Binding and motivating

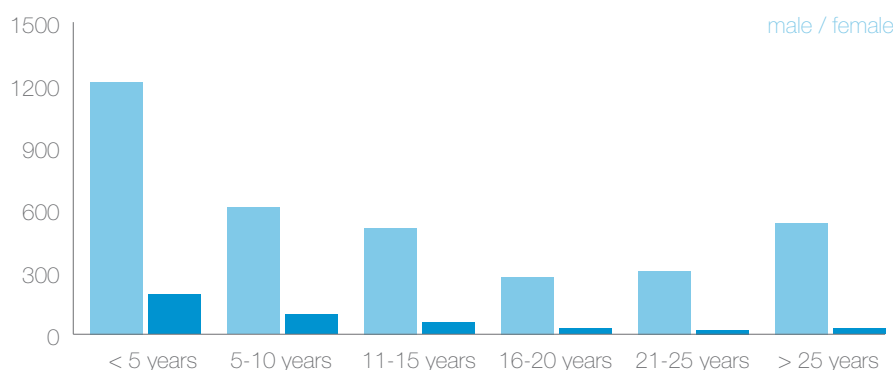
Ballast Nedam interprets the binding and motivating HR theme as:

- retaining good employees by giving them a challenging working environment;
- offering attractive conditions of employment;
- providing opportunities for The New World of Work: home working, virtual working, working at a different location or at different times;
- surveying our employees' commitment and satisfaction every two years.

Retaining employees at Ballast Nedam for longer

Longer employment requires an active policy in which the employer and employee work together to ensure satisfactory employability and employee motivation. The reason for almost one quarter of people to terminate employment is retirement. However, there is a trend for employees to retire ever later and then to continue to work part time, but with more flexibility in working hours.

Number of years in service by gender



Results for 2011

Once every two years we survey the satisfaction and commitment of our employees in all business units. For instance, Ballast Nedam explores what its employees think about such things as internal cooperation, workplace safety, personal development opportunities and future prospects. Other subjects that are raised have to do with our integrity, such as discrimination or aggression in the workplace, or other inappropriate behaviour. On 'general satisfaction' we scored 7.0 in 2011.

Whereas we want to retain employees in some parts of our organization, we are obliged to cut back in others, which is an unfortunate necessity in order to safeguard future continuity of employment. It is possible in some situations to find surplus employees work in a different job in another part of the company. If there are no alternative opportunities, redundancy is the last resort, which was the case last year at Waco Lingen Beton, where a drastic reorganization was needed. In total one hundred jobs were affected. The production capacity adjustment at the Infrastructure regional companies involved the loss of 115 jobs. The formation of our own mobility agency meant that some employees were able to find a new job fairly quickly inside or outside Ballast Nedam.

Objective for 2012

To have an average term of employment of at least 10 years.

To achieve a score in the staff survey of each business unit of at least seven.

In the coming year we will make more effort to retain employees who take Ballast Nedam seriously. We will conduct career interviews to this end. We will also perform another staff survey to establish the satisfaction with and commitment to our company.

Vitality and health

Vital employees are energetic, resilient, strong and fit, willing to work hard, long and tirelessly, mentally tough, and persevering. We interpret vitality policy as the spectrum of activities concerned with ensuring and maintaining employees' physical and mental health, and keeping them fit. The aim of our policy is to protect and promote the vitality, health and wellbeing of all our employees in the performance of all our work.

Objective for 2011

To reduce the absence through illness rate to less than 4.8 per cent.	Not achieved
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Results for 2011

Absence through illness rate

2007	2008	2009	2010	2011
5.70%	5.00%	5.00%	4.78%	5.01%

Ballast Nedam had a higher rate of absence in 2011 for the first time in many years. Absenteeism follows a cyclic pattern that varies with the economic situation. The reason for the higher rate is not more frequent incidents, but longer periods of absence. Two-thirds of the absence was because of relatively long-term work disability (more than six weeks). Construction site workers and production personnel in particular run an appreciable risk of work disability because the nature of their work makes them more prone to posture and locomotor disorders.

Another factor in the length of absence is age. Employees in their twenties stay away from work for one week on average, those in their thirties two weeks, those in their forties three weeks, and those over fifty almost four weeks. The frequency of chronic disorders increases in line with age.

We devote much attention to the reintegration of employees on long-term sick leave, but in some cases the situation is hard to influence. Furthermore, it will take time for the entire vitality policy to become effective across the board. One important instrument is regular health checks. These checks enable us to invest in the prevention of absence through illness by encouraging employees to keep their health and fitness levels up to scratch.

We invite all employees for a regular health examination, a vitality check and a lifestyle survey. The examinations are run by and financed through the Arbouw foundation and performed by the appropriate health and safety service. Employees are offered products and services tailored to their score to encourage them to improve their physical and mental resilience. All Ballast Nedam employees are eligible for the company fitness programme at a substantial discount.

Ballast Nedam and the VU University Amsterdam started the VIP vitality scheme in 2009. The starting points are regular health checks and practical advice, where necessary, for a better lifestyle and lower body weight. The project focuses on construction site workers and production personnel. Meanwhile more than 500 employees have taken part in the scheme in 2011. We expect to see the results in 2012.

Objective for 2012

To reduce the absence through illness rate to less than 4.8 per cent.

90 per cent of employees to receive a regular occupational health examination.

Fewer than 10 per cent of those receiving a regular occupational health examination assessed as being in 'poor condition'.

We will introduce an internally managed scheme in 2012 in which we as Ballast Nedam have more influence and control over the deployment and reintegration of employees on sick leave. We aim to increase the participation rates of the regular occupational health examinations by fixing a schedule to invite employees to take part.

Development and promotion

For Ballast Nedam, development and promotion involve:

- offering training programmes in entrepreneurship and professional craftsmanship;
- specific career development for those able to grow into jobs with more, or a different kind of, responsibility.

Ballast Nedam's aspirations demand talented, motivated and well-trained employees. Employees must develop and make the right career choices in order to ensure that their jobs and career are compatible with their background, training and ambitions. Employees are personally responsible for their development and career choices, which demands cooperation, openness to criticism, and a willingness to change and develop.

Objective for 2011

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

Not achieved

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

Achieved

Results for 2011

We attach great importance to having versatile employees, which we achieve through attention to employability, vitality and the development of knowledge, skills and talent. Ballast Nedam invests in employees to enable them to contribute effectively to the fulfilment of their work. Each year we plan a series of activities to measure and discuss employees' performance and development. The Personal Development Plan is an important part of this assessment cycle and helps us plan our training courses.

We consistently apply an appropriate form of performance review for managerial, technical and administrative staff. A performance review is conducted with construction site workers and production personnel every two years. We performed more than half of these reviews in 2011. These employee interviews cover the performance delivered, objectives for the coming period and opportunities for further career development.

In the past year 64 per cent of eligible* employees were given a performance review (54 per cent with a collective agreement and 69 per cent managerial, technical and administrative staff). This means we did not achieve the objective.

**All employees on long-term absence through illness, those retiring within one year, or with less than 1 year of service were not counted in relation to the assessment and performance reviews.*

Ballast Nedam has a wide range of training programmes. We pursue a lasting relationship with our employees through this training package and extensive study facilities. 47.5 per cent of all employees attended a course or training programme in 2011. Almost 25 per cent of these were in-company courses.

Average hours of training per year per employee by employee category and gender

	Male	Female
Collective agreement	23	20
Managerial, technical and administrative	137	64
Total	127	61

Objective for 2012

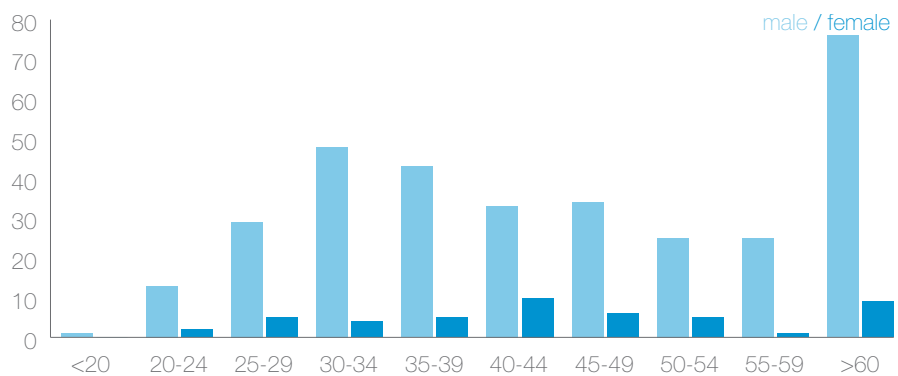
To hold an assessment or performance review with all employees at least once a year.

To have 30 per cent of all employees attend a course or training programme at least once a year.

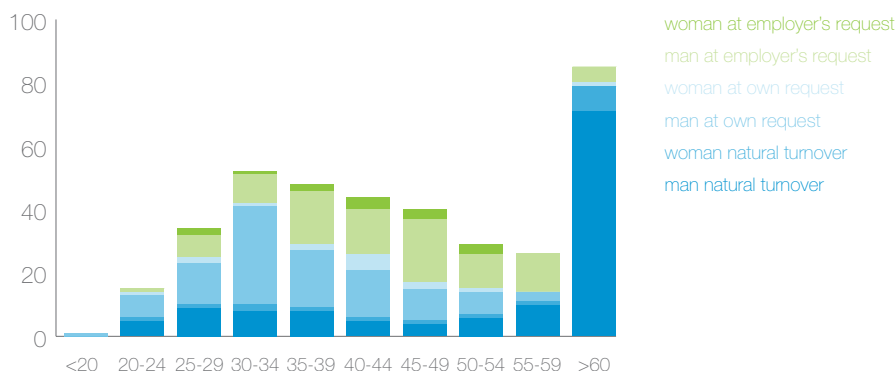
In the coming year we will be more consistent in how we handle the cycle of assessments in order to achieve a higher proportion of completed performance reviews. Ballast Nedam will also invest more in developing its employees' competencies. Work in the building industry is shifting towards more innovative forms of contracting and implementing building projects that demand different competencies of employees.

Organization development and departures

Employee turnover by age group and gender



Reasons for leaving



Our subsidiary Heddes has been obliged to operate under great pressure on many fronts in recent years. The focus in the start-up of the new organization was on the primary process of developing and building first-rate projects. The team that Heddes has put together found the first year under the Ballast Nedam flag to be a refreshing experience. Clients are rediscovering Heddes as an attractive construction partner. Subcontractors and suppliers are also directly involved in existing and new projects. Clients, subcontractors and suppliers alike express considerable confidence in the new organization. The customary pleasant and cooperative way in which work and integration with Ballast Nedam is proceeding gives everyone confidence in a stable future.

Ballast Nedam has also succeeded in creating or preserving employment in other environments. An example of a fresh initiative for new employment is the start to building iQwoning® homes.

Other major projects, such as Avenue2, A-lanes A15 and the Nuon Magnum power plant have provided long-term employment. On the other hand Ballast Nedam has been obliged to take the difficult decision to bring the majority of the Waco Lingen Beton operations to an end. This longstanding member of the group was no longer viable because of ongoing poor financial results in a bad market. We were finally forced to resort to continuing only a small number of activities, with the loss of one hundred jobs. Ballast Nedam set up a mobility agency and a continuous social package to find, as swiftly as possible, new internal or external work for as many Waco Lingen Beton employees as possible. The production capacity adjustment at the Infrastructure regional companies involved the loss of 115 jobs.

6.3.2. Safety

Safety is one of Ballast Nedam's core values. We want safe working to be in our genes. We want our employees and subcontractors to work in safety, so that everyone can return home safe and in good health after a day's work. Our objective is an injury-free Ballast Nedam.

Policy

Ballast Nedam's safety policy is to create a proactive safety culture, which involves:

- integrating safety and safe working into project plans;
- employees having pride in their safety performance;
- employees looking out for each other and their environment;
- managers being aware of the value of safety advice and improvement actions;
- investigating accidents thoroughly and systematically;
- distributing investigation findings within the company so that lessons can be learned;
- having two-way communication about safety between the construction site and management;
- Ballast Nedam is also helping its subcontractors and suppliers comply with the demanding safety requirements.

Objectives for 2011

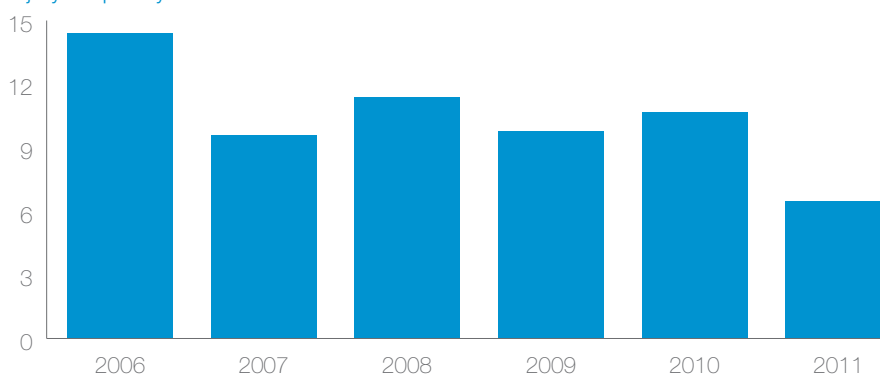
To have fewer than 9 fatal and lost-time injuries involving Ballast Nedam employees per million hours worked.

Achieved

Results for 2011

The number of accidents at Ballast Nedam fell sharply in 2011 relative to earlier years. The downward trend of recent years is continuing. There were a total of 48 lost-time accidents in the course of 7.4 million hours worked. The injury frequency was therefore 6.5 per million hours worked (2010: 10.7). It is hard to give a precise reason for the lower number of accidents, but the greater alertness to safety throughout the organization plays an important role.

Injury frequency



Objectives for 2012

There were no fatal accidents.

The injury frequency (the number of fatal and lost-time injuries involving Ballast Nedam employees per million hours worked) was less than 6.5.

We are implementing uniform CPIs throughout Ballast Nedam based on the international Occupational Safety and Health Administration (OSHA) guidelines.

Our objective for 2012 is to continue to improve on our safety performance in 2011, which will require us to raise awareness of safety and safe working among our employees and subcontractors. We will achieve this objective through:

- appropriate attention from management;
- the active reporting and resolution of unsafe situations;
- clear communication about safety, including lessons learned and actions for improvement.

In 2012 we will introduce uniform safety performance indicators based on Occupational Safety and Health Administration (OSHA) guidelines. Ever more customers are demanding this international standard. We are liaising with other major European builders on defining and establishing registration methods based on OSHA, in order to simplify the analysis and comparison of accidents within and outside Ballast Nedam.

Safety Alerts

We started in 2011 on announcing the findings of accident investigations within our organization. Our safety consultancy Dibec investigated several lost-time accidents, and we posted the findings on intranet in the form of 'Safety Alerts'.

Alertness to unsafe situations

Reducing the number of accidents starts with reducing the number of unsafe situations. If no unsafe situations occur, or they are resolved quickly, there will be no accidents that can lead to injury. Within Ballast Nedam we use the 'red flag' method and unsafe situation reports to draw attention to and resolve hazards. In 2011 there were several dozen incoming reports on which we have taken corrective action.

6.3.3. Integrity

Policy

All Ballast Nedam employees must know and comply with the Ballast Nedam Code of Conduct. Our Code of Conduct expresses what we stand for and what we adhere to. The Code of Conduct comprises and represents our core values:

- integrity;
- sustainability;
- internal teamwork;
- safety;
- respect;
- professionalism.

The Code of Conduct is the basis for our behaviour – and this includes managers, who must set an example.

The Ballast Nedam Building & Development cluster is a member of the Voorburg-based Netherlands Association of Property Developers and Investors (NEPROM). We comply with the NEPROM code of conduct and have a functioning transaction register.

Objective for 2011

To have no infringements of the Code of Conduct.

Not achieved

We received six reports of infringements of the Code of Conduct in 2011. The reports were concerned with fraud, corruption, forgery of documents and alcohol consumption in working hours. Two reports were found to be unfounded following investigation. We took appropriate corrective measures in respect of the other reports. We immediately dismissed the employees who committed document forgery, or who were involved in corruption. Two employees were reprimanded and legal proceedings have been brought for fraud. No incidents of discrimination were reported.

In 2011 Ballast Nedam increased the number of compliance officers from three to eight. A compliance officer's main duties are to make our employees aware of the Code of Conduct and arrange for the introduction of preventive processes. Infringements and suspicions can also be reported to the compliance officers, who then determine the appropriate action.

As of last year all Ballast Nedam managerial, technical and administrative staff take an e-learning training module about the Code of Conduct within three months of joining the company. This module challenges employees to think about integrity dilemmas that they might encounter in their work, and about how they should respond to them. Possible examples are corruption, conflicts of interest and competition rules. From the start of this initiative to date, a total of 2058 managerial, technical and administrative staff have taken the e-learning module, which is 51.6 per cent of all Ballast Nedam employees. In 2011 381 employees took this e-learning module, 100 of whom were managers. At the same time, 220 Ballast Nedam managers attended an integrity workshop. The objective of the workshop was to raise awareness of integrity and teach skills for opening communication about integrity dilemmas with their staff.

In 2011 no legal proceedings were brought for anti-competitive behaviour, anti-trust,

or monopoly practices. Neither were there any significant fines or non-monetary sanctions for noncompliance with laws and regulations.

Objective for 2012

To have no infringements of the Code of Conduct.

To have 100 per cent of the Ballast Nedam managerial, technical and administrative staff take an e-learning training module about the Code of Conduct within six months of joining the company.

For 2012 and subsequent years Ballast Nedam will uphold its target of zero infringements of the Code of Conduct. In order to achieve this objective we will continue to raise employees' awareness and influence their behaviour. Our approach is through educational programmes, including the e-learning module, and various activities for specific target groups. In 2012 we are investigating whether to develop a specific training course or module for employees under a collective agreement, to familiarize them with the Code of Conduct and its specific application in their day-to-day work. Our internal quarterly magazine *Blauwdruk* also provides information about the Code of Conduct. Besides the anonymous hotline, Ballast Nedam will introduce a web-based reporting system in 2012, to which our employees can report infringements of the Code of Conduct anonymously.

6.4. Chain cooperation (market)

We also share chain responsibility with the stakeholders for creating optimum value. To this end we work on innovations for creating a high quality living environment, balancing nature, housing and mobility, and optimizing energy supplies.

6.4.1. Chain responsibility

The call for cooperation in the chain is becoming ever stronger, also in our industry. However, responding to the call can be difficult in practice. Besides laws and regulations that prescribe materials and procedures, a challenge that remains is to break through obstructive traditional role patterns and promote mutual openness and trust. We are continuing to work on this aim, albeit cautiously, to enter into dialogue.

Policy

Ballast Nedam's notion of a chain comprises a vertical chain (purchasing) and a horizontal chain. The vertical chain consists of the various parties involved in a project or process, with the emphasis on internal and other suppliers and subcontractors. The horizontal chain consists of parties involved in various stages of a project or process, such as clients, consultants and developers, and likewise maintenance firms and property managers. Our current policy focuses on the purchasing chain. The situation we are working towards is one where our partners throughout the chain in which we work cooperate efficiently. Our starting point is that all parties must have a sense of responsibility for people, the environment and the community, which they demonstrate through their actions.

Objectives for 2011

To define sustainability criteria for two product groups.

Not achieved

Results for 2011

We did not achieve this objective partly because sustainability criteria based on product groups do not appear to work well. Our industry produces much custom work. The imposition of specific criteria has more of a restrictive than a motivating effect. Suppliers know their products best; our task is to sit around the table with them at an early stage to identify the most appropriate solution for a given project. Only in this way can we contribute to a lower burden on space, raw materials and energy, a smaller CO₂ footprint, higher quality, lower life-cycle costs, reduced failure costs, innovation and capturing knowledge.

We continued last year to form our product group management to combine knowledge and contacts related to specific products. This helps us increase operational efficiency, but also offers opportunities to work with suppliers to devise applications and solutions that are better than those we could achieve separately. An example is the cooperation with various parties to optimize logistics (see the Logistics example on page 89). The aim of our purchasing policy is a favourable price-quality ratio. When a supplier provides raw materials or semifinished goods, what is delivered always complies with legal requirements. In 2011 we also discussed social aspects with various suppliers. We worked on a code of conduct for suppliers, which will encompass people and the environment. We will implement this code of conduct in 2012.

Objectives for 2012

As of 1 March 2012 the code of conduct will be an integral part of every new purchasing contract.

From 2017 all Ballast Nedam suppliers and subcontractors will be able to demonstrate a relative CO₂ reduction.

Ballast Nedam subscribes to ILO and OECD guidelines, and expects the same of its suppliers. If they infringe the international rules, they will be put on a list of suppliers we do not wish to do business with. When we do business with suppliers from 'risk countries', then as well as quality we also investigate their possible use of child labour and whether their working conditions are satisfactory. We applied this approach once in 2011, in China. An external auditor performed the investigation and confirmed that everything was in order.

In order to make sustainability less of an optional exercise, from March 2012 every purchasing contract will also include a code of conduct for suppliers and subcontractors. Our purchasers are trained to raise discussion of the impact of choices made in the chain, such as on energy consumption and CO₂ emission. In the spirit of the CO₂ performance ladder, we also encourage our chain to take the appropriate measures. As a result, in five years' time suppliers must be able to demonstrate a relative reduction in CO₂. Since our approach is to avoid prescribing solutions, but to devise them jointly with our partners, our aim is to involve our suppliers at an earlier stage in the building process. For instance, we might ask suppliers about the best solution for a specific project, even in the tendering stage. We will follow this approach on tenders with a number of partners in the coming year. Another initiative is our involvement in the Verduurzaming Betonketen (Sustainable Concrete Chain) programme.

Logistics example

Compared with other industries, construction gives relatively little consideration to aspects of chain logistics and logistics management. However, the growing number of inner city redevelopment sites is making logistics increasingly important. One of the projects that Ballast Nedam started in 2011 was a pilot to optimize logistics processes. We joined with suppliers (Vrolijkx and BTB RIEDAS), logistics service providers (COMBEX and Maters Huissen) and a software and services firm (IBM Netherlands). These parties are keen to cooperate on new forms of coordinated logistics. The pilot project was executed at the Amstel Campus project on Wibautstraat in Amsterdam, with support from the Dutch Institute for Advanced Logistics (Dinalog).

Woonteam+ example

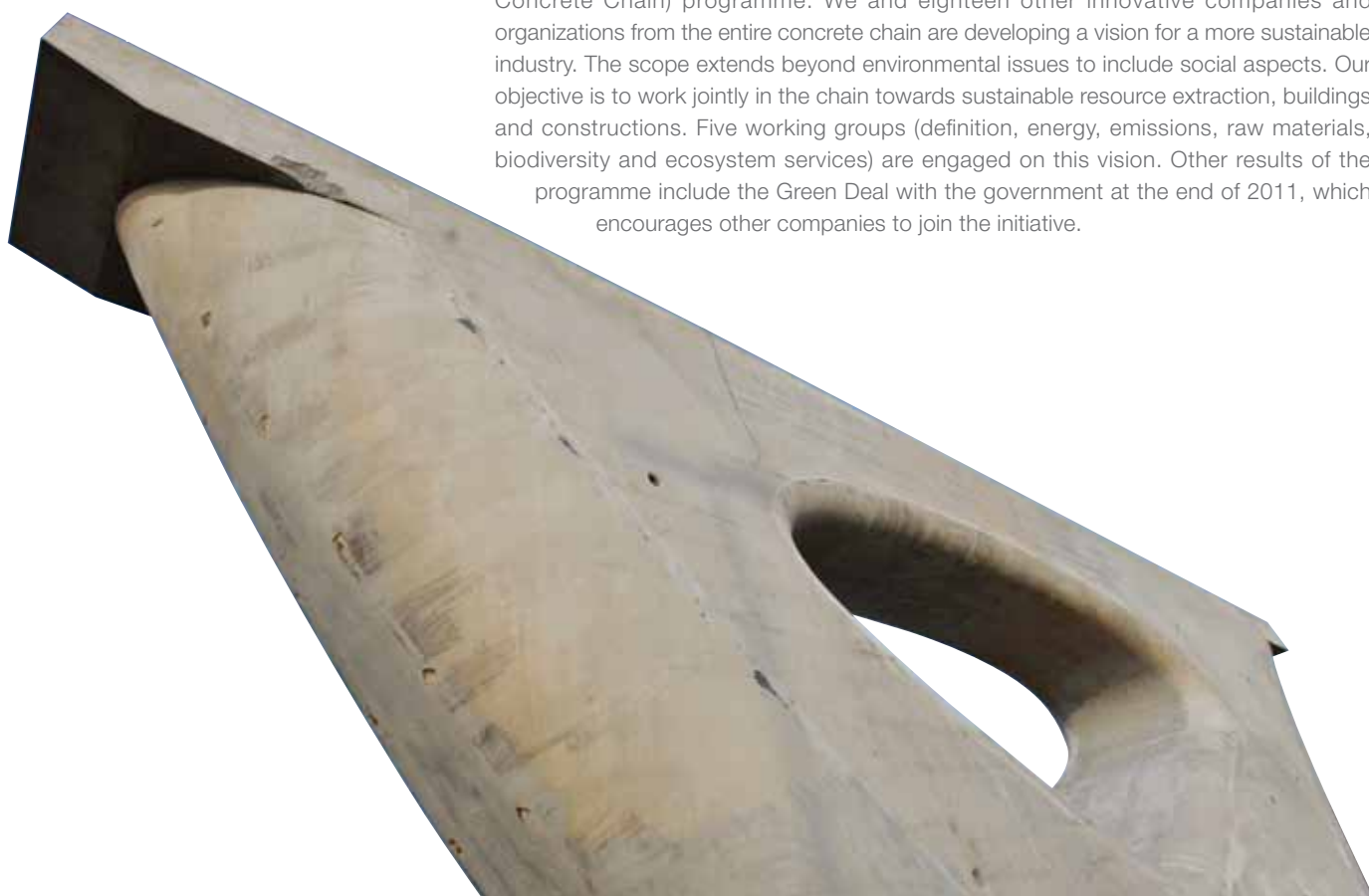
An excellent example of cooperation in the horizontal chain is given by Ballast Nedam Building & Development West and its client Havensteder in the Woonteam+ initiative. They have optimized all activities and processes to allow them to perform as a single company in the major maintenance chain. They have cut preparation time substantially, lowered the all-in cost of construction and improved customer satisfaction.

Woonteam+ presents a concerted and clear identity to Havensteder tenants. In the coming year Ballast Nedam will optimize both the major maintenance chain and the new building chain. 2012 will also be the year of greater cooperation with subcontractors and suppliers. The Ballast Nedam Breakfast Club aims to engage new customers in dialogue about chain cooperation.



Concrete chain example

Ballast Nedam is part of MVO Nederland's 'Verduurzaming Betonketen' (Sustainable Concrete Chain) programme. We and eighteen other innovative companies and organizations from the entire concrete chain are developing a vision for a more sustainable industry. The scope extends beyond environmental issues to include social aspects. Our objective is to work jointly in the chain towards sustainable resource extraction, buildings and constructions. Five working groups (definition, energy, emissions, raw materials, biodiversity and ecosystem services) are engaged on this vision. Other results of the programme include the Green Deal with the government at the end of 2011, which encourages other companies to join the initiative.



FSC Bouw Award

The Schollebaar renovation project for Havensteder in Capelle aan den IJssel, which was performed by Ballast Nedam and TimmerSelekt Doornenbal, was nominated for the FSC Bouw Award. The project won second prize. The FSC Bouw Award jury assessed each of the nominated projects for innovative application of FSC controlled wood, the effort expended, the general level of sustainability on the project and the quantity of FSC controlled wood used. Ballast Nedam companies are FSC certified. We use FSC controlled wood in projects we develop ourselves, and on other projects on customer request.

6.4.2. Our innovation policy

Innovation is crucial to Ballast Nedam. Innovation is the only way we can continue to provide sustainable total solutions in the built environment. Innovation makes us stronger. Innovation means renewing ourselves, exploring new avenues together, and taking the lead in our industry and for our customers. Innovation and open cooperation with partners create market opportunities, which translate into business and guarantee Ballast Nedam's conspicuous and distinct position in the market relative to the competition. Our conviction is that innovation leads to sustainability and vice versa. This is why innovation is a high priority for Ballast Nedam.

Innovation is not all about new high-tech products, but also about new ways of working together, smart combinations of existing means of production, devising new contract forms, and creating opportunities in new markets. A good example is Ballast Nedam's successful position on the market for public-private partnership projects. Otherwise, our initiatives in wind energy and natural gas and biogas also testify to innovation.

An example of redeveloping innovative processes is our organization's successful approach to Building Information Models. There has also been much attention to process innovations on the ground in 2011, with the Lean Construction Management programme coming to fruition. These innovations are producing immediate savings and generating new business. Innovation therefore also makes money.

'Innovation is not a department but a state of mind.' This is why Ballast Nedam has a small and variable team of people working on innovation. Their goal is to constantly spur the organization on to innovation. Furthermore we have called on all employees to actively engage in innovation, including workers on sites and in offices, but also management and board members. The point on all levels is to encourage creativity and teamwork. We also communicate the topics we believe are important areas for innovation. Innovation is largely about creating and sharing ideas, and making choices.

Innovation: our mission, vision and strategy

Our vision for innovation: the best ideas are spawned through open cooperation with ample scope for creativity. Free people of constraints and encourage them. Acknowledge and appreciate their ideas. In due course successful innovations will be implemented.

Our innovation mission: to make innovation part of the fabric of Ballast Nedam.

Our innovation strategy: to build a virtual innovation network organization within Ballast Nedam, to create a shared language, to devote the maximum attention to and to promote creativity, and the continuous communication and provision of information.

Some examples of our initiatives to promote innovation:

- tok!, Ballast Nedam's digital ideas and discussion platform that we will open to industry, knowledge institutes and public authorities;
- our innovation panels and annual innovation day;
- the research agendas we set up with research institutes and universities.

At the corporate level a director of innovation has responsibility for the innovation management process. The activities are on the themes of facilitation, binding, information provision, consultancy and national and international representation. In this way we are clearly displaying Ballast Nedam's innovative nature, enhancing our innovative strength, and maintaining relations with national and international organizations.

2011: five new, practical innovations

In 2011 we executed five tangible sustainable innovations, which we have used commercially in our organization.

Greenerator

The Greenerator fits in a standard shipping container. The container is equipped with solar panels and a wind turbine for generating energy. The Greenerator is therefore a 'green generator', and is equivalent, in terms of both cost and energy output, to a normal 15 kVA construction site generator. A major advantage of the Greenerator is that once it is in place it needs no more attention. A normal diesel generator needs regular visits for refuelling, but this green generator operates unattended on sun and wind. Batteries on continuous standby are able to supply enough energy for three sun and wind-free days (a rare occurrence in the Netherlands). The Greenerator is can also be used for storage.

Gas valve for green gas (from biogas)

A special gas valve was opened at De Meerlanden in Haarlemmermeer on Thursday 17 November 2011: a valve for green gas made from kitchen and garden waste. The valve feeds the local natural gas network. Green gas is also a climate-neutral vehicle fuel. De Meerlanden, with the help of Ballast Nedam and CNG Net, therefore represents a major stride towards a local circular economy: residents around De Meerlanden* collect kitchen and garden waste, which goes to the Rijsenhout waste processor, where it is reused as a climate-neutral fuel for De Meerlanden's kitchen and garden waste collection vehicles. Vehicles that run on green gas help improve air quality.

We implemented this innovative installation together with De Meerlanden, Liander and Greenchoice. Ballast Nedam IPM built the processing installation for turning raw biogas into green gas. Ballast Nedam's CNG Net subsidiary installed the green gas filling station on the De Meerlanden site and has built public filling stations elsewhere in the Netherlands. Liander arranged for green gas to be fed into the local natural gas network. Greenchoice facilitated green gas trading. Vertogas certificates guarantee that the gas really is green.

Once the installation is up and running De Meerlanden will produce some three-million cubic metres of green gas a year, which is enough for about 1,250 vehicles. So far, 37 (with a further 10 on order) of the total of 128 De Meerlanden waste collection vehicles of various types run on green gas. In 2016 almost all De Meerlanden's services can be climate neutral, with all vehicles fuelled by green gas.

Green gas is one of the five products provided by Ballast Nedam's processing installation. The others are:

- compost (a natural soil improver);
- heat (heat from the composting process is used in a nearby market garden);
- water (De Meerlanden's road-sweeping vehicles spray the streets clean with process water);
- CO₂ (methane and CO₂ are separated in biogas production. The methane is used to make green gas, and the CO₂ goes to nearby market gardens to promote crop growth and replace fossil CO₂).

iQwoning®

iQwoning® is an innovative housing concept developed by Ballast Nedam. What is special about iQwoning® is that as much work on the homes as possible is performed in the factory. The remaining work on the construction site to make the homes ready for occupation takes only six weeks. iQwoning® stands for sustainability on all fronts.

- The method of maximum industrial production saves between 30 and 40 per cent on transport to and from the construction site.
- The homes themselves are also extremely sustainable. All iQwoning® homes have an average GPR Gebouw rating of at least eight. (GPR Gebouw measures building quality according to five criteria.)
- The sustainability attributes also contribute to a comfortable home. The homes are well insulated and have excellent noise performance because of their anchorless concrete cavity walls. The healthy indoor climate is maintained through natural ventilation, energy-efficient underfloor downstairs heating and upstairs convectors.
- The iQwoning® normally achieves a rating well below the EPC standard of 0.6 (the EPC coefficient is a measure of a building's energy performance). If your sustainability ambitions are higher, then that is no problem at all.

The iQwoning® provides comfortable high-quality homes without compromising social responsibility.

Offshore wind

Ballast Nedam has worked since 2011 with drilled foundations for offshore wind turbines. The most usual foundation for these wind turbines is a single hollow steel tubular pile with a diameter of between 4.5 and 6.5 metres, which is driven into the sea bed. Adapters are attached to the piles with grouted connections to adjust for vertical piling tolerances. However, offshore pile driving is coming under increasing pressure because of the adverse effects for fish and marine mammals, with constraints being imposed on the duration and sound level of pile-driving operations. Moreover, the grouted connection appears to perform less well in practice than expected. Drilled foundations avoid these problems. There is no noise nuisance and the foundation consists of a single component with no grouted connection (at any rate for the steel Simplified Drilled Foundation).

BIM

Another good example is the application of Building Information Models (BIM). This process innovation allows us to organize cooperation in the building process far more effectively while reducing failure costs substantially. Thanks to the major strides we have made with BIM, we are now ready to tackle our projects more efficiently and optimize the design, construction, management and maintenance processes. In 2011 we moved forward significantly in the implementation of BIM in our projects and the development of the underlying technology. This has not escaped the attention of our clients. The Government Buildings Agency started prescribing BIM for integrated contracts as of 1 November 2011. The Directorate-General for Public Works and Water Management is also enthusiastic about our approach. The staff of the Ballast Nedam BIM Centre are frequently requested to speak about BIM at national and international events. For instance, they gave a presentation in 2011 at the First Annual BIM Conference in the Middle East in Abu Dhabi.

Our Common Future 2.0: an inspiring vision of the future

In May 2011 Jan Jonker, Professor of Sustainability at Radboud University Nijmegen, presented the book Our Common Future 2.0 to former prime minister of the Netherlands Ruud Lubbers. This book, with its vision on sustainability, can be considered to be the Dutch successor to the Brundtland report of twenty-five years ago. Four hundred volunteers worked on the book, which covers waste and energy, spirituality and food, water and housing. Ballast Nedam has committed to the initiative and facilitated the housing theme. Some of our employees have participated in a number of themes, and our CEO Theo Bruijninx is one of the ambassadors. The project has led to considerable dialogue between stakeholders of various types and has produced much inspiration and exchange of knowledge. Ballast Nedam gave all visitors to the Innovation Day a copy of the book as a source of inspiration.

Objectives for 2012

To implement in 2012 three sustainable innovations through cooperation on innovation with chain partners.

There is a lively discussion of ideas and issues on tok!, but inevitably it is impossible to develop all of them into successful innovations. We are obliged to make clear choices in this process. We think it makes sense to make these choices together with our stakeholders, and we will take the first steps towards open innovation in 2012.

- We will engage in dialogue with our stakeholders, as we also did in 2011.
- Starting in March 2012 we will open the tok! system to our stakeholders to facilitate cooperation in our ideas management environment.
- We are starting with tok! innovation panels, where we render the digital in physical form and discuss specific subjects with multiple stakeholders simultaneously.

6.5.1. Community relations management

Policy

Community relations management for Ballast Nedam means that we seek out parties in the communities around our projects and engage them in all phases. Our aim is to acknowledge shared goals as well as our own, and to ensure that we achieve our project objectives. We manage and measure on communication, safety, careful work and an environmentally aware and social attitude.

Our work almost inevitably causes some form of nuisance. We respond by intentionally engaging in dialogue with those involved, and balancing interests. We observe that related criteria are becoming more prominent in the various tenders. In line with our policy we plan into our projects the safety of and clear communication with the public, employees, customers and other stakeholders. We also take care to improve the quality of the living environment and the environment.

Objective for 2011

To earn the Bewuste Bouwers quality mark for at least 25 projects.

Achieved

Results for 2011

In 2011 45 projects were submitted to Bewuste Bouwers, and duly received the Bewuste Bouwers Code (formerly the Bewuste Bouwers quality mark). Of these, 22 new construction sites were submitted in 2011. The objective was therefore amply achieved. It goes without saying that we see points for improvement, such as more proactive communication with local residents, road users and other stakeholders. Projects in which community relations management is important include the A2 Maastricht and the A15 Maasvlakte-Vaanplein, both of which are in an urban setting.

Community parties who would like to receive additional information about our projects can usually approach an information office or the web site of the project concerned. We also hold regular information meetings for neighbourhood residents. People are able to register any complaints on the project web sites.

Objectives for 2012

To submit all projects with a value above 5,000,000 euros and every city-centre project above 250,000 euros in the Netherlands as a Bewuste Bouwers project.

To embed community relations management into the project organization of all projects with a value above 500,000 euros.

In 2012 Ballast Nedam will strengthen its strategy by clearly defining the community relations management role and anchoring it in the project organization structure. We will continue to support the Bewuste Bouwers Code (formerly the Bewuste Bouwers quality mark) and make it a compulsory part of our projects above 5,000,000 euros and for our city-centre projects above 250,000 euros. Qualifying for the Bewuste Bouwers Code involves demonstrating consideration for the public, employees and the environment, how as a builder we approach safety in the surrounding area, and how we communicate with local residents.

Under the heading of community relations management we make the interests of and communication with our neighbours a high priority in our projects. In 2012 we will set up a collective and universal system to measure customer satisfaction throughout the company.

Community relations management for A2 Maastricht

Community relations management is about taking the interests of local residents into consideration. For the A2 in Maastricht this means very specifically taking into account in all work the impact on the living environment for local residents. For instance, it is an upheaval for many city dwellers if a cycle tunnel on a through route has to be closed. It goes without saying that signposts are put in place when this happens, but Avenue2 (the consortium of Ballast Nedam and Strukton) also puts traffic stewards on duty for the first few days. Since the change took place on Saint Nicholas' eve (5 December, the traditional Dutch Sinterklaas festival), Sinterklaas and his assistants officiated on the first day by handing out sweets to all cyclists using the new crossing.

6.5.2. Community investment

Social responsibility is second nature and a serious issue for Ballast Nedam. We invest in the community to improve the quality of life for everyone. Our active social responsibility policy is directly related to Ballast Nedam's vision and our core activities. This means we support local communities that need it with a combination of time, knowledge, money and expertise. This demands an understanding of the impact on communities of choices in our operations, and the most important social issues that affect them.

Policy

Ballast Nedam creates enduring quality by targeting excellent investment programmes on the communities that need them most. By providing them with long-term support in their social issues Ballast Nedam aims to make the greatest possible positive impact. Ballast Nedam's conviction is that a targeted long-term involvement is of most value to the community, and therefore society as a whole.

We focus on the following three themes.

1. Education

Our aim is to help a group of young people, in particular those with a social disadvantage, to build a successful career with support from Ballast Nedam.

2. Employment

Our aim is to help a group of people, in particular those with a substantial barrier to overcome, to acquire skills, knowledge, experience and self-confidence with support from Ballast Nedam. It should then be easier for them to find or keep a job.

3. Entrepreneurship

Our wish to bring about social change leads us to support and initiate partnerships that provide solutions to social issues. Financial gain is not the primary goal, but is a necessary part of achieving social progress. The criterion is to improve the social and economic welfare of the community.

Result for 2011

Ballast Nedam is achieving a positive impact through community investment. We pursued the policy themes as follows in 2011.

1. Education: promoting education in the local community around our projects. The covenants we enter into with local government have agreements with educational institutions and others. The social return is in the form of practical training programmes and the preservation of craftsmanship.
2. Employment: Ballast Nedam makes agreements with temporary employment agencies, job centres and welfare organizations to promote employment in the community around our projects.

Example of education and employment:

The A2 Maastricht project provides a novel form of the social return concept through the A2 School, which is operated jointly by the City of Maastricht, the Employee Insurance Agency (UWV) and the sheltered employment organization. The joint goal is to help people who are relatively removed from the labour market to find work. Avenue2 and the City of Maastricht have accordingly signed a social return covenant with a commitment to fill 75 work experience places each year in the course of the A2 Maastricht project. The project draws a distinction between vacancies and services. For the vacancies, candidates from the social return target group are recruited by the A2 School for a preselection process, thereby relieving Avenue2 of this task. This category also includes apprenticeships and work placements. The services of the A2 School that Avenue2 uses currently provides work for thirty people.

3. Entrepreneurship: in 2011 Ballast Nedam made social contributions to various projects in the Netherlands and abroad. All the projects contributed to the social and economic welfare of groups of people.

Development aid in Ghana

The objective of this project is for the people and organizations we support to become self-reliant, and in due course to need no more help. Ballast Nedam has been contributing for some years to various activities in Ghana. Because of our actual presence in the

country, we are able to ensure that money and goods arrive at the right place. For several years Ballast Nedam has supported the Countryside orphanage in Bawjiase and the HIPS School in Weija in Ghana. Much work has since been performed, thanks in part to individual Ballast Nedam employees who have donated their Ballast Nedam Christmas gift package to Ghana. With the proceeds in 2011 Ballast Nedam built a sickbay on the orphanage site. An access road was made around the sickbay and a septic tank installed, all with the necessary pipes and cables. The water supply uses large storage tanks.



The Kofi Annan School

Ballast Nedam also helped build a brand new technical school in the village of Edipa in East Ghana. This was an initiative of the Kofi Annan School Foundation in The Hague (www.kofiannanschool.nl), which, together with Fundeon, has selected five upper secondary building school students in the Netherlands to set up a project in Ghana in a relatively short timescale (three or four months) as a way of gaining practical experience. Ballast Nedam's disinterested contribution consisted of transporting materials from the Netherlands to Ghana, fitting out the school, pouring the concrete school floor and surface levelling.

Veerhuis Hospice rebuilt and extended

On 2 August 2011 F.W. Onrust, a Ballast Nedam subsidiary, completed a special project on Vincent van Goghstraat in Amsterdam: the wholesale demolition, redevelopment and extension of two buildings that together form the Veerhuis Hospice. The Veerhuis Hospice supports people in their final phase of life. This form of support is also referred to as palliative terminal care.

The Veerhuis Hospice started in 2000, since when it has supported more than four-hundred people through the final phase of their lives. It gradually became clear to the organization that the accommodation was in need of improvement. The construction phase took about six weeks, in which the main issues were with logistics. Despite the extremely brief preparation time, F.W. Onrust, together with clients and suppliers, completed the alterations at cost, making maximum use of sponsors and donations.

Together for Nieuwegein

Ballast Nedam is one of the partners in the Samen voor Nieuwegein (Together for Nieuwegein) association. Our CEO Theo Bruijninx is a member of the association's Advisory Board. Together for Nieuwegein, with support from the Orange Fund and the Rabobank Foundation, brings companies and social organizations together in a network for the exchange of services and resources to strengthen the local community. On 27 October 2011 Ballast Nedam hosted the second Beursvloer event, which aims to convert supply and demand into social transactions. More than 100 companies and social organizations gathered in the Ballast Nedam staff restaurant to do business with no money changing hands. The event was again a success: the second Beursvloer produced 146 matches with a total social value of over 202.805 euros. A match means that help is offered without money changing hands, such as by providing effort, materials, or knowledge. Ballast Nedam undertook at the second Beursvloer to help the De Geinsche Hof care home run by care provider Zorgspectrum. De Geinsche Hof was badly damaged in a fire and found temporary accommodation in Amersfoort. Ballast Nedam has helped make a building dream come true.

Support to Oxfam Novib for microcredits

Gebr. Van Leeuwen, Ballast Nedam Funderingstechnieken and Ballast Nedam Offshore are Oxfam Novib business ambassadors. Oxfam Novib aims to help the poorest people in developing countries set up their own businesses and achieve independence. Martin Van Leeuwen, Director of Gebr. Van Leeuwen and Ballast Nedam Funderingstechnieken, says 'Given our position in society we are able to make a significant contribution to the community. The appeal of microcredit for us is that it is a way to give fellow entrepreneurs a helping hand.' Ballast Nedam also contributed to social sponsoring and charities in 2011.



Johan Neeskens Foundation

For the past ten years Ballast Nedam has sponsored the Johan Neeskens Foundation, which provides financial support to organizations and institutions that help children with a handicap or chronic illness. Johan Neeskens and his wife Marlis set up the foundation in 2001.

Support to the Food Bank

Ballast Nedam Bouw & Ontwikkeling Zuid and Bouwborg Zuid have contributed their knowledge and skills to the Netherlands Food Bank. Last year a sum of money that would otherwise have been spent on business gifts went instead to four food banks in the south region: in Eindhoven, Breda, Tilburg and Den Bosch.

Objectives for 2012

To identify our current community investment activities and assess them against the newly formulated policy.

Because Ballast Nedam's support services are now centralized, we are now also in a position to manage and facilitate community investment centrally. We will refine our community investment activities and make them more consistent. We also wish to identify them more clearly in 2012. Furthermore we will specify these activities for the first time in 2012, and tighten up the related policy and strategy.

Johan Frisosluice, Stavoren



7. Stakeholder analysis

Cooperation is an important feature of Ballast Nedam. We work together with users, clients, our own business units, partners, and where possible also the local community, both within and outside projects. This is the ideal way for us to make the best use of our knowledge and experience in creating our products and services.

Integrating the vertical value chain of Ballast Nedam companies enables us to make unique propositions. We have experience of all combinations of Design, Build, Finance, Maintain and Operate (DBFMO) contracts. We aspire to a more prominent role in project development and longer-term involvement in management, maintenance and operation. We will succeed only through permanent dialogue with a variety of stakeholders,

This kind of collaboration is not automatic. Ballast Nedam maintains contact with customers, clients, financial stakeholders, suppliers, subcontractors and knowledge institutes. We also engage in dialogue with social organizations, industry associations and public authorities. Ballast Nedam employees approach local residents to discuss our projects. Our employees are also able to make themselves heard through employee representation and our employee satisfaction survey.

Defining and implementing a clear CSR policy help us create enduring quality in our living environment. We have high ambitions, but cannot do everything at once. We therefore make choices. Materiality analyses help us make these choices. We arrange for regular multistakeholder dialogue, and hold innovation panels, roadshows, and lunch or breakfast sessions with and for our stakeholders. We also have regular one-to-one sessions with our business relations to find out what issues are important to them.

7.1. Our stakeholders

7.1.1. Clients

Knowledge of business processes is essential for our customers. Other important factors are speed, flexibility, high quality and safe working under all circumstances. Customers' business processes must proceed without interruption, and infrastructure must always be accessible. These principles guide our operational processes. We attempt to clarify these aspects as early as the acquisition phase, and our methods are discussed in the regular meetings with customers in the design and construction phases. We use Building Information Models (BIM) for this purpose. BIM allows us to integrate our building components and thereby gain an understanding of the complete building process.

We engage in dialogue with our stakeholders outside the projects through membership of professional groups and participation in knowledge exchange events. Ballast Nedam regularly attends professional exhibitions and conferences, such as POWER-GEN, InfraTech, PROVADA and EWEA OFFSHORE, thus targeting our search for contacts for the short and long term. In this way we stay in touch with what the market demands of us. For example, various clients are now using sustainability instruments, such as the CO₂ performance ladder, or are assessing proposals based on 'economically most favourable bid' criteria. The annual checks of customer satisfaction include the Building Business Reputation Monitor, on which Ballast Nedam achieved a splendid result in 2011.

Building Business Reputation Monitor

Ballast Nedam Ontwikkelingsmaatschappij and Ballast Nedam Building & Development achieved a splendid result in the eighth Building Business Reputation Monitor, which was published on 15 November 2011. The Building Business Reputation Monitor is a survey of stakeholders' opinions. Among the developers, Ballast Nedam Ontwikkelingsmaatschappij's consistent progress in recent years was rewarded with a creditable second place. Among the construction companies, Ballast Nedam Building & Development leapt into first place in the category.

7.1.2. Suppliers and subcontractors

Ballast Nedam regards its suppliers and subcontractors as important players in the chain. They are able to add substantial value to our projects, and therefore for our customers. We are always in search of best value suppliers, which is why we use the performance purchasing technique. Suppliers and subcontractors who are able to manage risks in their specialist field often have a view of the future and are able to set themselves apart from



their competitors. Entering into dialogue with important suppliers and subcontractors in projects and involving them more as partners makes for more efficient working, the avoidance of failure costs, and sustainable solutions.

In 2010 we started holding regular meetings with various A-suppliers to discuss details of sustainability, with energy conservation and CO₂ reduction as the main goals. This consultation continued in 2011. We discussed the points that everyone considers important and the steps suppliers are taking towards sustainable business practices. In 2012 we will run a pilot project to explore how to improve our cooperation further and raise sustainability to a higher level.

In the past year our purchasers also posed bilateral questions about responsible business practice and sustainable purchasing. They also always ask about the CO₂ footprint. For this reason we discussed the subject of chain cooperation with and for a varied audience at the Ballast Nedam Innovation Day. We reviewed various CO₂ reduction opportunities together with various links in the chain, such as the client, the project manager, the subcontractor and suppliers.

7.1.3. Employees: employee representation in Ballast Nedam

Ballast Nedam engages in open dialogue on all levels with the various employee representation bodies, including the Central Works Council. Our employees elect the members of the employee representation bodies. The members themselves are Ballast Nedam employees. The Central Works Council had fourteen meetings, ordinary and extraordinary, in 2011, six of which with the Chairman of the Board of Management. Subjects on the agenda included the transition to clusters, the appointment and reappointment of Board of Management members, the overall state of affairs, the half-year and annual figures, the Waco Lingen Beton reorganization and the contraction of the Infrastructure regions. These are subjects that are important to employees, alongside employment security, safety, training and pensions. The Central Works Council is sometimes informed in the preliminary stages of proposed changes, and then takes the opportunity to consider the appropriate form of participation.

7.1.4. The neighbours of our projects

Ballast Nedam's activities tend to have an impact on the local community. When we install infrastructure we inevitably affect road users, but our work also has an impact on flora and fauna. In infrastructure construction projects and other construction projects we approach local residents to explain the planned activities. We attempt in this way to inform them as fully as possible about any nuisance they might expect. The project leader or site manager of smaller projects handles communication of this kind. For larger projects, we appoint a dedicated community relations manager, who provides everyone affected by a project with relevant information. For example, we hold information meetings and site tours. Our consortium projects and some others have their own web sites with information about the course of events, and how to contact us.

We also support the Bewuste Bouwers code (comparable with the Considerate Constructors Scheme in the UK), which concerns itself with the community, employees, the environment and workplace safety. Ballast Nedam is one of the initiators of this code of conduct, 'Having seen the success of Considerate Constructors in the UK, we and other construction companies in the Netherlands set up an association without profit motive in 2009. This association has produced a code of conduct for construction sites and uses the proceeds for activities to improve the image of the construction industry', explains COO Romeo Malizia. Besides our project-based approach we also involve local residents around our production plants in devising joint solutions for any nuisance. A case in point is our prefabricated concrete plant Haitsma, which is obliged occasionally to move trucks carrying bridge beams and other extreme loads through the village at night.

7.1.5. Shareholders

Our shareholders invest in our company. We pursue solid performance and increasing shareholder value in the long term. As a publicly listed company, Ballast Nedam attaches importance to maintaining good relations with its shareholders. The Board of Management provides information to shareholders and investors and engages in dialogue in bilateral agreements, and at roadshows, seminars, the presentations of the annual and half-year figures, and the shareholders' day. At the annual shareholders' day Ballast Nedam proudly presented the results of our work on the Nuon Magnum multifuel power plant in Eemshaven in Groningen. Investor Relations aims to inform shareholders in a straightforward, transparent and honest way about Ballast Nedam's strategy, business model, distinctive capabilities, financial position and social responsibility. The Board of Management visits the major shareholders individually in order to provide background information and to discuss the company's strategy. We also inform interested parties about our policy through press announcements, the Ballast Nedam web site, and at the Annual General Meeting of Shareholders.

7.1.6. Public authorities

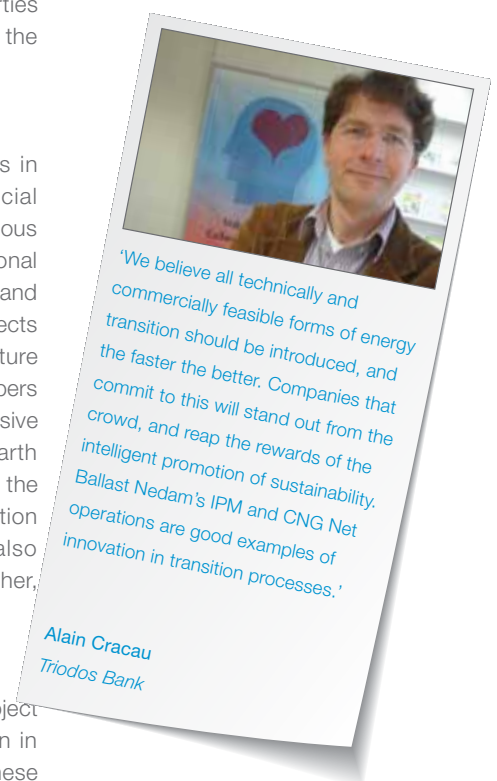
The public sector is an important contact for Ballast Nedam in view of its roles in regulations, permits, setting priorities and supervision. Municipalities, provincial governments and the national government have a powerful influence on how the various Ballast Nedam companies operate. They are more than important clients; the national government is also an important driver of more integrated contracts in construction and infrastructure. We opt for constructive dialogue with this stakeholder both within projects and through industry associations, such as the Dutch Construction and Infrastructure Federation (Bouwend Nederland) and the Netherlands Association of Property Developers and Investors (NEPROM). Before we take on an obligation there will usually be extensive stakeholder dialogue about the associated permit application. We also discuss earth removal extensively with district water boards. Within Europe we are represented in the EC Liaison Office in Brussels and we contribute intensively to European construction standards, the Eurocodes, for steel-concrete constructions. Ballast Nedam also participates in various platforms where the public and private sectors come together, such as the NederLandBovenWater area development programme.

7.1.7. Knowledge and educational institutions and industry associations

Our potential new employees on a Ballast Nedam work placement or graduation project are students at the technical universities or universities of professional education in the Netherlands. This is good reason for us to pursue effective cooperation with these institutions. We likewise maintain intensive contact with the Netherlands Organization for Applied Scientific Research (TNO) and other knowledge and educational institutions. This also includes institutions from outside the industry, such as the Utrecht Sustainability Institute (USI). Various employees give guest lectures or teach in educational programmes and modules at these institutions, and training institutes such as BOB. Ballast Nedam is also a founding partner of the Partnership Resource Centre, in which we form alliances for sustainable development and knowledge sharing together with Erasmus University Rotterdam.

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

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



To strengthen our knowledge in the wind energy market Ballast Nedam is a member of the European Wind Energy Association (EWEA) and we and other market parties have set up the Far and Large Offshore Wind (FLOW) programme. FLOW enables companies in the Netherlands to occupy a leading position on the international market for offshore wind farms.

Ballast Nedam is also a member of various industry associations, including the association of sand and gravel producers, Cascade. Cascade members pursue sustainable forms of sand and gravel extraction. Sustainable means always combining sand and gravel extraction with a positive contribution to the quality and future potential uses of an extraction area. When they develop new extraction sites, the members aim for added value in the areas concerned. Examples include water storage, river widening, nature conservation and recreational facilities. In December we ratified with Cascade the Green Deal for Temporary Natural Assets, which aims to allow nature to flourish on more than 35,000 hectares of land in the Netherlands that sometimes wait for ten years to be designated for residential construction, infrastructure, an industrial site, or earth removal.

7.1.8. Social organizations

In recent years we have observed an increasing importance and role of social organizations in corporate social responsibility and a more sustainable society and living environment. Ballast Nedam is steadily intensifying its contacts with these social and nongovernmental organizations. Examples include the Dutch Green Building Council and FSC controlled wood. We maintain contacts between projects and local organizations because they are stakeholders in the integrated approach to a project. In this connection we talk with the Society for the Preservation of Nature in the Netherlands (Natuurmomenten), the Limburg Landscape and Drenthe Landscape associations, and in Belgium the Kempen & Maasland Regional Park and the Natuurpunt organization. At the Ballast Nedam Innovation Day, parties such as De Groene Zaak and Urgenda discussed the role of the construction industry as a sustainable innovator.

7.2. Organization-stakeholder dialogue

Ballast Nedam set up structured stakeholder dialogue in 2011. We drew up a list of questions about communication, sustainability and innovation for use in the stakeholder analysis. We are mainly interested in the opportunities that stakeholders see in these areas, both in general and for Ballast Nedam in particular. For the analysis purposes we first divided our stakeholders into the following categories: customers/clients, suppliers/subcontractors, government, shareholders/funders, knowledge institutes, NGOs/trade association, opinion leaders, and competitors. We then allocated each of them to one or other of our areas of work: housing, mobility, energy and nature. We selected thirty people from the list of stakeholders and invited them for interview. Each interview was attended by a member of the Ballast Nedam Board of Management. The stakeholder analysis was greatly appreciated because of its contribution to internal support and a better understanding of the issues perceived by Ballast Nedam's various stakeholders.

The interview format we used for the stakeholder survey consisted of statements, open questions, a strategy test and prioritization of various CSR issues. The CSR priorities served as input for the survey's materiality analysis, which illuminates the subjects that stakeholders consider to be of substantial importance to Ballast Nedam, and on which the company should focus in the next few years.



'Clients are driving the industry towards sustainable business practices. It is

vital that this process spreads to the subcontractors. Chain cooperation really is important.'

Dick Schmidt
general manager of TNO Built
Environment research

7.3. Materiality analysis

We asked stakeholders to prioritize various issues in order to identify the aspects of sustainability that Ballast Nedam should focus on. The answers were used as input for a materiality analysis. The issues the stakeholders were asked to prioritize were:

People	Planet	Profit
Working conditions	CO ₂ reduction	Eliminating failure costs
Training and development	Sustainable resource use	Sustainable products/ product responsibility
Safety	Life-cycle management	Innovation/entrepreneurship
Community relations management	Waste recycling	Chain cooperation
Integrity	Reuse	
	Reducing energy consumption	

The analysis reveals the issues that stakeholders believe represent opportunities for Ballast Nedam to excel in the following issues:

People	Planet	Profit
Integrity	Sustainable resource use	Chain cooperation
	Life-cycle management	Innovation/entrepreneurship

Stakeholders view waste recycling, energy and CO₂ emission and community relations management as less promising innovation opportunities for Ballast Nedam. Several stakeholders commented that they assumed these matters were already receiving the attention they deserve. Stakeholders said, for example, that life-cycle management implies the reuse of waste and materials. Stakeholders view these concepts as being intimately interconnected. If forced to give priorities (they were actually restricted to selecting three of the fourteen issues), the stakeholders stated a preference for a broader concept than recycling alone. This partly explains the high scores for life-cycle management and the relatively low scores for reuse and waste recycling.



'Development on all fronts is an imperative. The chains must be stretched, and knowledge shared. This is a radical departure from how we worked in the past, and government welcomes industry support.'

Cees Brandsen
Chief Engineer-Director at the
Directorate-General for Public Works
and Water Management, Ministry of
Infrastructure and the Environment.

7.4. Stakeholder analysis follow-up

We conclude from the analysis on the one hand that we are viewed as a reliable and no-nonsense company that demonstrates boldness and initiative. On the other hand we need to work harder on our external profile and community orientation. Stakeholders do not know exactly what Ballast Nedam is doing in the area of sustainability, but do think that a sustainability policy is compatible with Ballast Nedam. They also find it acceptable to earn money with sustainability, and to make a corresponding business case. Our stakeholders attach importance to our efforts to devise innovative solutions, while acknowledging the difficulties for a large construction company to be truly innovative.

We have linked action perspectives to the results to achieve the following:

- a transparent and integrated strategic story that integrates all aspects of our activities and areas of work with our CSR ambitions;
- a sustainability policy on substantial CSR issues and a process for embedding sustainability more firmly in the organization;
- more frequent cooperation with strategic partners to arrive at sustainable innovations;
- more regular and better communication about our activities and our successes.

Some of the action perspectives are already covered in this report, such as our policy on CSR issues. We will pursue the other areas too in the coming year by holding innovation panels and other means.

7.4.1. Vision on relevant social themes

We set out in Chapter 6 our vision on the various CSR themes, describing our related policy and objectives. The social themes are completely in line with our strategy and with the interest of our stakeholders.

Nieuwegein, 8 March 2012

Board of Management

T.A.C.M. Bruijninx

R. Malizia

P. van Zwieten

8. Corporate governance

This chapter starts with a summary of how the company is managed, followed by the Supervisory Board's report of the supervision of the company and the composition of the Supervisory Board. The Supervisory Board then gives the remuneration report covering Ballast Nedam's remuneration policy. The chapter concludes with the composition of the Board of Management and a list of Ballast Nedam's significant shareholders.

8.1. Management and control structure

In early 2011 Ballast Nedam replaced the divisional structure, by a structure of four segments, which are formed around products and processes. The segments and clusters are as follows:

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

The allocation of duties within the Board of Management has been adapted to the structure of segments and the six constituent clusters with the reappointment of Mr R. Malizia as Chief Operating Officer and the appointment of Mr P. van Zwieten as Chief Financial Officer. Mr T.A.C.M. Bruijninx is Chief Executive Officer of the Board of Management. The six cluster directors together with the Board of Management constitute the Ballast Nedam Concern Council.

In 2011 the support services of the two former divisions – Building and Development and Infrastructure – and of the holding company were merged into a single support service. Starting with the 2011 half-year figures, Ballast Nedam reports based on four segments as opposed to two divisions.

The decentralized organization means that the entrepreneurial skills and attendant responsibilities lie as close to the market and the performance of projects as possible. It is essential in this distributed management model to uphold corporate social responsibility, for the company to be soundly managed, and for management to supervise the business effectively. Ballast Nedam therefore works in accordance with a detailed corporate governance structure, the main points of which are presented in this chapter.

8.1.1. Dutch Corporate Governance Code

Ballast Nedam endorses the principles of the Dutch Corporate Governance Code and, with a few specific exceptions, applies the best practice provisions of the Code, as

explained below. In financial year 2011 Ballast Nedam applied as fully as possible the amendments to the best practice provisions proposed by the Corporate Governance Code Monitoring Committee (also known as the Frijns Committee).

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

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

1. We are not observing the maximum term of office of four years (best practice provision II.1.1) and the maximum severance pay equal to the fixed annual salary (best practice provision II.2.8) in the case of Mr Bruijnckx. Mr Bruijnckx was appointed for an indeterminate period early in 2003, before the Code came into effect. The severance pay agreed with him was one-and-a-half times fixed annual salary, and Ballast Nedam respects these contract terms.
2. The Supervisory Board does not have the power as described in best practice provision II.2 to adjust components of remuneration in respect of Messrs Bruijnckx and Malizia, and Ballast Nedam respects the pre-existing contract terms. We incorporate the possibility to adjust variable components of remuneration in the employment contracts of new directors, as has happened in the case of Mr Van Zwieten.
3. The Supervisory Board does not have the power in respect of Messrs Bruijnckx and Malizia to claw back components of remuneration awarded on the basis of incorrect financial or other information, as described in best practice provision II.3, and Ballast Nedam respects the pre-existing contract terms. We incorporate the possibility to adjust variable components of remuneration in the employment contracts of new directors, as has happened in the case of Mr Van Zwieten.
4. It is not yet possible for shareholders to follow analyst meetings, analyst presentations, presentations to institutional and other investors and press conferences simultaneously through webcasting, telephone, or by other means (best practice provision IV.4).
5. Ballast Nedam has issued a statement about financial reporting risks (best practice provision II.5) in accordance with the statutory regulation pursuant to the Transparency Directive, as stated in this Annual Report in the chapter on 'Risk analysis' (see page 58).

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

8.1.2. Corporate Governance Statement

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

8.1.3. Legal structure

Ballast Nedam N.V. is a private limited liability company under Dutch law, subject in full to the statutory two-tier rules. The issued share capital consists of 10 million registered ordinary shares. Depositary receipts for Ballast Nedam shares are listed on NYSE Euronext Amsterdam. The Ballast Nedam Administration Office issues depositary receipts for shares and administers the underlying shares. As at 31 December 2011, the Administration Office had issued depositary receipts for 99.46 per cent of the capital in issue. Ballast Nedam has no anti take-over constructions.

The company has a Supervisory Board and a Board of Management. The Board of

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

If the Board of Management makes a proposal to amend the Articles of Association, which the Supervisory Board approves, the General Meeting of Shareholders will pass the resolution by an ordinary majority of the votes cast. In all other cases, resolutions to amend the Articles of Association are carried in the meeting only by a majority of votes representing at least 70 per cent of the capital in issue.

8.1.4. Supervisory Board

The Supervisory Board supervises the policy of the Board of Management and the general performance of the company and its business, and supports the Board of Management with advice. The Supervisory Board performs its tasks mindful of the interests of Ballast Nedam N.V. and the associated business, taking into consideration the relevant interests of the stakeholders who play a part or are affiliated. The Supervisory Board also takes into consideration in its duties the social aspects of business conduct that are relevant to the company. The Supervisory Board currently has four members. All supervisory directors are independent within the meaning of the Code. The term of office of the Supervisory Board member Mr A.N.A.M. Smits (Chairman) will lapse after the General Meeting of Shareholders to be held in May 2012. At the General Meeting of Shareholders to be held in May 2012 the Supervisory Board will propose the reappointment of A.N.A.M. Smits for four years as a member of the Supervisory Board and the appointment of a new member.

8.1.4.1. Nomination and appointment

Supervisory directors are appointed by the General Meeting of Shareholders, on the nomination of the Supervisory Board. The General Meeting of Shareholders may reject nominations by an ordinary majority of the votes cast, providing that at least one third of the capital in issue is represented at the meeting. The General Meeting of Shareholders and the Central Works Council can recommend specific people for nomination as supervisory directors to the Supervisory Board. The Supervisory Board will follow the recommendations of the Central Works Council in nominating one third of its membership. The above principle is subject to there being no objection from the Supervisory Board to the effect that the Board considers:

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

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

8.1.4.2. Remuneration

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

8.1.4.3. Duties and regulations

In view of its current size (there are four members), the Supervisory Board jointly performs the functions of a remuneration committee and selection and appointments committee. Within its field of responsibilities, the Audit Committee prepares Supervisory Board decision-making and advises the Supervisory Board. The responsibilities and working methods of the Audit Committee are laid down in Regulations that are posted on www.ballast-nedam.com.

The Supervisory Board Regulations contain additional rules on the allocation of tasks

and working methods of the Supervisory Board, and on its dealings with the Board of Management, the General Meeting of Shareholders, and the Central Works Council. These rules are also posted on our web site. Personal details of the Supervisory Board members are presented on page 113 of this Annual Report.

8.1.4.4. No conflict of interest

No transactions took place in 2011 involving a conflict of interest on the part of supervisory directors, managing directors or natural or legal persons holding at least 10 per cent of the Ballast Nedam shares, of material significance for the company or the person in question.

8.1.5. Board of Management

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

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

8.1.5.1. Remuneration

The Supervisory Board fixes the remuneration of individual Board of Management members, within the limits of the remuneration policy adopted by the General Meeting of Shareholders. Ballast Nedam's current remuneration policy was fixed at the Annual General Meeting of Shareholders in 2005.

At the Annual General Meeting of Shareholders in 2011, the Board of Management was authorized until 19 November 2012, subject to the approval of the Supervisory Board, to:

- buy back shares, or depositary receipts for shares in the company, to a maximum of 10 per cent of the capital in issue;
- issue shares and/or grant rights to acquire shares, to a maximum of 10 per cent of the capital in issue, plus an additional 10 per cent of the capital in issue if the issue coincides with an acquisition or merger;
- restrict or exclude preferential rights to shares to be issued.

8.1.5.2. Regulations

The Board of Management Regulations contain additional rules on the allocation of tasks and working methods of the Board of Management, and on its dealings with the Supervisory Board, the General Meeting of Shareholders, the Central Works Council and the external auditors. These Regulations are posted on www.ballast-nedam.com. Personal details of the Board of Management members are presented on page 124 of this Annual Report.

8.1.6. Management of the clusters and subsidiaries

The Board of Management supervises the cluster management teams, who in turn supervise the management of the subsidiaries. The management of the clusters and of each subsidiary have clearly defined terms of reference that determine their powers. Board of Management approval is required for projects above a certain value, or with a particular risk profile, before Ballast Nedam can conclude a contract. The same system applies at cluster level for projects of the subsidiaries with a certain value and a certain risk profile. Approval from the cluster management team is required for all major and high-risk projects, which must ultimately also be submitted for Board of Management approval. There is additional information about this subject in the section headed 'Risk analysis' on page 58.

8.1.7. General Meeting of Shareholders

The Annual General Meeting of Shareholders shall be convened within six months of the end of the financial year. Other meetings of shareholders may be convened by the Board of Management or the Supervisory Board. Shareholders and/or holders of depositary receipts for shares who solely or jointly represent at least 10 per cent of the capital in issue may also convene a meeting of shareholders.

8.1.7.1. Agenda of the Annual General Meeting of Shareholders

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

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

Shareholders and/or holders of depositary receipts for shares solely or jointly representing at least 1 per cent of the capital in issue, or who represent a value of fifty million euros according to the official list of Euronext Amsterdam N.V., have the right to propose agenda items. The company will accept requests of this kind. Requests must be submitted at least sixty days prior to the date of the meeting.

8.1.7.2. Voting right and decision procedure

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

8.1.7.3. Voting results and minutes

The results of votes cast for each agenda item at a General Meeting of Shareholders shall be posted on the company's web site www.ballast-nedam.com within fifteen days of the meeting. The draft Minutes shall be posted on Ballast Nedam's web site within three months of a General Meeting of Shareholders. Shareholders and holders of depositary receipts for shares may respond to the draft Minutes in the following three months. The Chairman and Secretary of the General Meeting of Shareholders will then adopt the Minutes.

8.1.8. Depositary receipts for shares

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

A Meeting of Holders of Depositary Receipts is convened each year. At this meeting, the Board of the Administration Office issues a statement on its proposed voting conduct at the General Meeting of Shareholders.

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

Page 188 of this Annual Report presents the report of the Board of the Ballast Nedam Administration Office (Stichting Administratiekantoor van aandelen Ballast Nedam) explaining their activities in 2011. The report also gives personal details of the Board members.

8.1.9. Auditors

The external auditors audit the financial statements. The external auditors are appointed by the General Meeting of Shareholders. The Annual General Meeting of Shareholders in 2011 resolved to engage KPMG Accountants N.V. to audit the financial statements for 2011. The external auditors attend the Annual General Meeting of Shareholders in order to answer any questions about the auditors' opinion as to whether the Financial Statements present a true and fair view.

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

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

8.2. Report of the Supervisory Board

The Supervisory Board notes that Ballast Nedam achieved an operating profit for 2011 of 19 million euros. Ballast Nedam has thereby fulfilled the forecast issued by the company in March 2011 in the presentation of the annual figures.

At the Annual General Meeting of Shareholders of Ballast Nedam N.V. held on 19 May 2011, Mr J. Bout (1946) was appointed as a new member of the Supervisory Board. He fills the vacancy that arose because of the resignation of Ms Schultz van Haegen. The term of office of Mr A.N.A.M. Smits (the Chairman of the Supervisory Board) lapses on 16 May 2012, the date of the Ballast Nedam Annual General Meeting of Shareholders. At this Ballast Nedam General Meeting of Shareholders the Supervisory Board will propose the reappointment of Mr Smits for a period of four years. The Supervisory Board will also appoint Mr L.W.A.M. van Doorne as fifth member of the Supervisory Board, in the absence of another candidate nominated by the Ballast Nedam General Meeting of Shareholders.

Same strategy; new organization structure

In response to current market developments, the Supervisory Board and the Board of Management have reexamined Ballast Nedam's strategy. We concluded in favour of continuing with the strategy that is set out on page 35 of this Annual Report. Looking back on 2011, the Supervisory Board would like to express its appreciation for the Board of Management's skilful and effective leadership of the company under turbulent market conditions.

Dividend

The underlying principle of Ballast Nedam's dividend policy is that 50 per cent of the profit for the period is placed at the disposal of shareholders for distribution as dividend. The Supervisory Board approved the Board of Management's proposal to appropriate 4.5 million euros of the profit for the period of 9 million euros to the other reserves. The remainder of the profit for the period is at the disposal of the shareholders. The Supervisory Board proposes a cash dividend for 2011 of 0.47 euros per share in issue (2010: 0.36 euros). The basic earnings per average ordinary share in issue were 0.93 euros.

Meetings of the Supervisory Board

The Supervisory Board met on seven occasions in 2011, five of which in the presence of the Board of Management. All supervisory directors attended all the meetings. At each meeting, with reference to the regular reports, the Supervisory Board discussed financial developments, the operational performance within the group and market trends. Ballast Nedam's strategy was discussed in an extraordinary meeting of the Supervisory Board. At the December meeting, the Supervisory Board deliberated on the organization structure and the group's operating and financial objectives and the associated risks. The Supervisory Board also discussed the business plan for the coming years at this meeting. Separate memorandums from the Board of Management were also discussed in the meetings, as well as Board of Management decisions requiring the Supervisory Board's approval.

The dividend proposal for 2010 was also handled, and the Annual General Meeting of Shareholders prepared and evaluated. ICT developments within Ballast Nedam and the consequences of the economic crisis for Ballast Nedam were also discussed with the Board of Management. The Supervisory Board had regular meetings with the Board of Management about the measures to be taken in response to the economic crisis. The Supervisory Board has also had discussions with the Board of Management about corporate governance and the most important claims and legal proceedings in which companies within the Ballast Nedam group have been involved.

The annual and interim financial reports were discussed at the March and July meetings. The external auditors attended the discussions of these agenda items in order to present their findings on the financial results. The Supervisory Board discussed with the external auditors and the Board of Management the findings of the external auditors, the management letter for 2010 and the actions to be taken on the findings. The Supervisory Board furthermore evaluated the relationship with the external auditors and, in view of this, advised the General Meeting of Shareholders to instruct KPMG to audit the Annual Accounts for the 2011 financial year. The Supervisory Board approved the business plan for 2012, which includes the strategy and targets for the Ballast Nedam group.

The Board of Management provided the Supervisory Board with regular explanation of the risk profile, the course of events, the financial situation and market developments within the group. The Supervisory Board also discussed with the Board of Management the most important risks for Ballast Nedam, the internal risk management and control systems, and how the risks can be further limited and controlled. The Supervisory Board further discussed with the Board of Management methods of limiting the risks and failure costs in the operational process. The external auditors attended these discussions.

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

The Supervisory Board also had a meeting without the Board of Management in which the Supervisory Board discussed the performance of the Board of Management both collectively and of the individual members. The remuneration of Board of Management members was also raised.

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

Furthermore the Audit Committee of the Supervisory Board has requested the Board of Management and KPMG to express an opinion on its performance. The Supervisory Board discussed this opinion as part of the evaluation of its own performance.

We also discussed the profile and membership of the Supervisory Board, Ballast Nedam has a tradition of consultation with employee representatives.

No transactions took place in 2011 that involved any material conflict of interest on the part of supervisory directors. Corporate Governance Code best practice provisions III.6.1, III.6.2 and III.6.3 have been complied with.

Report of the Audit Committee

The Audit Committee consists of the supervisory directors R.M.M. Boelen (Chairman) and J.C. Huis in 't Veld. The committee met on three occasions in 2011 in the presence of the Chairman and the CFO of the Board of Management. The external auditor also attended these meetings.

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

- the half-year and annual figures;
- the Annual Report;
- the reports of the external auditors;
- developments in International Financial Reporting Standards (IFRS) and compliance;
- the risk profile;
- Ballast Nedam's tax position;
- evaluation of ICT organization.

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

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

Other committees

In 2011 the Supervisory Board collectively performed the roles of an audit committee, remuneration committee and selection and appointments committee, and discussed the items that are customarily raised in committees of these kinds.

Independence and diversity of expertise

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

Financial statements and ratification

The Supervisory Board hereby submits the Annual Report for the financial year 2011, which includes the consolidated and company financial statements of Ballast Nedam N.V., as prepared by the Board of Management and approved by the Supervisory Board. The financial statements were audited by KPMG Accountants N.V., Amstelveen. The independent auditor's report is given on page 184. The Supervisory Board recommends that you adopt the financial statements and requests you to ratify the actions of the members of the Board of Management and the Supervisory Board in respect of their management and supervision, respectively, in 2011.

Thanks to all employees

The dedication, skill and knowledge of all Ballast Nedam employees have contributed greatly to the company's results in 2011. The Supervisory Board is extremely grateful to them.

Nieuwegein, 8 March 2012

Supervisory Board

A.N.A.M. Smits
J.C. Huis in 't Veld
R.M.M. Boelen
J. Bout



8.3. Members of the Supervisory Board

The members of the Supervisory Board are Messrs A.N.A.M. Smits, J.C. Huis in 't Veld, R.M.M. Boelen and J. Bout. Their personal details are given in this section.

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

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



J.C. Huis in 't Veld (vice-Chairman)

Mr Huis in 't Veld was born in 1947 and he is a Dutch national. His former positions include Chairman of the Board of Management of the Netherlands Organization for Applied Scientific Research (TNO) and of the DHV Groep engineering firm. He previously held positions in the Directorate-General for Public Works and Water Management. Mr Huis in 't Veld has various ancillary positions, including member of the Supervisory Board of E.ON Benelux Holding B.V., N.V. Westerscheldetunnel and N.V. Science Port Holland (Chairman). He is a member of the Supervisory Board of the Netherlands Development Organization (SNV) and of the Advisory Board of Allseas Group S.A. (Switzerland). He is a member of the board of the STT Netherlands Study Centre for Technology Trends, and Chairman of the Board of the Bewuste Bouwers foundation. Mr Huis in 't Veld was first appointed to the Supervisory Board of Ballast Nedam in 2006. His term of office ends on 1 November 2014.



R.M.M. Boelen

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



J. Bout

Mr Bout was born in 1946 and he is a Dutch national. He was Chairman of the Board of Management of Koninklijke Haskoning Groep B.V. until 1 January 2011. Mr Bout is a member of the Supervisory Board of the unlisted company Delta N.V., the unlisted Koninklijke Haskoning Groep B.V. and a member of the Supervisory Board of Deltares. In addition he is interim Standard Bearer for the Dutch Water Top Sector. He is also a member of the Governing Board of the Ubbo Emmius Fund. Mr Bout was first appointed to the Supervisory Board of Ballast Nedam in 2011. His term of office ends on 19 May 2015.



The Supervisory Board will propose Mr L.W.A.M. van Doorne at the General Meeting of Shareholders to be held in May 2012 as a new member of the Board. He is currently CEO/major shareholder of Optics Innovation Group B.V. and managing director of Pallieter RENEFF B.V.. Mr Van Doorne was born in 1959 and he is a Dutch national.



Van Beuningenplein, Amsterdam

8.4. Remuneration report

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

8.4.1. Principles of the remuneration policy for Board of Management members

The Supervisory Board determines the remuneration of the members of the Board of Management in line with the remuneration policy that was established at the General Meeting of Shareholders in 2005. The full Supervisory Board discussed the remuneration of the individual members of the Board of Management in a single meeting in 2011. In 2011 the Supervisory Board drew up and discussed scenario analyses as set down in the Dutch Corporate Governance Code.

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

The reference used for the remuneration level of members of the Board of Management of Ballast Nedam N.V. is the remuneration level of other (comparable) listed Dutch construction groups. The Supervisory Board takes into consideration the complexity, size, risk profile and management model of the reference companies. Furthermore, the specific responsibilities of the individual members of the Board of Management are naturally also taken into account in determining their remuneration level. The remuneration agreements made with the members of the Board of Management are set down in contracts when they take up their positions

8.4.1.1. Fixed annual salary

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

8.4.1.2. Variable remuneration in the short term: bonus payments

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

The Supervisory Board has discretionary powers to award different bonuses or not to award bonuses, independently of any financial or nonfinancial criteria. Any bonus payment is made after the end of the financial year to which it relates. For competitive reasons, the financial targets included in the business plan are not publicly disclosed in advance.

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

8.4.1.3. Variable remuneration in the long term: options

Ballast Nedam has a management option scheme that was approved at an Extraordinary General Meeting of Shareholders on 26 October 2006. The purposes of the management option scheme are to allow managing directors to be granted options as an instrument

for their long-term loyalty and to ensure that the interests of individual managing directors mirror those of the shareholders. Two conditions apply: the members of the Board of Management must themselves buy depositary receipts for shares equivalent to a minimum of 5 per cent of the number of options granted, and hold these depositary receipts for shares for three years after the options are granted.

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

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

Under this scheme, the aggregate maximum option rights that the Supervisory Board may grant to the Board of Management each year is two per cent of the total number of Ballast Nedam N.V. shares in issue. The members may exercise their option rights between three and six years from the date the options were granted.

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

8.4.2. Remuneration policy for 2012

The Supervisory Board takes the view that the current scale of, and criteria for, the remuneration package properly reflect the administrative priorities. The Board supports limited variable remuneration linked to feasible targets that set the required priorities. The Supervisory Board has drawn up scenario analyses for the possible outcomes of variable remuneration. The Supervisory Board intends to continue the current remuneration policy in 2012, taking the scenario analyses into consideration.

The most important indicators of the financial targets derive from Ballast Nedam's strategy objectives (see page 31) and are reflected in the financial performance criteria. These criteria are the net profit for the period and average capital employed, and are set down in the business plan. The Supervisory Board refers to the achievement or otherwise of the financial and nonfinancial performance criteria in determining the eligibility of members of the Board of Management for bonus payments.

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

8.4.2.1. Remuneration of Board of Management members

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

Fixed annual salary

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

	1 January 2012	1 January 2011
Mr T.A.C.M. Bruijninx	487 000 euros	485 000 euros
Mr R. Malizia	402 000 euros	356 000 euros
Mr P. van Zwieten	358 000 euros	

These amounts consist of the fixed periodic salaries as at 1 January 2012 multiplied by 13, plus holiday allowance. The increases to be applied in 2012 pursuant to the collective agreement for the building industry (CAO Bouwnijverheid) are not included in the above. These annual salaries are based on 52 weeks.

Bonus

The Board of Management members met the financial performance criteria they were set, as was examined and confirmed by the external auditors. As is evident in this Annual Report, the Board of Management has also demonstrated skilled management of important issues for the company, such as adapting the organization to changing market demand. In the opinion of the Supervisory Board, the members of the Board of Management likewise realized the nonfinancial criteria. The members of the Board of Management are consequently eligible for the maximum bonus. The bonus for Mr Bruijninx for 2011 was accordingly € 162 000, for Mr Malizia € 134 000, and for Mr van Zwieten € 119 000.

Options

In 2011, the following options were granted to Board of Management members for the 2010 financial year:

Mr T.A.C.M. Bruijninx	40 000 options
Mr R. Malizia	30 000 options

The options mature in six years, from 11 March 2011 (the date the options were granted) and may be exercised between three and six years from the date on which they were granted, therefore after the end of the vesting period of the options. The exercise price is 15.29 euros. The options have a potential value at the grant date, which can be realized only if:

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

If the conditions are not fulfilled, the options are forfeited at no value. Upon payment of the exercise price during the exercise period, members of the Board of Management may:

1. acquire a depositary receipt for one Ballast Nedam N.V. share for each exercised option;
2. exercise the options by announcing that they wish to sell their depositary receipts for shares. In that case Ballast Nedam N.V. will pay the Board of Management member concerned an amount for each option equal to the opening price of the Ballast Nedam N.V. share on NYSE Euronext Amsterdam on the following trading day less the exercise price and less the costs involved.

Pensions

Board of Management members take part in the Ballast Nedam pension fund on the same terms as other Ballast Nedam employees. Ballast Nedam bears a portion of the pension financing costs, and the members of the Board of Management each bear the remaining portion. There is no early retirement scheme for the members of the Board of Management.

Other

Board of Management members receive a fixed allowance and use of a company car. In other respects, the members of the Board of Management are entitled to the provisions of the applicable collective labour agreement for the building industry (CAO Bouwnijverheid), including annual increments. They may avail themselves of the same schemes that apply to other Ballast Nedam employees, such as tax-efficient gym membership and use of a mobile phone or PDA.

Contract term, notice period and severance pay

Mr Bruijninx was appointed to the Board of Management on 13 February 2003 under a permanent contract. Mr Malizia was appointed to the Board of Management for a four-year term on 13 August 2007 and was reappointed to the Board of Management for a four-year term on 19 May 2011, with effect from 13 August 2011. Mr Van Zwieten was appointed to the Board of Management for a four-year period on 19 May 2011. The notice period for Board of Management members is three months and for Ballast Nedam six months. Severance pay in the event of dismissal of Mr Bruijninx is one-and-a-half times the fixed annual salary, and of Messrs Malizia and Van Zwieten is equal to their respective fixed annual salary. The Supervisory Board is authorized to claw back any future variable remuneration awarded to Mr Van Zwieten if it was based on incorrect financial or other information. Mr Van Zwieten's employment contract accordingly includes a clawback clause.

Relationship between performance criteria and strategy objectives

The achievement or otherwise of the financial performance criteria 'profit for the period' and 'average capital employed' is assessed largely with reference to the strategic targets given on page 31 of this Annual Report. The strategic targets in 2011 included:

- achieving an operating profit of between 15 and 20 million euros;
- implementing a structure of segments and clusters and then combining the supporting services;
- acquiring a greater proportion of integrated projects through the development of plans;
- devising alternative designs;
- employing the design & construct and engineer & build approaches;
- promoting public-private partnership.

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

In the opinion of the Supervisory Board, the performance delivered by the Board of Management in 2011 is in line with the remuneration they receive. The Supervisory Board arrives at this opinion in view of the achievement of the financial and nonfinancial performance criteria and comparison of the remuneration level of board members with the remuneration level of other listed Dutch construction groups, taking into consideration the complexity, size, risk profile and management model of the reference companies.

The Supervisory Board expects the remuneration for the Board of Management in 2012 to be in line with the performance delivered by the members of the Board of Management. This expectation arises from the inclusion in the remuneration structure of a variable component alongside a fixed salary, and the direct connection also in 2012 between the established performance criteria and the strategic targets for 2012.

8.4.2.2. Remuneration of Supervisory Board members

Supervisory Board members receive a fixed fee that is independent of company performance. The General Meeting of Shareholders set the remuneration of the Supervisory Board in 2005. As of 1 January 2012, the annual fees for supervisory directors were as follows:

Mr A.N.A.M. Smits	45 000 euros
Mr R.M.M. Boelen	30 000 euros
Mr J.C. Huis in 't Veld	30 000 euros
Mr J. Bout	30 000 euros

The members of the Supervisory Board also receive an allowance for expenses incurred.

An Audit Committee is formed from members of the Supervisory Board. The General Meeting of Shareholders fixed the remuneration of the Audit Committee in 2008. As of 1 January 2012, the annual fees for supervisory directors were as follows:

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

8.4.2.3. Remuneration chart

<i>x € 1 thousand</i>	<i>Gross salary</i>	<i>Bonus</i>	<i>Pension charges & social security costs</i>	<i>Reim-burse-ment</i>	<i>Gross salary</i>	<i>Bonus</i>	<i>Pension charges & social security costs</i>	<i>Reim-burse-ment</i>
Board of Management								
T.A.C.M. Bruijninx	486	162	149	5	481	162	147	5
R. Malizia	382	134	87	5	353	119	93	5
P. van Zwieten ¹	208	119	27	3	-	-	-	-
R.L.M. Jacobs ²	-	-	-	-	319	-	93	3
	1 076	415	263	13	1 153	281	333	13
Supervisory Board								
A.N.A.M. Smits	45			2	45			2
R.M.M. Boelen	35			2	35			2
J.C. Huis in 't Veld	35			2	35			2
J. Bout ³	18			1	-	-	-	-
M.H. Schultz van Haegen ⁴	-			-	23			2
	133			7	138			8
Total	1 209	415	263	20	1 291	281	333	21

¹ as of 19 May 2011

² until 21 August 2010

³ as of 19 May 2011

⁴ until 13 October 2010



Town hall, Nieuwegein

Option scheme

Year granted	2011	2010	2009	2008	2007
T.A.C.M. Bruijninx					
Total costs in the financial year in €	243 226	278 000	311 000	221 000	100 000
Number	40 000	30 000	40 000	40 000	40 000
Exercise price in €	15.29	13.43	11.60	25.11	35.85
Share price at grant date in €	15.88	14.10	13.00	24.40	36.10
Benefit obtained at grant date in €	-	-	-	-	-
Theoretical value at grant date in €	274 800	189 300	247 600	356 400	378 000
Status at 31/12/2011	conditional	conditional	conditional	conditional	conditional
End of vesting period	12/03/2014	12/03/2013	13/03/2012	14/03/2011	16/03/2010
Expiry date	11/03/2017	11/03/2016	12/03/2015	13/03/2014	15/03/2013
Expected value at end of vesting period in €	242 000	180 000	300 000	115 000	35 000
R. Malizia					
Total costs in the financial year in €	182 419	208 000	233 000	166 000	36 000
Number	30 000	22 500	30 000	30 000	30 000
Exercise price in €	15.29	13.43	11.60	25.11	35.85
Share price at grant date in €	15.88	14.10	13.00	24.40	36.10
Benefit obtained at grant date in €	-	-	-	-	-
Theoretical value at grant date in €	206 100	141 975	185 700	267 300	283 500
Status at 31/12/2011	conditional	conditional	conditional	conditional	conditional
End of vesting period	12/03/2014	12/03/2013	13/03/2012	14/03/2011	16/03/2010
Expiry date	11/03/2017	11/03/2016	12/03/2015	13/03/2014	15/03/2013
Expected value at end of vesting period in €	181 000	135 000	225 000	85 000	25 000
R.L.M. Jacobs					
Total costs in the financial year in €	-	(464 000)	233 000	166 000	36 000
Number	-	22 500	30 000	30 000	30 000
Exercise price in €	-	13.43	11.60	25.11	35.85
Share price at grant date in €	-	14.10	13.00	24.40	36.10
Benefit obtained at grant date in €	-	-	-	-	-
Theoretical value at grant date in €	-	141 975	185 700	267 300	283 500
Status at 31/12/2011	-	lapsed	lapsed	lapsed	lapsed
End of vesting period					
Expiry date					
Expected value at end of vesting period in €					

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

Theoretical value and time value

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

Determining the costs of options in the company accounts

In the vesting period Ballast Nedam recognizes the theoretical value at the grant date as an expense in the income statement. This expense is distributed uniformly in time over the year in which the option is granted and three subsequent financial years. The total costs in the financial year consist of the costs allocated to that financial year of all current option grants in the vesting period.

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

Bridge for a bus lane, Almere



8.5. Members of the Board of Management

The Board of Management members are Messrs T.A.C.M. Bruijninx, R. Malizia and P. van Zwieten.

[T.A.C.M. Bruijninx \(Chairman\)](#)

Mr Theo Bruijninx was born in 1961 and is a Dutch national. He serves as Chief Executive Officer (CEO) and has been employed by Ballast Nedam since 1990. He held various positions at Ballast Nedam Engineering, the Head Office, Ballast Nedam Projectontwikkeling and Ballast Nedam Woningbouw before returning to the Head Office. Mr Bruijninx was appointed to the Board of Management on 13 February 2003 under a permanent contract. He was appointed Chairman of the Board of Management on 13 August 2007.

[R. Malizia](#)

Mr Romeo Malizia was born in 1957 and is a Dutch national. He serves as Chief Operating Officer (COO) and has been employed by Ballast Nedam since 1978. In chronological order, he has served as Managing Director of Hollebeek & Vens, Ballast Nedam Grond en Wegen Northwest Region, Ballast Nedam Grond en Wegen Projecten, Ballast Nedam Grond en Wegen, Ballast Nedam Infrastructure and since 2004 Managing Director of Ballast Nedam Infrastructure. Mr Malizia was first appointed to the Board of Management for a four-year term on 13 August 2007. His term of office ends on 13 August 2015.

[P. van Zwieten](#)

Mr Peter van Zwieten was born in 1961 and is a Dutch national. He serves as Chief Financial Officer (CFO) and has been employed by Ballast Nedam since 1989. In chronological order, he has served as project controller at Ballast Nedam Beton en Waterbouw, finance manager for Ballast Nedam Groep in Saudi Arabia, and then for Ballast Nedam International in various European countries and in Taiwan. He was appointed financial director of Ballast Nedam Ontwikkelingsmaatschappij in 2001. Mr Van Zwieten was appointed financial director of the Infrastructure division in 2002. Mr Van Zwieten was first appointed to the Board of Management for a four-year term on 19 May 2011. His term of office ends on 19 May 2015.



T.A.C.M. Bruijninx

R. Malizia

P. van Zwieten





9.1. Consolidated statement of financial position

x € 1 million		Note	31 December 2011	31 December 2010
Non-current assets				
Intangible assets	1		31	29
Property, plant and equipment	2		183	184
Financial assets	3		33	167
Investments in associates	4		4	2
Deferred tax assets	5		35	38
			286	420
Current assets				
Inventories	6		215	252
Work in progress	7		78	101
Receivables	8		264	230
Cash and cash equivalents	9		98	81
			655	664
Current liabilities				
Bank overdrafts	9		(11)	(20)
Current portion of long-term loans	11		(11)	(7)
Prepayments on inventories	6		(6)	(1)
Work in progress	7		(136)	(128)
Trade payables			(243)	(217)
Income tax expense	5		(3)	(1)
Other liabilities	10		(176)	(178)
Provisions	13		(39)	(46)
			(625)	(598)
Current assets minus current liabilities			30	66
			316	486
Non-current liabilities				
Loans	11		121	285
Derivatives			10	18
Deferred tax liabilities	5		4	4
Employee benefits	12		5	5
Provisions	13		5	13
			145	325
Total equity				
Equity attributable to the owners of the company	14		171	161
Non-controlling interest	14		-	-
			171	161
			316	486

Note: See Notes to the consolidated financial statements on pp 149 - 164, which are an integral part of these consolidated financial statements.

9.2. Consolidated income statement

x € 1 million	Note	2011	2010
Revenue	16	1 382	1 359
Other operating income	17.1	6	6
Costs of raw materials and subcontractors	17.2	(1 019)	(1 005)
Personnel expenses	17.3	(278)	(278)
Other operating expenses		(44)	(37)
		(1 341)	(1 320)
Share in profits of associates	4	-	-
Earnings before interest, taxes, depreciation and amortization (EBITDA)		47	45
Depreciation and amortization of property, plant and equipment and intangible assets	1, 2	(26)	(26)
Impairment of tangible and intangible assets	2	(2)	(1)
Earnings before interest and taxes (EBIT)		19	18
Finance income	18	6	10
Finance expense	18	(13)	(17)
Net finance income and expense		(7)	(7)
Profit before income tax		12	11
Extraordinary income and expenses		-	-
Income tax expense	19	(3)	(4)
Profit for the period		9	7
Attributable to:			
Owners of the company		9	7
Non-controlling interest		-	-
Profit for the period		9	7
Attributable to owners of the company:			
Basic earnings per share (€)	20	0,93	0,73
Diluted earnings per share (€)	20	0,93	0,73

Note: See Notes to the consolidated financial statements on pp 149 - 164, which are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

x € 1 million	2011	2010
Profit for the period	9	7
Foreign currency translation differences	1	1
Net change in hedging reserve associates	(3)	
Net change in hedging reserve	(10)	
Net change in hedging reserve through income statement	16	
Net change in hedging reserve associates through income statement	1	(3)
Other comprehensive income	5	(2)
Total comprehensive income for the period	14	5
Attributable to:		
Owners of the company	14	5
Non-controlling interest	-	-
Total comprehensive income for the period	14	5

Note: See Notes to the consolidated financial statements on pp 149 - 164, which are an integral part of these consolidated financial statements.

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

9.3. Consolidated statement of changes in equity

<i>x € 1 million</i>	<i>Issued share capital</i>	<i>Share premium</i>	<i>Repurchased own shares</i>	<i>Currency translation reserves</i>	<i>Associates reserve</i>	<i>Hedging reserve</i>	<i>Other reserves</i>	<i>Profit for the period</i>	<i>Equity attributable to owners of the company</i>	<i>Non- controlling interest</i>	<i>Total share- holders' equity</i>
31 December 2009	60	52	(5)	(2)	17	(10)	44	6	162	-	162
Profit for the period								7	7		7
Foreign currency translation differences				1					1		1
Effective portion of changes in fair value of hedging instruments						(7)			(7)		(7)
Net change in fair value of hedging instruments, transferred to income statement						4			4		4
Comprehensive income				1		(3)		7	5		5
Dividend paid							(3)		(3)		(3)
Option scheme							-		-		-
Repurchased own shares			-						-		-
Transactions with shareholders			-				(3)		(3)		(3)
Appropriation of 2009 profit							6	(6)			
Other					24		(27)		(3)	-	(3)
31 December 2010	60	52	(5)	(1)	41	(13)	20	7	161	-	161
Profit for the period								9	9		9
Foreign currency translation differences				1					1		1
Effective portion of changes in fair value of hedging instruments						(10)			(10)		(10)
Effective portion of changes in fair value of hedging instruments associates						(3)			(3)		(3)
Net change in fair value of hedging instruments, transferred to income statement						16			16		16
Net change in fair value of hedging instruments associates, transferred to income statement						1			1		1
Comprehensive income				1		4		9	14		14
Dividend paid							(4)		(4)		(4)
Option scheme							-		-		-
Repurchased own shares			-						-		-
Transactions with shareholders			-				(4)		(4)		(4)
Appropriation of 2010 profit							7	(7)			
Other					-		-		-	-	-
31 December 2011	60	52	(5)	-	41	(9)	23	9	171		171

Note: See Notes to the consolidated financial statements on pp 149 - 164, which are an integral part of these consolidated financial statements.

9.4. Consolidated statement of cash flows

x € 1 million	Note	2011	2010
Net cash - opening balance	9	61	111
Profit for the period		9	7
Adjustments			
Depreciation	2	25	25
Amortization	1	1	1
Impairment of intangible assets and property, plant and equipment	1,2	2	1
Finance expense	18	13	17
Finance income	18	(6)	(10)
Equity-settled share-based payment transactions		-	-
Gain on sale of non-current assets and subsidiaries		(6)	
Income tax expense	19	3	4
Share in profits of associates	4	-	-
Movements			
Movement in inventories	6	39	(33)
Movement in work in progress	7	25	(59)
Movement in receivables		(37)	(4)
Movement in provisions and employee benefits	12,13	(15)	19
Interest paid	18	(9)	(11)
Paid on hedging instruments	18	(4)	(5)
Interest received	18	-	-
Income taxes paid	19	(1)	(3)
Change in current liabilities		33	12
Net cash from operating activities		72	(39)
Intangible assets			
investments	1	(6)	(2)
disposals	1	1	-
Property, plant and equipment			
investments	2	(42)	(32)
disposals	2	5	8
Financial non-current assets			
investments	3.1	(27)	(70)
disposals	3.1	-	4
dividend received	3.2	2	2
movement in other receivables	3.3	-	-
Investments in associates	4	(3)	(2)
Acquisition of subsidiaries		(5)	-
Sale of subsidiaries after deduction of disposed cash and cash equivalents		23	-
Cash acquired in acquisitions		-	-
Net cash used in investing activities		(52)	(92)
Drawings of non-current loans	11	59	107
Repayment of non-current loans	11	(50)	(19)
Disposal of non-current loans	11	-	-
Acquisition of non-controlling interest		-	(3)
Dividend paid		(4)	(3)
Proceeds from repurchase of own shares		-	-
Net cash flow from financing activities		5	82
Effect of foreign currency translation differences on cash held		1	(1)
Net cash - closing balance	9	87	61

Note: See Notes to the consolidated financial statements on pp 149 - 164, which are an integral part of these consolidated financial statements.

The net cash consists of the balance of cash and cash equivalents and bank overdrafts that cannot be offset against one another. Of the total net cash, € 78 million (2010: € 47 million) is at the free disposal of the company.

9.5. Notes to the consolidated financial statements

Significant accounting policies

Ballast Nedam N.V. is based in Nieuwegein in the Netherlands. The consolidated financial statements of Ballast Nedam N.V. for the 2011 financial year comprise Ballast Nedam N.V. (the head of the group) and its subsidiaries (jointly referred to as Ballast Nedam) and Ballast Nedam's interest in associates and entities over which there is joint control.

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

The Board of Management prepared the financial statements on 8 March 2012 and approved them for release. The General Meeting of Shareholders will be held on 16 May 2012.

Statement of compliance

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

Accounting policies used in the consolidated financial statements

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

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

When preparing the financial statements, management makes estimates and assumptions that affect the amounts and results presented in the financial statements. The actual results may differ from these estimates and assumptions. See also 'Accounting estimates and judgements' on page 174.

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

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

Changes in accounting policies

A number of new standards, and changes to, and interpretations, of existing standards came into effect in 2011. Where these new standards, changes and interpretations were relevant to Ballast Nedam, they had no impact on the measurement and classification of assets and liabilities, the income statement, or cash flows.

Basis of consolidation, assets, liabilities and income statement

Subsidiaries

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

Associates

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

The consolidated financial statements include Ballast Nedam's share of the recognized income and expenses of associates, using the equity method, from the date on which Ballast Nedam first exercised a significant influence until the date on which the influence ceases. If Ballast Nedam's share in the losses exceeds the value of the interest in an associate, the carrying amount of the investment is written down to nil in Ballast Nedam N.V.'s statement of financial position and only the portion of any further losses for which Ballast Nedam has a legal or constructive obligation will be recognized.

Joint ventures

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

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

Elimination of transactions for consolidation purposes

Transactions with subsidiaries, associates and entities over which joint control is exercised are in principle determined at arm's length and eliminated in the same way (proportionately) as other intercompany accounts.

Unrealized losses are eliminated in the same way, except where there are indications of impairment.

Foreign currency translation

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

Receivables and payables in foreign currencies are translated to the functional currency at the exchange rate prevailing at the end of the reporting period. Transactions in foreign currencies are translated to the functional currency at the exchange rate applying on the transaction date. The resulting foreign currency translation differences are recognized as part of earnings before interest and taxes.

Intangible assets

Goodwill

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

Goodwill is measured as:

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

Negative goodwill arising on acquisition is recognized as income immediately.

The consideration transferred involves no effective settlement of a pre-existing relationship. An amount of this kind is generally recognized in the income statement.

The transaction costs incurred by the Group in connection with a business combination, other than those concerned with the issue of shares or bonds, are recognized when they are incurred.

A contingent consideration is recognized at fair value at the acquisition date. A contingent consideration that is classified as shareholders' equity is not reassessed and the settlement is recognized in shareholders' equity. Other changes are recognized in the income statement after initial recognition.

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

Other intangible assets

Software is stated at cost less accumulated amortization and impairment. Concessions are stated at cost less accumulated amortization and impairment.

Amortization

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

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

The expected useful lives are as follows.

Concessions	5 - 30 years
Software	3 years

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

Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost of acquisition or manufacture less accumulated depreciation and impairment.

If individual items of property, plant and equipment consist of elements with differing estimated useful lives, those elements are recognized as separate assets.

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

Leased assets

Lease agreements under which Ballast Nedam assumes virtually all the risks and rewards of ownership are classified as financial leases.

Subsequent costs

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

Depreciation

Depreciation is generally calculated on a straight-line basis over the expected useful life of each item of property, plant and equipment (or part thereof). Land is not depreciated. The expected useful lives are as follows.

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

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

Financial assets

PPP receivables

Receivables in respect of Public-Private Partnerships (PPPs) relate to concession fees from public bodies (public authorities) receivable in connection with PPP projects. PPP receivables are recognized as financial assets. In conformity with IAS 32 and 39, PPP receivables are initially recognized at fair value and are subsequently measured at amortized cost based on an effective interest rate. This method of recognizing PPP receivables is in conformity with the financial assets model of IFRIC 12 'Service Concession Arrangements'.

Other investments

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

Assets held for sale

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

Derivative financial instruments

Ballast Nedam makes use of derivative financial instruments in order to hedge exposure to currency, interest rate and market risks arising from operating, financing and investing activities. In conformity with its treasury policy Ballast Nedam holds no derivatives for trading purposes, nor does it issue derivatives of this kind. Derivatives not qualifying for hedge accounting are treated as trading instruments.

On initial recognition, derivative financial instruments are measured at fair value, and the attributable transaction costs are recognized in the income statement as soon as they occur. If no hedge accounting is applied, gains and losses on revaluation to fair value are recognized directly in the income statement. Results arising from fair value adjustments of forward exchange contracts are recognized as a part of the natural hedge on the currency results of the project concerned.

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

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

Inventories

Landholdings acquired and held for future property development purposes are stated at the lower of cost and net selling price. In principle these holdings are not 'in production' and development costs are consequently not capitalized. Interest is capitalized subject to meeting the conditions for capitalizing finance expense and at the time the land position is actively developed. The associated costs are expensed. Planning permissions and building permits are included in landholdings.

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

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

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

Raw materials are measured at the lower of cost and net realizable value.

Work in progress

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

As soon as a reliable profit estimate can be made for construction contracts on behalf of third parties, the contractual revenues and expenses are recognized in the income statement in proportion to the percentage of completion of the project. The percentage of completion is determined on the basis of production measurements. Expected losses on contracts are recognized immediately in the income statement.

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

Receivables

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

Cash and cash equivalents

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

Impairment

Except for inventories, work in progress and the deferred tax asset of Ballast Nedam, the carrying amount of assets is reviewed at the end of the reporting period in order to determine whether there are any indications of impairment. Where there are such indications an estimate is made of the recoverable amount of the asset.

In the case of goodwill and assets with an indefinite useful life, the recoverable amount is estimated at the end of each reporting period.

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

Impairment losses are recognized in the income statement.

Repurchase of own shares

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

Dividend

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

Equity-settled share-based payment transactions

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

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

Long-term loans

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

Pensions

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

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

Long-term employee benefits

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

Provisions

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

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

Trade and other payables

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

Revenue

Construction contracts on behalf of third parties

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

Sale of goods

Income from the sale of goods is recognized in the income statement as and when the significant risks and rewards of ownership have been transferred to the buyer. Revenue and profit are recognized on a pro rata basis as construction progresses for those residential building projects in which the client has no option to specify structural elements in the design, and where there is continuous transfer of the significant risks and rewards of ownership.

Services rendered

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

PPP projects

During the construction phase of the asset, PPP projects are recognized as work in progress for third parties. The related financial asset is recognized based on invoiced instalments. The contractual income and expenses are recognized in the income statement in proportion to progress on the project. The percentage of completion is determined on the basis of production measurements. The interest income of the financial asset is recognized as financial income in the income statement. During the operating phase, the income from PPP projects comprises the fair value of the delivery of contractually agreed services and the interest income related to the investment in the project. Income is recognized when the services to which it relates are delivered.

Government subsidies

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

Costs

Costs are allocated to the period to which they relate.

Lease instalments on operating leases

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

Lease instalments on financial leases

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

Net finance expense

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

Income tax expense

Tax is calculated on the result from ordinary operations, allowing for tax-exempt items and based on the applicable tax rates. Tax is recognized in the income statement except in relation to items recognized in the consolidated statement of comprehensive income. Deferred tax is recognized using the balance sheet method on temporary differences between the reported carrying amounts and tax bases of assets and liabilities, and for future carry-forward losses, and is accounted for on the basis of the applicable tax rates for the periods when the temporary differences are expected to be reversed.

Deferred tax assets are recognized at nominal amount of the portion that will probably be realized.

No deferred tax is recognized for the following temporary differences: the initial recognition of goodwill, and differences in relation to subsidiaries and associates that will not be settled in the near future.

Statement of cash flows

Cash flows from operating activities are presented using the indirect method. Cash flows in foreign currencies are converted at the exchange rate on the date of the cash flow or at the average rate. Non-cash items, such as foreign currency translation differences, acquisitions, financial lease obligations, changes in fair value, equity-settled share-based payments and so forth are eliminated from this statement. Dividends paid to ordinary shareholders are included in the cash flows from financing activities. Interest paid is included in the cash flows from operating activities. Current-account balances payable on demand forming part of Ballast Nedam's cash management operations are included in the balance of cash and overdrafts with banks in preparing the consolidated statement of cash flows.

Basic earnings per share

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

Operating segments

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

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

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

New standards and interpretations not yet applied

A number of new standards, changes to existing standards and interpretations had yet to come into effect in 2011 and are therefore not applied in the consolidated financial statements. The most important of these for Ballast Nedam are as follows.

IFRS 9 – ‘Financial instruments’

IFRS 9 is concerned solely with the classification and measurement of financial instruments. IFRS 9 must currently be applied to annual periods that start on or after 1 January 2013, where earlier application is permissible. However, IFRS 9 has not yet been accepted by the EU, so that companies that apply EU-IFRS are not yet permitted to apply IFRS 9 in their financial statements. This standard is expected to have no material impact on Ballast Nedam’s comparative figures or shareholders’ equity.

IFRS 10 – ‘Consolidated accounts’

IFRS 10 introduces a new approach for identifying whether an investor must consolidate an investee, and defines a uniform principle for determining whether an investor controls an investee, thereby including ‘special purpose entities’ (SPEs). To coincide with IFRS 10, the IASB issued an amended IAS 27 that now comprises the accounting principles for separate financial statements. IFRS 10 and the amended IAS 27 are expected to receive EU approval in the third quarter of 2012, and are expected to have no material impact on Ballast Nedam’s comparative figures or shareholders’ equity.

IFRS 11 – ‘Joint arrangements’

IFRS 11 revises the accounting for joint ventures (which are referred to as ‘joint arrangements’ in the new standard).

The most important change is to remove the free choice of using the equity method or proportionate consolidation for joint ventures, which must now always use the equity method. The impact of these changes on the statement of financial position, the income statement, cash flow, order book and operating segments may be substantial.

Ballast Nedam has elected to apply proportionate consolidation for the joint ventures. The statement of financial position that results if the joint ventures are not proportionately consolidated (the equity method) is presented on the next page. The associated impact on the income statement mainly affects revenue and, to a limited extent, the profit for the period. This treatment is in accordance with the current IFRS standard, but not yet on the basis of IFRS 11. In 2012 management will assess the impact of IFRS 11 on the statement of financial position, the income statement, cash flow, order book and the operating segments.

Not proportionately consolidated statement of financial position
(equity method)

	Proportionately consolidated	Not proportionately consolidated	
x € 1 million	31 December 2011	31 December 2011	31 December 2010
Non-current assets			
Intangible assets	31	29	27
Property, plant and equipment	183	160	166
Financial assets	37	39	53
Deferred tax assets	35	32	33
	286	258	279
Current assets			
Inventories	215	180	261
Work in progress	78	73	99
Receivables	264	211	169
Cash and cash equivalents	98	82	60
	655	546	544
Current liabilities			
Bank overdrafts	(11)	(3)	(8)
Loans	(11)	(6)	(1)
Prepayments on inventories	(6)	(5)	-
Work in progress	(136)	(68)	(55)
Trade payables	(243)	(178)	(160)
Income tax expense	(3)	(2)	-
Other liabilities	(176)	(207)	(255)
Provisions	(39)	(62)	(47)
	(625)	(531)	(526)
Current assets minus current liabilities	30	15	18
	316	275	297
Non-current liabilities			
Loans	121	92	107
Derivatives	10	-	-
Deferred tax liabilities	4	3	3
Employee benefits	5	5	5
Provisions	5	4	19
	145	104	134
Total equity			
Equity attributable to the owners of the company	171	171	163
Non-controlling interest			
	171	171	163
	316	275	297
Solvency	18%	21%	20%

9.6. Operating segments

Operating segments 2011

<i>x € 1 million</i>	<i>Infrastructure</i>	<i>Building & Development</i>	<i>Specialized Companies</i>	<i>Supplies</i>	<i>Subtotal operating segments</i>	<i>Reconciliation 1)</i>	<i>Total</i>
External revenue of segment	523	621	203	207	1 554	(172)	1 382
Intersegment revenue	-	21	49	25	95	(95)	-
Revenue	523	642	252	232	1 649	(267)	1 382
Other operating income	3	3	-	-	6	-	6
Total operating expenses	(509)	(636)	(244)	(218)	(1 607)	266	(1 341)
Share in profits of associates	-	-	-	-	-	-	-
Earnings before interest, taxes, depreciation and amortization (EBITDA)	17	9	8	14	48	(1)	47
Impairment	-	-	-	-	-	(2)	(2)
Depreciation	(3)	(1)	(8)	(10)	(22)	(3)	(25)
Earnings before interest, taxes and amortization (EBITA)	14	8	-	4	26	(6)	20
Amortization	-	-	-	-	-	(1)	(1)
Earnings before interest and taxes (EBIT)	14	8	-	4	26	(7)	19
Finance income and expense							(7)
Income tax expense							(3)
Profit for the period							9
Margin	2.7%	1.2%	0.0%	1.7%			1.4%
Order book	1 152	693	89	54	1 988	(38)	1 950
Capital employed 2)	(29)	36	57	134	198	31	229
Assets 3)	228	346	139	221	934	7	941
Investments in non-current assets	19	19	6	32	76	4	80
Associates	2	1	-	1	4	-	4
Liabilities 4)	241	341	70	84	736	34	770
Impairment of Intangible assets and property, plant and equipment							
impairment	-	-	-	-	-	(2)	(2)
reversal of impairments	-	-	-	-	-	-	-
Average number of employees							
temporary employment	59	78	72	34	243	44	287
permanent employment	797	1 230	770	651	3 448	194	3 642
Average number of employees	856	1 363	842	685	3 691	238	3 929

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

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

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

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

The number of employees posted abroad was 126 (2010: 63).

Operating segments 2010

<i>x € 1 million</i>	<i>Infrastructure</i>	<i>Building & Development</i>	<i>Specialized Companies</i>	<i>Supplies</i>	<i>Subtotal operating segments</i>	<i>Reconciliation 1)</i>	<i>Total</i>
External revenue of segment	530	627	162	180	1 499	(140)	1 359
Intersegment revenue	4	14	52	22	92	(92)	-
Revenue	534	641	214	202	1 591	(232)	1 359
Other operating income	4	1	-	-	5	1	6
Total operating expenses	(525)	(637)	(203)	(183)	(1 548)	228	(1 320)
Share in profits of associates	-	-	-	-	-	-	-
Earnings before interest, taxes, depreciation and amortization (EBITDA)	13	5	11	19	48	(3)	45
Impairment	-	-	-	(1)	(1)	-	(1)
Depreciation	(3)	(1)	(8)	(8)	(20)	(5)	(25)
Earnings before interest, taxes and amortization (EBITA)	10	4	3	10	27	(8)	19
Amortization	-	-	(1)	-	(1)	-	(1)
Earnings before interest and taxes (EBIT)	10	4	2	10	26	(8)	18
Finance income and expense							(7)
Income tax expense							(4)
Profit for the period							7
Margin	1.8%	0.7%	0.9%	5.0%			1.4%
Order book	986	735	80	67	1 868	(27)	1 841
Capital employed 2)	90	144	57	122	413	12	425
Assets 3)	309	447	121	188	1 065	19	1 084
Investments in non-current assets	41	36	9	15	101	3	104
Associates	1	-	-	1	2	-	2
Liabilities 4)	294	433	58	69	854	69	923
Impairment of Intangible assets and property, plant and equipment							
impairment	-	-	-	(1)	(1)	-	(1)
reversal of impairments	-	-	-	-	-	-	-
Average number of employees							
temporary employment	61	87	69	39	256	40	296
permanent employment	788	1 229	737	635	3 389	156	3 545
Average number of employees	849	1 316	806	674	3 645	196	3 841

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

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

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

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

9.6. Operating segments (continued)

Revenue

<i>x € 1 million</i>	<i>31 December 2011</i>	<i>31 December 2010</i>
Operating segments	1 649	1 591
Intersegment revenue	(267)	(232)
Total	1 382	1 359

EBIT

<i>x € 1 million</i>	<i>31 December 2011</i>	<i>31 December 2010</i>
Operating segments	26	26
Not allocated to segments	(7)	(8)
Subtotal	19	18
Intersegment results	-	-
Total	19	18

Assets

<i>x € 1 million</i>	<i>31 December 2011</i>	<i>31 December 2010</i>
Operating segments	934	1 065
Not allocated to segments	7	19
Associates	-	-
Total	941	1 084

Liabilities

<i>x € 1 million</i>	<i>31 December 2011</i>	<i>31 December 2010</i>
Operating segments	736	854
Not allocated to segments	34	69
Total	770	923

Geographical segments

<i>x € 1 million</i>	<i>Revenue</i>		<i>Assets</i>		<i>Other fair value investments</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
The Netherlands	1 252	1 275	204	187	4	6
Other Europe	84	44	18	15	-	-
Africa	25	13			-	-
Asia	9	6			-	-
South America	7	13			-	-
Other	5	8	-	19	-	-
Total	1 382	1 359	222	221	4	6

Of the revenue, 91% (2010: 94%) was generated in the Netherlands. The assets reported under the geographical segments comprise the non-current assets, excluding financial instruments and deferred tax assets.

9.7. Acquisitions and disposals

On 2 March 2011 Ballast Nedam acquired part of the operations of the construction company Heddes. This acquisition included 16 building projects with a volume of approximately € 100 million and the smaller building operations.

The purchase price was € 5 million, which was paid in full in 2011. To year-end 2011 the contribution to consolidated revenue was € 52 million. The contribution to profit was € 1 million. Had the acquisition taken place on 1 January 2011 the effect on revenue and profit would not have been substantially different.

The effect of the acquisition on Ballast Nedam's assets and liabilities was as follows:

<i>x € 1 million</i>	
Property, plant and equipment	5
Trade receivables	6
Work in progress	(6)
Net assets and liabilities	5
Goodwill in acquisition	-
Consideration paid	5
Cash acquired	-
Outflow of cash and cash equivalents	5

Ballast Nedam has become a participant in the Benelux Secondary PPP Fund 1. Ballast Nedam has a 20% interest in the fund, which invests in equity stakes in PPP projects. The Benelux Secondary PPP Fund 1 acquired the equity stakes of three operational PPP projects from Ballast Nedam on 12 September 2011. These projects are provided through DBFMO contracts to the Ministry of Defence, the Government Buildings Agency, the Ministry of Security and Justice and the Ministry of the Interior. The scope includes participation in the Komfort PPP in Utrecht and the DUO2 PPP in Groningen.

On 29 December 2011 Ballast Nedam sold the four-season Kicking Horse Mountain Resort in Canada, which it developed and built, to Resorts of the Canadian Rockies Inc.. Ballast Nedam created the infrastructure for Kicking Horse Mountain Resort and developed the village centre. The 1,131 hectare skiing area is among the highest quality of its kind in North America.

The effects of the above two transactions on the financial positions are shown below:

<i>x € 1 million</i>	
Financial assets	164
Deferred tax asset	5
Property, plant and equipment	18
Inventories	3
Trade and other receivables	9
Trade and other payables	(8)
Derivatives	(17)
Loans	(173)
Net assets and liabilities	1
	-
Cash consideration received	34
Disposals of cash and cash equivalents	(11)
Net inflow of cash and cash equivalents	23

9.8. Notes to the consolidated statement of financial position

¹ Intangible assets

<i>x € 1 million</i>	<i>Goodwill</i>	<i>Concessions</i>	<i>Other</i>	<i>Total</i>
Purchase price				
31 December 2009	14	25	3	42
Investments	-	1	1	2
Acquisitions	-	-	-	-
Disposals	-	-	-	-
31 December 2010	14	26	4	44
Investments	-	4	2	6
Acquisitions	-	-	-	-
Disposals	-	(1)	-	(1)
31 December 2011	14	29	6	49
Amortization and accumulated impairment				
31 December 2009	1	11	2	14
Amortization	-	1	-	1
Impairment	-	-	-	-
Disposals	-	-	-	-
31 December 2010	1	12	2	15
Amortization	-	-	1	1
Impairment	2	-	-	2
Disposals	-	-	-	-
31 December 2011	3	12	3	18
Carrying amount				
31 December 2010	13	14	2	29
31 December 2011	11	17	3	31

Goodwill

An impairment test is performed at least annually. The present value of the future cash flows are estimated using a pre-tax discount rate (9% - 11%). The business plan was followed for the projections for 2012 to 2014, inclusive. The residual value was calculated for the infinite cash flow assuming a growth rate of between 0% and 2%. The impairment test identified impairment of € 2 million at Spankern B.V., which is attributable to the uncertain market prospects for this business unit. A 1% higher pre-tax discount rate or a 1% higher growth rate would not have led to material impairment.

<i>x € 1 million</i>	<i>31 December 2011</i>	<i>31 December 2010</i>
Bontrup Beheer B.V.	2	2
Verkaik B.V.	2	2
Spankern B.V.	1	3
Zomers bouwbedrijf B.V.	3	3
Gebr. Van Leeuwen B.V.	1	1
Other	2	2
Total	11	13

Concessions

Ballast Nedam owns concessions for high-grade primary raw materials in Belgium, Norway, Germany and the Netherlands. Amortization takes place in proportion to extraction. The remaining weighted average amortization period for concessions as at year-end was 40 years (2010: 45 years). Ballast Nedam incurred no significant raw material and minerals exploration costs in 2011 for raw materials with unproven technical or commercial extraction potential.

Purchase commitments

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

Research & development expenses

In 2011 expenses of € 16 million were recognized in the income statement for product development and other innovations (2010: € 16 million). No material development expenses were capitalized.

2 Property, plant and equipment

<i>x € 1 million</i>	<i>Land and buildings</i>	<i>Plant and equipment</i>	<i>Other operating assets</i>	<i>Total</i>
Purchase price				
31 December 2009	106	260	37	403
Investments	9	20	3	32
Acquisitions	-	-	-	-
Disposals	(5)	(10)	(1)	(16)
Foreign currency translation differences	3	-	-	3
31 December 2010	113	270	39	422
Investments	10	28	4	42
Acquisitions	4	1	-	5
Disposals	(3)	(9)	(1)	(13)
Sale of subsidiary	(26)	(4)	(6)	(36)
Foreign currency translation differences	1	-	-	1
31 December 2011	99	286	36	421
Depreciation and accumulated impairment				
31 December 2009	39	157	23	219
Impairment	-	1	-	1
Depreciation	4	18	3	25
Disposals	(1)	(7)	-	(8)
Foreign currency translation differences	1	-	-	1
31 December 2010	43	169	26	238
Impairment	-	-	-	-
Depreciation	4	18	3	25
Disposals	-	(7)	(1)	(8)
Sale of subsidiary	(11)	(4)	(3)	(18)
Foreign currency translation differences	-	-	1	1
31 December 2011	36	176	26	238
Carrying amount				
31 December 2010	70	101	13	184
31 December 2011	63	110	10	183

The investments in land and buildings and in equipment and inventories in both 2011 and 2010 were mainly for the Supplies segment. The investments in other operating assets in both 2011 and 2010 were mainly in ICT hardware. The sales of subsidiaries in 2011 were largely the sale of Kicking Horse Mountain Resort in Canada. The disposals in 2011 occurred within the Specialized Companies and Supplies segments (2010: within the Supplies and Other segments).

Purchase commitments

At the end of the reporting period, Ballast Nedam was committed to purchasing property, plant and equipment worth less than € 1 million (2010: less than € 1 million).

Security

Property, plant and equipment with a carrying amount of € 22 million (2010 € 23 million) have been provided as mortgage collateral.

Financial lease

Ballast Nedam leases various items of property, plant and equipment through financial lease contracts. Ballast Nedam has the option to buy the assets at the end of several of the lease contracts. The leased assets serve as security for the lease obligations. At the end of the reporting period, the leased assets were carried at € 10 million (2010: € 11 million).

3 Financial assets

<i>x € 1 million</i>		<i>31 December 2011</i>	<i>31 December 2010</i>
PPP receivables	3.1	29	154
Other fair value investments	3.2	4	6
Other receivables	3.3	-	7
Total		33	167

3.1 PPP receivables

<i>x € 1 million</i>	<i>2011</i>	<i>2010</i>
1 January	170	94
Recognized receivables	27	70
Sales of subsidiaries	(164)	-
Capitalized interest	6	10
Consideration received	(9)	(4)
31 December	30	170
of which:		
Non-current	29	154
Current	1	16

The Public Private Partnership (PPP) receivables are related to the concession fees receivable from public bodies (public authorities) in connection with the rights to sections of the Dutch N31 and A15 motorways.

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

3.2 Other fair value investments

<i>x € 1 million</i>				
<i>Name</i>	<i>Proportion owned</i>	<i>Country</i>	<i>31 December 2011</i>	<i>31 December 2010</i>
CV GEM Vleuterweide	13.4%	The Netherlands	3	5
Other			1	1
Fair value			4	6

The fair value of the interest in the joint venture CV GEM Vleuterweide has been measured on the basis of the present value of the expected cash flows. In 2011 approximately € 2 million (2010: € 2 million) of dividend was received from CV GEM Vleuterweide.

3.3 Other receivables

Other receivables include receivables from third parties falling due more than one year after the end of the reporting period. At year-end 2011 these amounted to nil (2010: € 7 million).

4 Investment in associates

Ballast Nedam has a 20% stake in the Benelux Secondary PPP Fund 1, and various smaller investments in a number of associates. No detailed disclosures are made, owing to the limited size of the individual companies. At the end of the reporting period, Ballast Nedam had provided loans totalling € 3 million (2010: less than € 1 million) to several associates.

5 Deferred taxation

5.1 Deferred tax assets

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

<i>x € 1 million</i>	<i>2011</i>	<i>2010</i>
1 January	38	37
Movement through income statement	-	-
Sale of subsidiary	(5)	
Movement through comprehensive income	2	1
31 December	35	38

In 2011 € 21 million of the carry-forward tax losses were utilized (2010: nil).

The Dutch fiscal unity has approximately € 45 million (2010: approximately € 130 million) of carry-forward losses in the Netherlands, € 43 million of which are recognized. The decrease in the carry-forward tax losses is attributable to the profit for tax purposes on intergroup sales of property, plant and equipment. These sales lead to temporary differences between the accounting carrying amounts and tax base of property, plant and equipment amounting to € 85 million. There is a limitation on the utilization of these tax losses in the Netherlands. The average remaining carry-forward period is 4 years (2010: less than 4 years). The utilization of carry-forward losses depends on future taxable profits.

Deferred tax assets arise from temporary differences between the accounting carrying amounts and tax base of assets and liabilities. The deferred tax asset on temporary differences was € 21 million and is attributable to property, plant and equipment.

In 2011 the deferred tax asset on changes in fair value of derivatives decreased by € 3 million (2010: increased by € 1 million). The deferred taxation of the portion of fair value changes of derivatives where the hedge relationship was effective, was € 3 million (2010: € 5 million).

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

5.2 Deferred tax liabilities

<i>x € 1 million</i>	<i>2011</i>	<i>2010</i>
Intangible assets	2	2
Property, plant and equipment	2	1
1 January	4	3
Movement through comprehensive income	-	-
Movement through income statement	-	1
31 December	4	4

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

5.3 Income tax payable

The income tax payable consists of income tax due outside the fiscal unity, and was € 3 million in 2011 (2010: € 1 million).

6 Inventories

<i>x € 1 million</i>	<i>31 December 2011</i>	<i>31 December 2010</i>
Land positions	154	160
Projects under construction, unsold	13	12
Projects completed, unsold	12	41
Residential building projects	2	3
Finished product	17	16
Raw material & semi-finished goods	17	20
Total	215	252

The accumulated impairment losses for land positions amounted to € 18 million (2010: € 10 million). The adjustment of a number of land positions to lower market value amounted to € 8 million (2010: € 7 million). In 2010 the reversal of impairment losses of a number of land positions to historical cost amounted to € 3 million.

Prepayment on inventories

Prepayment on inventories of € 6 million (2010: € 1 million), related to housing projects on which the value of the work performed was lower than the amount of the instalments invoiced.

7 Work in progress

<i>x € 1 million</i>	<i>31 December 2011</i>	<i>31 December 2010</i>
Work in progress under current assets	78	101
Work in progress under current liabilities	(136)	(128)
Total	(58)	(27)
Project costs including recognized results	941	1 320
Instalments	(999)	(1 347)
Total	(58)	(27)
Instalments received	872	1 235
Outstanding instalments	126	111
Retained from instalments	1	1
Total	999	1 347

The net gain on work in progress consists of all construction contracts on behalf of third parties where the expenses incurred plus the deferred profit, minus the recognized losses, exceed the instalments invoiced. This net gain decreased by € 23 million relative to 2010. The net loss on work in progress consists of all construction contracts on behalf of third parties where the expenses incurred plus the deferred profit, minus the recognized losses, are less than the instalments invoiced. This net loss increased by € 8 million relative to 2010.

The work in progress item has a lifetime predominantly less than 12 months.

8 Receivables

<i>x € 1 million</i>	<i>31 December 2011</i>	<i>31 December 2010</i>
Instalments	150	129
Trade receivables	109	77
PPP receivables	1	16
Prepaid expenses	4	8
Total	264	230

As at 31 December 2011, instalments included an amount of € 1 million (2010: € 1 million) by way of retentions related to construction contracts in progress. Retentions are recognized at present value. The PPP receivables represent the current portion of the Public Private Partnership receivables arising from concession fees receivable from public bodies (public authorities) in connection with PPP projects in the Netherlands.

Aging analysis of instalments and trade receivables

<i>x € 1 million</i>	<i>31 December 2011</i>	<i>31 December 2010</i>
0 - 30 days	183	146
31 - 60 days	45	32
61 - 90 days	10	11
91 - 365 days	13	13
older than 1 year	15	11
	266	213
Impairment on bad debtors	(7)	(7)
Total	259	206

Ballast Nedam employs prepayments, guarantees and collateral on projects under construction in order to limit the credit risk on the above categories of instalments and trade receivables.

The cumulative impairment on bad debtors amounted to € 7 million (2010: € 7 million) and has been deducted from trade receivables. The movements in the provision were as follows.

Impairment on bad debtors

<i>x € 1 million</i>	<i>31 December 2011</i>	<i>31 December 2010</i>
1 January	7	8
Addition	2	1
Reversals	(1)	-
Utilization	(1)	(2)
31 December	7	7

As at the end of the reporting period, there were no known pledges on receivables (2010: ditto).

9 Net cash

<i>x € 1 million</i>	<i>31 December 2011</i>	<i>31 December 2010</i>
Cash and cash equivalents	98	81
Bank overdrafts	(11)	(20)
Total	87	61
Unrestricted cash balances	78	47
Proportionately consolidated	9	14
Total	87	61

Ballast Nedam has credit facilities with three banks for a total of € 60 million. Ballast Nedam made use of these facilities in the course of the year under review. No amounts were drawn under these facilities at year-end (2010: ditto).

10 Other liabilities

<i>x € 1 million</i>	<i>31 December 2011</i>	<i>31 December 2010</i>
VAT, payroll tax and social security costs	34	25
Pension premiums	1	1
Charges relating to work in progress	73	61
Other	68	91
Total	176	178

Other liabilities, in the amount of € 68 million (2010: € 91 million) included liabilities for vacation pay, untaken vacations, accruals, debts to joint venture partners and various other liabilities that cannot be allocated to the other items.

11 Loans

<i>x € 1 million</i>	<i>2011</i>	<i>2010</i>
1 January	292	203
Loans drawn	59	107
Repayments	(50)	(19)
Sales of subsidiaries	(173)	
Net change in current portion	4	1
31 December	132	292
Non-current	121	285
Current	11	7
31 December	132	292
Recourse loans	98	117
Non-recourse loans	34	175
31 December	132	292
Non-current		
Business loan	50	50
Land bank financing	35	33
PPP loans	24	165
Financial leases	8	7
Other loans	4	30
31 December	121	285
Current		
Business loan	-	-
Land bank financing	8	-
PPP loan	1	4
Financial leases	2	2
Other loans	-	1
31 December	11	7

11.1 Loans per bank

<i>x € 1 million</i>	<i>Currency</i>	<i>Maturity date</i>	<i>Interest</i>	<i>Facility</i>	<i>31 December 2011</i>	<i>31 December 2010</i>
Rabobank	EUR	2017	5.40%	50	50	50
FGH Bank	EUR	2015	Euribor 3-month + margin	37	33	34
Triodos Bank	EUR	2017	4.21%	3	3	3
Bank Nederlandse Gemeenten (PPP)	EUR	2021	Euribor 1-month + margin	20	8	79
BNP Paribas (PPP)	EUR	2034	Euribor 1-month + margin	24	4	-
UniCredit Bank (PPP)	EUR	2034	Euribor 1-month + margin	24	4	-
ABN AMRO (PPP)	EUR	2034	Euribor 1-month + margin	24	4	2
Société Générale (PPP)	EUR	2034	Euribor 1-month + margin	24	3	-
NIBC Bank (PPP)	EUR	2034	Euribor 1-month + margin	12	2	-
Other	EUR			32	21	33
ING Bank (PPP)	EUR	2035	Euribor 1-month + margin	-	-	43
Sumitomo Mitsui Banking Corp (PPP)	EUR	2035	Euribor 1-month + margin	-	-	29
NIBC / Bank Nederlandse Gemeenten (PPP)	EUR	2021	Euribor 3-month + margin	-	-	7
Nederlandse Investeringsbank (PPP)	EUR	2035	Euribor 1-month + margin	-	-	6
Europese Investeringsbank (PPP)	EUR	2033	Euribor 1-month + margin	34	-	-
BC Transportation Financing Authority	CAD				-	3
CBT Golden Peaks Development Corp.	CAD				-	3
Total				284	132	292

The above-mentioned loans that provide opportunity of recourse on Ballast Nedam include no financial covenants.

Rabobank

The € 50 million loan was extended in 2012 to 1 April 2017. The loan has a fixed interest rate of 5.4%. As security for the loan, mortgages were taken out on a number of registered properties in use by Ballast Nedam.

FGH Bank

Ballast Nedam has financing facilities of € 37 million with FGH Bank for a number of land positions, which have been placed in a separate company. The land positions concerned were mortgaged as security for the loan at an interest equal to the Euribor rate plus a margin. The loan does not contain any financial covenants. The loan will be (partially) redeemed on the sale of the land positions. At year-end 2011, € 33 million of this facility had been drawn.

FGH Bank also provided financing for various company buildings. At year-end 2011, approximately € 1 million of this amount was still outstanding (2010: € 1 million).

Triodos Bank

Ballast Nedam has had a loan facility with a value of € 2.5 million with Triodos Bank since 2010. The loan was obtained for the purpose of a land position. The land position concerned was mortgaged as security for the loan. The loan is repayment-free for the first two years, and then repaid on an annuity basis in five years. The annual interest rate is fixed throughout the term at 4.21%.

PPP loans

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

11.2 PPP loans per project

<i>x € 1 million</i>	<i>2011</i>	<i>2010</i>
Non-current		
A15	17	6
Waldwei	7	7
Kromhout Kazerne	-	87
IB Groep & Belastingdienst Groningen	-	35
DC16	-	30
31 December	24	165
Current		
Waldwei	1	1
Kromhout Kazerne	-	2
DC16	-	1
31 December	1	4

The loans represent Ballast Nedam's proportional share of project finance for the 'Design, Build, Finance, Maintain, Operate' contracts of the PPP projects. The shares of the companies that are responsible for these projects, and all other receivables and assets of these companies, have been pledged as collateral.

11.3 Financial leases

<i>x € 1 million</i>	<i>2011</i>	<i>2010</i>
Less than 1 year	2	2
1 - 5 years	8	7
More than 5 years	-	-
Future lease instalments	10	9
Future finance expense	-	-
Less than 1 year	2	2
1 - 5 years	8	7
More than 5 years	-	-
Present value of financial leases	10	9

The finance expense attributable to financial leases was less than € 1 million in 2011 (2010: less than € 1 million). The financial leases involve no constraints on financing or dividend policy.

<i>x € 1 million</i>	<i>Long-term illness</i>	<i>Long-service bonuses</i>	<i>Other remuneration</i>	<i>Total employee benefits</i>	
				<i>2011</i>	<i>2010</i>
1 January	1	4	-	5	5
Addition	-	-	-	-	-
Utilization	-	-	-	-	-
31 December	1	4	-	5	5
Of which recognized under current liabilities				-	-
				5	5

Long-term illness and long-service bonuses

The discount rate of the provision for long-term illness and long-service bonuses was 5% (2010: 5%).

Pensions

Pension premiums are paid to various pension funds. Most pension liabilities have been transferred to Stichting Pensioenfonds Ballast Nedam. Ballast Nedam now has only a very small number of defined benefit pension schemes. Some Ballast Nedam pension schemes have defined benefits under which employees' rights are based on the number of years of service and salary level. The obligations under these pension schemes are systematically covered by means of payments into pension funds or to insurance companies. Ballast Nedam has insufficient information on these pension schemes to treat them as defined benefit schemes. These pension schemes have therefore been treated as defined contribution schemes. Ballast Nedam is obliged to pay the prescribed premium for these schemes. Ballast Nedam cannot be compelled to make up any deficits other than through future premium adjustments. Conversely, Ballast Nedam cannot claim any pension fund surpluses. The coverage factor of the industry-wide pension scheme for the building industry (bpfBouw) that is accounted for as a defined benefit pension scheme was estimated at the end of 2011 as 99.8%.

13 Provisions

<i>x € 1 million</i>	<i>Reorganization</i>	<i>Guarantees</i>	<i>Other</i>	<i>Total</i>
31 December 2009	5	13	23	41
Addition	2	8	23	33
Unwinding of discount	-	-	1	1
Reversals	(1)	(2)	(1)	(4)
Utilization	(3)	(5)	(4)	(12)
31 December 2010	3	14	42	59
Addition	7	6	6	19
Unwinding of discount	-	-	-	-
Reversals	-	(7)	(6)	(13)
Utilization	(3)	(6)	(12)	(21)
31 December 2011	7	7	30	44
<i>current (< 1 year)</i>				
31 December 2010	3	7	36	46
31 December 2011	7	5	27	39

A large part of the utilization from the reorganization provision were payments for severance arrangements and the settlement of a rental guarantee. The additions were related to capacity adjustments to a prefabricated concrete plant and the Infrastructure segment regional companies.

Guarantee liabilities relates to work which has been delivered. Of the addition to the provision, € 6 million (2010: € 8 million) was charged to income. Provisions no longer needed, in the amount of € 7 million (2010: € 2 million), were released to income and € 6 million (2010: € 5 million) was utilized to settle warranty claims received.

Other provisions include € 16 million (2010: € 19 million) for the consequences of infringements of competition rules prior to the end of 2001. The remaining amounts of the provisions and additions related to other claims against Ballast Nedam. The release of € 6 million (2010: € 1 million) included the old fine imposed by the UK Office of Fair Trading, which was reduced substantially on appeal. and several now unneeded provisions for possible claims. The release of € 12 million (2010 € 4 million) consisted of withdrawals for the settlement of claims.

The finance expense related to unwinding of discount on long-term provisions is shown in the income statement. Provisions are stated with compound interest only if a reasonable estimate can be made of the release date of the funds. The interest rate applied is 5% (2010: 5%). In 2011 the unwinding of discount amounted to less than € 1 million (2010: € 1 million).

14 Shareholders' equity

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

The total number of repurchased shares at year-end 2011 was 332,500 (2010: 300,000) and is stated at acquisition price. 32,500 of the company's own shares were repurchased in 2011 (2010: 1918) and no repurchased shares were sold (2010: none). Ballast Nedam's policy is to avoid potential dilution through option rights granted by buying back a proportional number of its own shares.

Share capital

	2011	2010
Shares in issue at 1 January	9 700 000	9 701 918
Shares issued	-	-
Net change in repurchased shares	(32 500)	(1 918)
Shares in issue at 31 December	9 667 500	9 700 000

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

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

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

The dividend distributed for 2010 was charged to Other Reserves. The Board of Management, with the approval of the Supervisory Board, proposes to distribute a dividend of € 0.47 per ordinary share in issue (2010: € 0.36) up to a maximum of € 4.5 million (2010: € 3.5 million). No entry has yet been made for the dividend proposal, which has no consequences for the company's tax position.

Share-based transactions, the option scheme, related to the addition to the other reserves because of the employee benefits recognized in respect of options granted. The movement in equity in 2011 was € 426 000 (2010: € 12 000).

Net investment in PPPs

<i>x € 1 million</i>	<i>Total</i>	<i>Non-current</i>	<i>Current</i>
2010			
PPP receivables	170	154	16
Non-recourse PPP loans	(169)	(165)	(4)
Subtotal	1	(11)	12
Balance of other assets and liabilities	(15)	(22)	7
Total 31 December 2010	(14)	(33)	19
<i>x € 1 million</i>	<i>Total</i>	<i>Non-current</i>	<i>Current</i>
2011			
PPP receivables	30	29	1
Non-recourse PPP loans	(25)	(24)	(1)
Subtotal	5	5	-
Balance of other assets and liabilities	(10)	(7)	(3)
Total 31 December 2011	(5)	(2)	(3)

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

Alongside its 20% stake in the Benelux Secondary PPP Fund 1, Ballast Nedam is involved in the following PPP projects.

Waldwei

This project provides availability of the N31 motorway in the Netherlands, which opened in 2008. The remaining term of the concession is 10 years. Ballast Nedam has a 33% interest.

A15

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

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

Capital contributions

The accumulated capital contributions at year-end 2011 were nil (2010: € 9 million). At the end of the reporting period, Ballast Nedam had unconditional capital contribution commitments of € 13 million (2010: € 18 million) to PPPs.

9.9. Notes to the consolidated income statement

16 Total revenue

<i>x € 1 million</i>	<i>2011</i>	<i>2010</i>
Sale of goods	289	245
Services	69	66
Construction contract revenue	1 024	1 047
Other	-	1
Total	1 382	1 359

17.1 Other operating income

The other operating income of € 6 million consists of the gain on the sale of three PPP projects to the Benelux Secondary PPP Fund 1 and on the sale of non-current assets. In 2010 the other operating income related to insurance benefits for property, plant and equipment, gains on the sale of property, plant and equipment and the settlement of insurance claims.

17.2 Costs of raw materials and subcontractors

The costs of raw materials and subcontractors comprised an expense of € 8 million because of the adjustment of a number of land positions to lower market value.

17.3 Personnel expenses

<i>x € 1 million</i>	<i>2011</i>	<i>2010</i>
Wages and salaries	226	227
Social security costs	27	28
Pension charges	25	23
Total	278	278
Pension charges, defined benefit plan	25	23
Pension charges	25	23

18 Finance income and expense

<i>x € 1 million</i>	<i>2011</i>	<i>2010</i>
Interest on bank deposits	-	-
Interest on hedging instruments	-	-
Capitalized interest on PPP receivables	6	10
Capitalized interest on other assets	-	-
Finance income	6	10
Unwind of discount on provisions	-	(1)
Interest charge on hedging instruments	(4)	(5)
Interest expenses	(9)	(11)
Finance expense	(13)	(17)

Results arising from fair value adjustments of forward exchange contracts are recognized as a part of the natural hedge on the currency results of the project concerned.

19 Income tax expense

The income tax expense for the year amounts to € 3 million (2010: € 4 million), which fell entirely outside the fiscal unity. The Dutch fiscal unity has approximately € 45 million (2010: € 130 million) of carry-forward tax losses in the Netherlands.

No additional carry-forward losses were recognized in 2011 (2010: nil). Losses incurred outside the fiscal unity amounting to € 9 million (2010: € 6 million) related mainly to foreign activities that have not been recognized.

Reconciliation with the effective tax rate

<i>x € 1 million</i>	<i>2011</i>	<i>2010</i>
Profit before income tax	12	11
Nominal taxes (25%)	25.0% 3	25.5% 3
Additional tax-deductible losses		
Deferred results not included in the fiscal unity	20.0% 2	12.8% 1
Effect of change in tax rate	- -	(4.1) -
Effect of tax rates of foreign jurisdictions	(1.3%) -	- -
Tax-exempt results	(16.2%) (2)	
Under/(over) provided in earlier years		
Non-deductible expenses	- -	3.8 % -
Effective liability	27.5% 3	37.9% 4

Income tax due recognized in income statement

<i>x € 1 million</i>	<i>2011</i>	<i>2010</i>
Current taxation		
Taxation outside the fiscal unity	3	3
Under/(over) provided in earlier years	-	-
	3	3
Deferred taxation		
Utilization of carry-forward losses	(21)	-
Recognized temporary differences	21	-
Capitalized unused tax losses	-	-
Movement in provision for deferred taxation	-	1
	-	1
Total income tax	3	4

Deferred taxes recognized directly in comprehensive income

<i>x € 1 million</i>	<i>2011</i>	<i>2010</i>
Derivatives as part of net change in hedging reserve	2	1
Total	2	1

20

Earnings per share

	<i>2011</i>	<i>2010</i>
Shares Issued at 1 January	10 000 000	10 000 000
Issued this year	-	-
Repurchased own shares	(332 500)	(300 000)
Shares in issue at 31 December	9 667 500	9 700 000
Maximum shares issued on options	-	-
Number of shares diluted	9 667 500	9 700 000
Average number of issued shares	9 683 750	9 700 959
Average number of issued shares (diluted)	9 688 058	9 700 959
Profit for the period	9	7
Basic earnings per share (€)	0.93	0.73
Netto resultaat per aandeel (verwaterd) in €	0.93	0.73

Based on the average share price the option scheme did not lead to dilution of the earnings per share in 2011.

Financial risks and risk management

General

Ballast Nedam makes use of financial instruments, including derivatives, in its normal business operations. These are financial instruments entered into in order to hedge future transactions and cash flows and are recognized in the statement of financial position. Ballast Nedam does not hold these financial instruments for trading purposes.

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

Cash management

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

Interest risk

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

Market risk

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

Foreign currency translation risk

Ballast Nedam is exposed to foreign currency translation risk on revenue, project operating costs, loans and investments in associates, held in currencies other than the group's functional currency. Most transactions of this kind are in USD. Forward exchange contracts with top class banks are contracted to hedge the transaction risk on cash flows generated by ordinary business activities. At year-end 2011, Ballast Nedam had no outstanding forward exchange contracts that have been recognized at fair value in the statement of financial position.

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

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

Foreign currency translation risk

<i>x € 1 million</i>	<i>31 December 2011</i>		<i>31 December 2010</i>	
	USD	CAD	USD	CAD
Receivables	1	-	2	2
Loans	-	-	-	(9)
Bank overdrafts	-	-	-	-
Trade payables	(1)	-	(1)	(1)
Other liabilities	-	-	-	(2)
Foreign currency translation risk on balance sheet items	-	-	1	(10)
Expected sales	32	-	24	10
Expected purchases	(21)	-	(20)	12
Future foreign currency translation risks	11	-	4	(2)
Hedging on foreign exchange contracts	-	-	-	-
Net foreign currency translation risk	11	-	5	(12)

<i>EUR / foreign currency</i>	<i>2011 Average exchange rate</i>	<i>Exchange rate at 31/12</i>	<i>2010 Average exchange rate</i>	<i>Exchange rate at 31/12</i>
Exchange rates				
USD	1.390	1.290	1.330	1.340
CAD	1.380	1.320	1.370	1.320

Sensitivity to foreign currency translation risk

A 10% increase in the exchange rate of the euro against the USD and CAD would affect the shareholders' equity and income statement as follows. It is assumed here that all other variables, including interest rates, remain unchanged.

Sensitivity to foreign currency translation risk

<i>x € 1 million</i>	<i>Shareholders' equity</i>	<i>Profit for the period</i>
31 December 2010		
USD	-	-
CAD	(5)	1
31 December 2011		
USD	-	(1)
CAD	-	-

Interest risk

The interest risk is limited to potential movements in the market value of the loans taken up and issued, and of positive cash balances. The positive cash positions fluctuate throughout the year, but no impact of these fluctuations is included in the income statement from the sensitivity analysis. Loans are maintained until the maturity date.

Interest-bearing financial instruments

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

Interest-bearing financial instruments

<i>x € 1 million</i>	<i>31 December 2011</i>	<i>31 December 2010</i>
PPP receivables	30	170
Loans Rabobank	(50)	(50)
Other loans	(11)	(7)
Fixed interest	(31)	113
Cash and cash equivalents	98	81
Bank overdrafts	(11)	(20)
Loans	(71)	(235)
Variable interest	16	(174)
Effect of changes in variable interest on the income statement:		
interest rate rise of 100 basis points	-	(2)
interest rate fall of 100 basis points	-	2

The interest risk on the variable interest rate PPP project loans is hedged by means of interest rate swaps. Interest rate swaps expire in accordance with the due date of the hedged loans concerned. The swap rates range from 2.3% to 5.1%. A rise or fall of 50 basis points in the derivative future variable interest rate would lead to a positive or negative adjustment of the fair value of the interest rate swaps, respectively, of approximately € 3 million. If hedge accounting is applied, the movement in values of the interest rate swaps for the effective portion of the hedging transaction is recognized in comprehensive income.

Credit risk

Ballast Nedam actively pursues a policy designed to minimize credit risks. Credit risks consist of the risk that other parties will be unable to meet contractual obligations relating to a financial instrument. Creditworthiness assessments are performed for all other clients requiring credit. Ballast Nedam employs prepayments, guarantees and collateral on projects under construction in order to limit the credit risk on instalments and trade receivables. At year-end 2011, there was no concentration of credit risks of any substantial amount in trade receivables.

<i>x € 1 million</i>	<i>31 December 2011</i>	<i>31 December 2010</i>
PPP receivables	29	154
Other fair value investments	4	6
Other receivables	-	7
Receivables	264	230
Cash and cash equivalents	98	81
Total	395	478

Liquidity risk

The liquidity risk is the risk that Ballast Nedam will be unable to meet its financial obligations by the due dates. Ballast Nedam manages this risk by preparing regular cash flow forecasts and using the credit facilities that the company has available.

Liquidity risk liabilities

<i>x € 1 million</i>	<i>Carrying amount</i>	<i>Contractual cash flows</i>	<i>< 1 year</i>	<i>1 - 5 year</i>	<i>> 5 year</i>
Loans	292	(458)	(39)	(164)	(255)
Bank overdrafts	20	(23)	(1)	(19)	(3)
Trade payables	217	(217)	(217)		
Income tax expense	1	(1)	(1)		
Work in progress under current liabilities	128	(128)	(128)		
Prepayments on inventories	1	(1)	(1)		
Other liabilities	178	(178)	(178)		
Derivatives	18	(22)	(6)	(11)	(5)
Liquidity risk liabilities at 31 December 2010	855	(1 028)	(571)	(194)	(263)

<i>x € 1 million</i>	<i>Carrying amount</i>	<i>Contractual cash flows</i>	<i>< 1 year</i>	<i>1 - 5 year</i>	<i>> 5 year</i>
Loans	132	(166)	(17)	(87)	(62)
Bank overdrafts	11	(12)	(10)	(2)	-
Trade payables	243	(243)	(243)		
Income tax expense	3	(3)	(3)		
Work in progress under current liabilities	136	(136)	(136)		
Prepayments on inventories	6	(6)	(6)		
Other liabilities	176	(176)	(176)		
Derivatives	10	(11)	(1)	(7)	(3)
Liquidity risk liabilities at 31 December 2011	717	(753)	(592)	(96)	(65)

Ballast Nedam holds derivatives in order to hedge exposure to cash flow risks. Derivatives held for hedging the cash flow risk on variable interest rate PPP loans were obtained from the same financial institutions as the underlying loans. The table below shows the periods in which cash flows that are related to these derivatives are expected to occur.

Cash flow hedges

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

<i>x € 1 million</i>	<i>Carrying amount</i>	<i>Contractual cash flows</i>	<i>< 1 year</i>	<i>1 - 5 year</i>	<i>> 5 year</i>
Forward exchange contracts					
Market risk instruments	-	-	-	-	-
Interest rate swaps	(10)	(11)	(1)	(7)	(3)
Cash flow hedges					
31 December 2011	(10)	(11)	(1)	(7)	(3)

For derivative financial instruments that qualify for hedge accounting, the movement in the fair value of € 6 million (2010: € 3 million) is recognized in shareholders' equity, taking account of deferred taxes of € 2 million (2010: € 1 million).

Fair value

At year-end 2011, Ballast Nedam had a number of derivatives that are measured at fair value. The carrying amount of cash, receivables, current loans and other current liabilities approximates the fair value in view of the short life of these instruments.

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

Valuation methods

The table below shows the valuation methods used for financial instruments that are recognized at fair value. The levels are defined as follows. Level 1 refers to (unadjusted) market prices in active markets for identical assets or liabilities. Level 2 involves assets measured on the basis of prices or price derivatives that do not meet the definition for Level 1. The assets shown under Level 3 are measured on the basis of cash flow models.

<i>x € 1 million</i>	<i>31 December 2011</i>			<i>31 December 2010</i>		
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
Other investments			4			6
Derivatives		(10)			(18)	
Total		(10)	4		(18)	6

There were no transfers in 2011 from Level 1 to Level 2 or Level 3 or vice versa (2010: no transfer). Impairment of the other fair value investments is recognized in the income statement.

Capital management

Ballast Nedam's policy is aimed at maximizing the value of the business. This is achieved primarily by selecting and implementing promising projects. Ballast Nedam has not set itself any targets for the composition of the capital structure. Ballast Nedam has no financial covenants in loan conditions. Ballast Nedam's policy is to avoid potential dilution through option rights granted by repurchasing a proportional number of its own shares. No changes were made to Ballast Nedam's capital management policy in the past year. The company and its subsidiaries are not subject to external capital requirements.

Off-balance sheet commitments

Guarantees

<i>x € 1 million</i>	<i>31 December 2011</i>	<i>31 December 2010</i>
Guarantees	260	258
Total	260	258

Declarations of intent and guarantees issued on Ballast Nedam's behalf by financial institutions in connection with the execution of projects and for prepayments received are included in 'Guarantees'.

<i>x € 1 million</i>	<i>31 December 2011</i>			<i>31 December 2010</i>		
	<i>< 1 year</i>	<i>1 - 5 year</i>	<i>> 5 year</i>	<i>< 1 year</i>	<i>1 - 5 year</i>	<i>> 5 year</i>
Lease commitments						
Other operating assets	9	25	1	12	29	-
Rental commitments						
Offices	8	26	1	11	42	4
Purchase commitments						
Land purchases	6	18	-	6	24	-
Other	-	4	-	-	-	-
Capital contributions						
PPPs	-	13	-	5	13	-
Total	23	86	2	34	108	4

Ballast Nedam has provisional obligations relating to the acquisition of land and subsequent payments on land positions amounting to € 159 million (2010: € 205 million). It is not yet certain that Ballast Nedam will make these acquisitions or subsequent payments.

Operating lease costs in 2011 amounted to € 15 million (2010: € 18 million).

Liabilities

Subsidiaries hold joint and several liability for projects executed by limited partnerships. Some subsidiaries are joint and severally liable for obligations to a number of banks. On the basis of credit and guarantee facilities, there is an obligation to refrain from issuing any collateral. Subsidiaries are joint and severally liable in respect of the Ballast Nedam fiscal unities for Dutch corporate income tax and value added tax of which they are members.

Other

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

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

Related party transactions

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

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

Ballast Nedam buys and sells goods and services from and to various related parties in which Ballast Nedam holds an interest of 50% or less. These transactions are conducted on commercial terms similar to those for transactions with third parties.

Interests in joint ventures

Joint ventures, consisting primarily of construction or development consortia, are consolidated on a proportional basis. For a list of the main joint ventures, we refer to the organization chart on pages 202 and 203. Ballast Nedam has recognized the following interests in joint ventures in the consolidated statement of financial position.

Interests in joint ventures

<i>x € 1 million</i>	<i>31 December 2011</i>	<i>31 December 2010</i>
Non-current assets	59	178
Current assets	99	105
Non-current liabilities	(45)	(200)
Current liabilities	(145)	(75)
Balance of assets and liabilities	(32)	8

The proportionately consolidated revenue and the cost of sales amounted to about 21% (2010: 27%) of total revenue and cost of sales. The total liabilities to third parties of companies for which Ballast Nedam holds joint and several liability, such as limited partnerships, excluding bank guarantees issued by those companies, amounted to € 690 million at year-end 2011 (2010: € 1 118 million), of which Ballast Nedam's share of € 190 million (2010: € 275 million) is recognized in the consolidated statement of financial position. The financial statements consist largely of subsidiaries and joint ventures.

Board of Management and Supervisory Board

<i>x € 1 thousand</i>	<i>Gross salary</i>	<i>Bonus</i>	<i>2011 Pension charges & social security costs</i>	<i>Reimbursement</i>	<i>Gross salary</i>	<i>Bonus</i>	<i>2010 Pension charges & social security costs</i>	<i>Reimbursement</i>
Board of Management								
T.A.C.M. Bruijninx	486	162	149	5	481	162	147	5
R. Malizia	382	134	87	5	353	119	93	5
P. van Zwieten 1)	208	119	27	3	-	-	-	-
R.L.M. Jacobs 2)	-	-	-	-	319	-	93	3
	1 076	415	263	13	1 153	281	333	13
Supervisory Board								
A.N.A.M. Smits	45			2	45			2
R.M.M. Boelen	35			2	35			2
J.C. Huis in 't Veld	35			2	35			2
J. Bout 3)	18			1	-	-	-	-
M.H. Schultz van Haegen 4)	-			-	23			2
	133			7	138			8
Total	1 209	415	263	20	1 291	281	333	21

1) as of 19 May 2011

2) until 21 August 2010

3) as of 19 May 2011

4) until 13 October 2010

The bonuses of the directors relate to the years in which the expense was recognized. Members of the Board of Management are entitled to the use of a company car. The remuneration of the supervisory directors is proportionate to their term of office in the Supervisory Board. No loans were issued to managing directors or supervisory directors.

Option scheme

Year granted	2011	2010	2009	2008
Value in €	480 900	473 250	619 000	891 000
Number	70 000	75 000	100 000	100 000
Exercise price in €	15.29	13.43	11.60	25.11
Grant date	11/03/2011	12-03-2010	13-03-2009	14-03-2008
Share price at grant date in €	15.88	14.10	13.00	24.40
Exercise period from	11/03/2014	12/03/2013	13/03/2012	14/03/2011
to	10/03/2017	11/03/2016	12/03/2015	13/03/2014
Volatility	5-years 36%	4-years 37%	3-years 38%	2-years 30%
Risk-free interest rate	4%	4%	4%	4%
Conditions	employed when exercising	employed when exercising	employed when exercising	employed when exercising
Minimum holding	5%	5%	5%	5%

The Supervisory Board awards options to members of the Board of Management in accordance with the option scheme that was approved at the Extraordinary General Meeting of Shareholders on 26 October 2006. The purposes of the scheme are to allow managing directors to be granted options as an instrument for long-term loyalty and to ensure that the interests of individual managing directors mirror those of the shareholders. Options are therefore granted on condition that the managing directors themselves hold depositary receipts for shares.

Depositary receipts for shares and granted options

	<i>Depositary receipts for shares</i>		<i>Options granted in year</i>	
	<i>31 December 2011</i>	<i>31 December 2010</i>	<i>2011</i>	<i>2010</i>
T.A.C.M. Bruijninx	17 000	12 000	40 000	30 000
R. Malizia	20 157	11 602	30 000	22 500
P. van Zwieten	5 282			
R.L.M. Jacobs				22 500
Number	42 439	23 602	70 000	75 000

Costs of option scheme

<i>x € 1 thousand</i>	<i>2011</i>	<i>2010</i>
T.A.C.M. Bruijninx	243	278
R. Malizia	183	208
R.L.M. Jacobs 1)		(474)
Total	426	12

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

Accounting estimates and judgements

In preparing the financial statements, the management of Ballast Nedam has made estimates and judgements that affect the amounts recognized for assets, liabilities, revenue, costs and the related notes on conditional and off-balance sheet commitments. Estimates and judgements are evaluated on a regular basis.

Project results

The valuation of work in progress is based on forecasts of the final project results. The ultimate outcome may differ from these forecasts.

Goodwill

The recoverable amount is measured using future cash flow forecasts. The budgets of the cash generating units are used to estimate future cash flows for the next 3 years. The assumptions of these budgets are partly based on historical profits and external information sources. Cash flows after 3 years are extrapolated with expected growth rates

Recognition of deferred income tax assets

At the close of the financial year, Ballast Nedam makes an assessment of the income tax position of all fiscal entities. This involves estimating the actual short-term tax charges and income, and the temporary differences between the accounting carrying amounts and tax base of assets and liabilities. A decision is taken at the end of the reporting period as to whether unused tax losses and deferred tax assets due to temporary differences may be recognized. Ballast Nedam recognizes the portion of deferred tax assets that will probably be realized. If the actual anticipated taxable profits differ from the estimates, and depending on the tax strategies that Ballast Nedam may implement, taxable losses that have been recognized may not be realized, thus affecting the financial position and results of Ballast Nedam.

Provisions

Provisions relating to legal or constructive obligations are based on estimates and judgements as to whether the criteria for treatment as a provision have been met, including an estimate of the size of the obligation. Legal or constructive obligations are disclosed if it is likely that an obligation will arise and its size can be reasonably estimated. Provisions for warranties are recognized for the expected expenses necessary to resolve complaints. If the actual outcome differs from the assumptions as to anticipated costs, the estimated provisions will be revised, and this could have an effect on the financial position and results of Ballast Nedam.

Events after the reporting period

On 17 February 2012 Ballast Nedam reached agreement with Ursem Bouwgroep about the joint continuation of the production of modular building systems. Ballast Nedam Building & Development intends to finish the approximately ten projects in progress.

9.10. Company statement of financial position (before appropriation of profit)

x € 1 million	Note	31 December 2011	31 December 2010
Financial assets			
Subsidiaries	21	328	287
Long-term receivables from subsidiaries		21	38
Deferred tax assets	22	32	32
		381	357
Current assets			
Receivables		1	-
Receivables from subsidiaries		43	21
Cash and cash equivalents		1	1
		45	22
Current liabilities			
Trade payables		(2)	(1)
Other liabilities		(18)	(10)
Debts to subsidiaries		(213)	(181)
		(233)	(192)
Current assets minus current liabilities		(188)	(170)
		193	187
Non-current liabilities			
Provisions	23	22	26
		22	26
Shareholders' equity			
Issued share capital	24	60	60
Share premium		52	52
Repurchased own shares		(5)	(5)
Currency translation reserve		-	(1)
Associates reserve		41	41
Hedging reserve		(9)	(13)
Other reserves		23	20
Profit financial year		9	7
Shareholders' equity		171	161
		193	187

See notes to the company financial statements on pp 176 - 180.

9.11. Company income statement

x € 1 million	2011	2010
Profit of subsidiaries after taxation	36	19
Other results after taxation	(27)	(12)
Profit for the period	9	7

The profit from subsidiaries after taxation represents Ballast Nedam's share of the profit after taxation of its subsidiaries. The Other results after taxes decreased relative to 2010 because of the combination of the supporting services in the holding company in 2011.

9.12. Notes to the company financial statements

Significant accounting policies

The company financial statements of Ballast Nedam N.V. form part of the 2011 consolidated financial statements of Ballast Nedam N.V. and have been prepared in accordance with the option provided in Book 2, Section 362(8) of the Dutch Civil Code. The same accounting policies were used in preparing these company financial statements as were used for the consolidated financial statements. The valuation of assets and liabilities, the translation of foreign currencies and the determination of the profit for the period are in accordance with the accounting policies as set out on pages 132 to 142 of the consolidated financial statements. Group companies are included in the company financial statements in accordance with the equity method. If Ballast Nedam's share in the losses exceeds the value of the interest in an associate, the carrying amount of the investment is written down to nil in Ballast Nedam N.V.'s statement of financial position and only the portion of any further losses for which Ballast Nedam N.V. has a legal or constructive obligation will be recognized.

21 Subsidiaries

<i>x € 1 million</i>	<i>Interests in subsidiaries</i>	<i>Non-current receivables from subsidiaries</i>	<i>Total</i>
31 December 2009	108	198	306
Profit for the period	19	-	19
Investments	-	11	11
Disposals	-	(4)	(4)
Acquisition of non-controlling interest	(3)	-	(3)
Dividend received	-	-	-
Net change in hedging reserve	(3)	-	(3)
Foreign currency translation differences	(1)	-	(1)
31 December 2010	120	205	325
Profit for the period	36	-	36
Investments	-	2	2
Disposals	-	(19)	(19)
Acquisition of non-controlling interest	-	-	-
Dividend received	-	-	-
Net change in hedging reserve	4	-	4
Foreign currency translation differences	1	-	1
31 December 2011	161	188	349
Reclassification of negative shareholders' equity	167	(167)	-
Total	328	21	349
Carrying amount as at 31 December 2010	287	38	325
Carrying amount as at 31 December 2011	328	21	349

The interests in subsidiaries are direct interests, of which the main ones are shown in the organization chart, pp. 202 and 203. Some subsidiaries had negative shareholders' equity totalling € 167 million (2010: € 167 million). This negative shareholders' equity

was deducted from the intercompany loan issued to these subsidiaries for a total of € 167 million.

The non-current receivables from group companies have a permanent character.

A list of interests as referred to in Book 2, Section 379 of the Dutch Civil Code has been filed with the Commercial Register in Utrecht. The Annual Report has a list of the significant group companies and interests.

22 Deferred tax asset

<i>x € 1 million</i>	<i>2011</i>	<i>2010</i>
1 January	32	32
Movement through equity	-	-
Movement through income statement	-	-
31 December	32	32

In 2011 € 21 million of the carry-forward tax losses were utilized (2010: nil).

The Dutch fiscal unity has approximately € 45 million (2010: approximately € 130 million) of carry-forward losses in the Netherlands, € 43 million of which are recognized. The decrease in the carry-forward tax losses is attributable to the profit for tax purposes on intergroup sales of property, plant and equipment. These sales lead to temporary differences between the accounting carrying amounts and tax base of property, plant and equipment amounting to € 85 million. There is a limitation on the utilization of these tax losses in the Netherlands. The average remaining carry-forward period is 4 years (2010: less than 4 years). The utilization of carry-forward losses depends on future taxable profits.

Deferred tax assets arise from temporary differences between the accounting carrying amounts and tax base of assets and liabilities. The deferred tax asset on temporary differences was € 21 million and is attributable to property, plant and equipment.

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

<i>x € 1 million</i>	<i>Reorganization</i>	<i>Other</i>	<i>Total</i>
31 December 2009	2	16	18
Addition	-	9	9
Unwinding of discount	-	-	-
Reversals	-	-	-
Utilization	(1)	-	(1)
31 December 2010	1	25	26
Addition	-	3	5
Unwinding of discount	-	-	-
Reversals	-	(6)	(6)
Utilization	-	(1)	(3)
31 December 2011	1	21	22
Current (< 1 year)			
31 December 2010	1	25	26
31 December 2011	1	21	22

Other provisions include € 16 million (2010: € 19 million) for the consequences of infringements of competition rules prior to the end of 2001. The remaining amounts of the provisions and additions related to other claims against Ballast Nedam. The release of € 6 million (2010: nil) included the old fine imposed by the UK Office of Fair Trading, which was reduced substantially on appeal. and several now unneeded provisions for possible claims.

<i>x € 1 million</i>	<i>Issued share capital</i>	<i>Share premium</i>	<i>Repurchased own shares</i>	<i>Currency translation reserves</i>	<i>Associates reserve</i>	<i>Hedging reserve</i>	<i>Other reserves</i>	<i>Profit for the period</i>	<i>Equity attributable to owners of the company</i>	<i>Non- controlling interest</i>	<i>Total share- holders' equity</i>
31 December 2009	60	52	(5)	(2)	17	(10)	44	6	162	-	162
Profit for the period								7	7		7
Foreign currency translation differences				1					1		1
Effective portion of changes in fair value of hedging instruments						(7)			(7)		(7)
Net change in fair value of hedging instruments, transferred to income statement						4			4		4
Comprehensive income				1		(3)		7	5		5
Dividend paid							(3)		(3)		(3)
Option scheme							-		-		-
Repurchased own shares			-						-		-
Transactions with shareholders			-				(3)		(3)		(3)
Appropriation of 2009 profit							6	(6)			
Other					24		(27)		(3)	-	(3)
31 December 2010	60	52	(5)	(1)	41	(13)	20	7	161	-	161
Profit for the period								9	9		9
Foreign currency translation differences				1					1		1
Effective portion of changes in fair value of hedging instruments						(10)			(10)		(10)
Effective portion of changes in fair value of hedging instruments associates						(3)			(3)		(3)
Net change in fair value of hedging instruments, transferred to income statement						16			16		16
Net change in fair value of hedging instruments associates, transferred to income statement						1			1		1
Comprehensive income				1		4		9	14		14
Dividend paid							(4)		(4)		(4)
Option scheme							-		-		-
Repurchased own shares			-						-		-
Transactions with shareholders			-				(4)		(4)		(4)
Appropriation of 2010 profit							7	(7)			
Other					-		-		-	-	-
31 December 2011	60	52	(5)	-	41	(9)	23	9	171	-	171

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

The total number of repurchased shares at year-end 2011 was 332,500 (2010: 300,000) and is stated at acquisition price. 32,500 of the company's own shares were repurchased in 2011 (2010: 1,918). Ballast Nedam's policy is to avoid potential dilution through option rights granted by buying back a proportional number of its own shares.

The legal reserves comprise the currency translation reserve, the reserves of the associates and the hedging reserve.

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

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

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

The dividend distributed for 2010 was charged to Other Reserves. The Board of Management, with the approval of the Supervisory Board, proposes to distribute a dividend of € 0.47 per ordinary share in issue (2010: € 0.36) up to a maximum of € 4.5 million (2010: € 3.5 million). No entry has yet been made for the dividend proposal, which has no consequences for the company's tax position.

Share-based transactions, the option scheme, related to the addition to the other reserves because of the employee benefits recognized in respect of options granted. The movement in equity in 2011 was € 426 000 (2010: € 12 000).

Off-balance sheet commitments

Garanties

<i>x € 1 million</i>	<i>31 December 2011</i>	<i>31 December 2010</i>
Guarantees	260	258
Total	260	258

Rental commitments

<i>x € 1 million</i>	<i>31 December 2011</i>			<i>31 December 2010</i>		
	<i>< 1 year</i>	<i>1 - 5 year</i>	<i>> 5 year</i>	<i>< 1 year</i>	<i>1 - 5 year</i>	<i>> 5 year</i>
Rental commitments						
Offices	4	13	-	4	16	-
Total	4	13	-	4	16	-

Ballast Nedam N.V. has filed a declaration of joint and several liability as referred to in Book 2, Section 403 paragraph 1(f) of the Dutch Civil Code with the office of the Commercial Register of the Chamber of Commerce in favour of Ballast Nedam ICT B.V. and Ballast Nedam Beheer B.V.. Ballast Nedam N.V. is thereby liable for the obligations of Ballast Nedam ICT B.V. and Ballast Nedam Beheer B.V. to a maximum of € 27 million.

In connection with credit and guarantee facilities, Ballast Nedam N.V. has given undertakings not to furnish any security.

Ballast Nedam N.V. has issued guarantees for a number of subsidiaries' contracts, totalling less than € 3 billion (2010: less than € 3 billion). This often involves the entire contract sum for long-term projects.

Together with the subsidiaries that form the fiscal unity, Ballast Nedam N.V. bears joint and several liability for corporate income tax and value added tax in the Netherlands.

Audit fee

The following fees of KPMG Accountants N.V. were charged to the company, its subsidiaries and other companies in the consolidation, as set down in Book 2, Section 382a of the Dutch Civil Code. The audit fee for the 2011 financial statements was € 0.6 million (2010: € 0.6 million). The fee for engagements related to the audit was € 0.4 million (2010: € 0.3 million). KPMG Meijburg also charged € 0.4 million (2010: € 0.4 million) for tax-related services.

Employees

At year-end 2011, Ballast Nedam N.V. had 48 employees (2010: 38).

Managing directors and supervisory directors

For notes on the remuneration of supervisory directors and members of the Board of Management, see the section on transactions with associates in the notes to the consolidated financial statements.

Signature

The supervisory directors signed the financial statements in accordance with their legal obligation pursuant to Book 2, Section 101 paragraph 2 of the Dutch Civil Code and the managing directors signed the financial statements in accordance with their legal obligation pursuant to Book 2, Section 101 paragraph 2 of the Dutch Civil Code and Article 5:25c paragraph 2c of the Financial Supervision Act (Wft), pp 59.

Nieuwegein, 8 March 2012

Board of Management,
T.A.C.M. Bruijninx
R. Malizia
P. van Zwieten

Supervisory Board,
A.N.A.M. Smits
J.C. Huis in 't Veld
R.M.M. Boelen
J. Bout

Fly-over, Haarlem





10. Other information

10.1. Independent auditor's report

To: The General Meeting of Shareholders of Ballast Nedam N.V.

Report on the financial statements

We have audited the accompanying financial statements 2011 of Ballast Nedam N.V., Nieuwegein as set out on pages 128 to 181 of this report. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year 2011, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company statement of financial position as at 31 December 2011, the company income statement for the year 2011 and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the Report of the Management Board in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Ballast Nedam N.V. as at 31 December 2011, and of its result and its cash flows for the year 2011 in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Ballast Nedam N.V as at 31 December 2011, and of its result for the year 2011 in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with part 9 of Book 2 of this Code, and if the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Rotterdam, 8 March 2012

KPMG ACCOUNTANTS N.V.
M. Blöte RA

Ecoducts, A2 Maastricht



10.2. Definitions

Assets

Assets are defined to encompass non-current and current assets.

DBFMO: Design-Build-Finance-Maintain-Operate

A contract form in which a market party or a consortium of market parties takes responsibility not only for financing, designing and constructing a building, but also for maintaining the building and supplying all or some of the technical services for a given period (e.g. 25 or 30 years).

EBITDA: Earnings before Interest, Taxation, Depreciation and Amortization.

EBITA: Earnings before Interest, Taxation and Amortization.

EBIT: Earnings before Interest and Taxation.

Financial assets

PPP receivables plus other investments and other receivables (long term).

GRI: Global Reporting Initiative

International guidelines for organizations on how to report on sustainability.

IFRS: International Financial Reporting Standards

With effect from 1 January 2005 all publicly listed companies in the European Union are required to draw up their consolidated accounts in accordance with these new standards.

Cost of sales

The costs of raw materials and subcontractors plus personnel expenses and other operating expenses.

Net financing position

Net cash less the current portion of long-term loans, and the long-term loans.

Net cash

Cash and cash equivalents plus deposits less bank overdrafts and money market loans.

PPP receivables

Receivables pursuant to Public Private Partnerships (PPPs).

Liabilities

Liabilities are defined to encompass non-current and current liabilities.

Capital employed

Non-current assets plus current assets minus current liabilities excluding net cash.

10.3. Profit sharing and dividend policy

This section presents the provisions of Ballast Nedam's Articles of Association on which profit sharing is based, and the dividend policy.

Articles in the matter of profit appropriation

Clause 23 of the Ballast Nedam Articles of Association governs profit appropriation. This text of this clause is as follows.

1. The portion of profit available for distribution that the company may distribute to shareholders and other entitled parties is limited to the amount of the distributable reserves.
2. Distribution of profit will take place after adoption of the income statement that demonstrates the legitimacy of distribution.
3. Subject to approval of the Supervisory Board, the Board of Management determines which portion of the profit presented in the income statement is to be added to the reserves. The remaining portion of the profit is at the disposal of the General Meeting of Shareholders.
4. Any shares held by the company in its own capital are not counted when calculating the profit appropriation, except where the shares are encumbered with usufruct, or depositary receipts for shares have been issued with the company's consent.
5. Subject to Supervisory Board approval, the Board of Management may decide to distribute an interim dividend in anticipation of the expected dividend, subject to the provisions of paragraph 1 above, as demonstrated in an interim statement of assets and liabilities as referred to in Book 2, Section 105 paragraph 4 of the Netherlands Civil Code.
6. Decisions to distribute dividend and interim dividend may propose distribution in full or in part in the form of cash or of shares in the company.
7. The General Meeting of Shareholders may, on the proposal of the Board of Management that has been approved by the Supervisory Board, resolve to make distributions chargeable to the distributable reserves. The provisions of paragraph 6 then apply *mutatis mutandis*.
8. Dividends and interim dividends are made payable on a date set by the Board of Management within fourteen days of adoption.
9. Any dividends and interim dividends that remain unclaimed for five years after becoming payable accrue to the company.

Dividend policy

The underlying principle of Ballast Nedam's dividend policy is that 50 per cent of the profit for the period is placed at the disposal of shareholders for distribution as dividend.

10.4. Board members of the Ballast Nedam Administration Office

The Board of the Ballast Nedam Administration Office consists of the following members.

Prof. W. van Voorden (Chairman)

Mr van Voorden was born in 1942. He has served as a Professor of Social Economics in Tilburg and Rotterdam. He has also been Chairman of the Care Insurance Supervisory Board, Chairman of the Supervisory Board of Batenburg Beheer N.V. and Vice Chairman of the Supervisory Board of De Telegraaf Media Groep N.V.. Mr van Voorden currently is Chairman of the Supervisory Board of Panteia in Zoetermeer. He also holds several other advisory and management functions. Mr van Voorden was first appointed to the Board of the Administration Office on 10 May 2006. His current term of office ends on 10 May 2014. He is appointed Chairman of the Board of the Administration Office on 10 May 2010.

W.F.C. Baars

Mr Baars was born in 1948. Mr Baars has held various management positions in ABN AMRO Bank, last as Director-General. Since then he has been Chairman of NIVE and Chairman of the Supervisory Board of Van der Hoop Bankiers. In the reporting year Mr Baars was an independent consultant, member of the Financial service providers Disputes Committee, member of the Supervisory Board of Golf Team Holland and board member of the Stichting Waarborgfonds HBO. Mr Baars was first appointed to the Board of the Administration Office on 1 June 2009. His current term of office expires on 19 May 2015.

L.H. Keijts

Mr Keijts was born in 1952. He began his career as a public participation officer with the Provincial Council for Spatial Planning in Zuid-Holland. Since 1981 he has held various positions at the Ministry of Transport, Public Works and Water Management. Between 1996 and 1999 he was Deputy Director-General for Spatial Planning at the Ministry of Housing, Spatial Planning and the Environment. He then moved to the same position at the Ministry of Transport, Public Works and Water Management, later being appointed Director-General for Water in 2001.

From 2003 to 1 January 2010 he was Director-General for Public Works and Water Management at the Ministry of Transport, Public Works and Water Management. Mr Keijts has been Chairman of the Board of Management of the housing association Portaal since 1 January 2010. Mr Keijts was first appointed to the Board of the Administration Office on 8 April 2010. His current term of office expires on 8 April 2014.

10.5. Report of the Ballast Nedam Administration Office

This report is in compliance with the provisions of Article 15 of the Terms of Administration of the Ballast Nedam Administration Office (Stichting Administratiekantoor van aandelen Ballast Nedam, referred to elsewhere as the Administration Office) and best practice provision IV.2.6 of the Dutch Corporate Governance Code.

In 2011, the Administration Office performed the customary activities for the administration of the shares referred to below. ANT Trust and Corporate Services N.V. (P.O. Box 11063, 1001 GB Amsterdam), as the trust office of the administration office, performs the work associated with the administration of the shares. The Administration Office itself is located at the address of Ballast Nedam N.V..

The total costs of the activities of the Administration Office in 2011 were 84 898 euros, including the fees paid to the members of the Board. As stated in the Terms of Administration of the Administration Office, these costs were borne by Ballast Nedam N.V..

10.5.1. Number of depositary receipts for shares

The nominal value of registered shares held in administration at 31 December 2011 was 59 676 348 euros. In return for these shares, 9 946 058 bearer depositary receipts have been issued with the same nominal value. At year-end 2011, depositary receipts had been granted for 99.46 per cent of the capital in issue.

The number of registered shares in the capital of Ballast Nedam N.V. held in administration increased in 2011 from 9 945 774 to 9 946 058. The increase was limited this year, because only two holders of depositary receipts for shares issued by the Stichting Werknemersparticipatie Ballast Nedam, exchanged at total of 284 depositary receipts for depositary receipts for shares that can be traded on the stock exchange.

10.5.2. Board

The Board of the Administration Office consists of three independent members. The composition of the Board in 2011 was as follows:

- Prof. W. van Voorden (Chairman)
- W.F.C. Baars
- L.H. Keijts

Other functions of the current members of the Board are reported in a separate annex. In 2011 each member of the Board was paid a fee of 7 000 euros per year. As of 1 January 2012, each member of the Board is paid a fee of 7 500 euros per year and the chairman of the Board is paid a fee of 9 000 euros per year. From 1 January 2013 the fees will be increased by an annual indexation according to the the collective agreement for the building industry (CAO Bouwnijverheid).

10.5.3. Board meetings

The Board also conducted talks with the company's Board of Management, in which it received information on the company's performance. Three Board meetings were held in 2011, two of which were attended by the chairman of the Board of Management at the invitation of the Board of the Administration Office. A Meeting of Holders of Depositary Receipts for Shares is held each year, prior to the General Meeting of Shareholders.

The first board meeting was held on 21 April 2011. This meeting was also attended by the chairman of the Board of Management of the company. This meeting discussed the general performance of Ballast Nedam N.V. and the company's annual figures for 2010, following their publication on 11 March 2011. The Board adopted the balance sheet and income statement for the 2010 financial year and approved the report of the Administration Office for 2010.

The second Board meeting was held on 19 May 2011, in preparation for the General Meeting of Shareholders and the Meeting of Holders of Depositary Receipts for Shares on the same date. The third Board meeting was held on 28 October 2011. This meeting discussed the Third quarterly report of the company for 2011. The chairman of the Board of Management of the company also attended this meeting.

10.5.4. Meeting of Holders of Depositary Receipts

The substantive agenda items for the Meeting of Holders of Depositary Receipts were as follows.

1. Explanation from the Board regarding the 2010 report.
2. Announcement of the proposed votes of the Board of the Administration Office at the Annual General Meeting of Shareholders of Ballast Nedam N.V..
3. Reappointment of Mr Baars as member of the Board of the Administration Office, and the departure of Mr Braaksma
4. Notes to the amendment of the Articles of Association and Terms of Administration relating to the dematerialisation of depositary receipts for shares of Ballast Nedam N.V.

The Board reported on its activities in the reporting year and explained its proposed voting behaviour at the Annual General Meeting of Shareholders of Ballast Nedam N.V.. Several questions were raised at the meeting on these agenda items.

Participation of the Board in the General Meeting of Shareholders

At the General Meeting of Shareholders on 19 May 2011, the Board of the Administration Office took part in discussions on the matters raised. During the Meeting, the Board posed a number of critical questions. On behalf of the Administration Office, the Board cast its vote on the agenda items and, true to its statutory objectives, based its voting behaviour primarily on the interests of holders of depositary receipts for shares, bearing in mind the interests of Ballast Nedam N.V. and its affiliated entities. After careful consideration, the Board decided to support all proposals at the meeting.

Holders of depositary receipts for shares that can be traded on the stock exchange granted proxies or gave binding voting instructions for a total of 5 907 025 depositary receipts for shares. This represented 60.90 per cent of the issued share capital. Consequently, the Board of the Administration Office represented 36.48 per cent of the issued share capital at the General Meeting of Shareholders held on 19 May 2011.

Conclusion

With the reappointment of Mr Baars, the continuity of governance will be guaranteed, thus safeguarding the interests of holders of depositary receipts for shares in 2012.

Nieuwegein, March 2012

The Board
W. van Voorden
W.F.C. Baars
L.H. Keijts

10.6. On this report: reporting principles

10.6.1. Collecting the necessary data

The past year Ballast Nedam has improved and professionalized its data collection of sustainability information by implementing a transparent process structure. This process is recorded in our CSR Manual. The management information resulting from this process provides insight into the activities and results on CSR, enabling us to develop policy. This information is provided quarterly and is based on the statements of the various business units and central staff departments such as Personnel & Organisation HR, as well as external parties such as Bewuste Bouwers (similar to the Considerate Constructors Scheme in the UK). The consolidation of data takes place at group level.

We do not yet have a comprehensive information system for capturing sustainability

information comparable with Ballast Nedam's financial reporting systems. In 2011 we have streamlined the reporting of energy and CO₂ in the quarterly reports. We use the GHG (Greenhouse Gas)-protocol for the calculations. The reporting of the other sustainability issues will be gradually streamlined in the coming years. Ultimately we aim to achieve external assurance over the entire report in order to improve our standards and further increase the impact of the report.

10.6.2. Boundary of the report and scope

This report presents qualitative and quantitative data relating to the 2011 calendar year. In preparing the report, we take into account all activities Ballast Nedam performs worldwide, including foreign operations, projects and combinations. For the financial statements Ballast Nedam applies proportionate consolidation and for the CO₂ reporting we use the equity approach of the Greenhouse Gas (GHG) protocol. If a different scope is used for a specific topic or KPI (Key Performance Indicator), this will be mentioned explicitly.

For the environment theme, we limit our reporting to Dutch operations. In topics such as safety and integrity only our own employees are fully included. No staff from joint venture partners is taken into account.

10.6.3. Report structure

In previous annual reports we presented the various material (sustainability) subjects under the headings of profit (the market), people (employees and the community) and planet (the environment). We have followed this structure in the current report, but the four items are linked to our strategic pillars as is further explained in Chapter 6. We explain each of the subjects for which one or more performance indicators and ambitions have been defined, in a separate section. Quantitative reports have been given where possible. The choice of CSR issues is explained in section 7.4. on page 103.

10.6.4. Reporting principles and verification

GRI: Global Reporting Initiative

The 2011 Annual Report is the third integrated annual report produced by Ballast Nedam, that was drawn up in accordance with Global Reporting Initiative (GRI 3.1) guidelines and IFRS (International Financial Reporting Standards). We report on level B, which is checked by GRI (level application check). This implies that in this Annual Report we do not restrict ourselves to mandatory financial and strategic information about Ballast Nedam as a company, but also include data about at least twenty performance indicators.

The GRI index on page 194 lists the quantitative and qualitative performance indicators presented in the report. In 2011 an external auditor has performed an Assurance on the quantitative and qualitative information regarding our CO₂ footprint. This report therefore meets GRI level B+. The Assurance Report is included on page 198.

Dutch Corporate Governance Code

The Dutch Corporate Governance Code (the Code) was drawn up in 2003 by a committee chaired by Morris Tabaksblat, and refined in December 2008 by a committee chaired by Jean Frijns. The updated Code came into effect on 1 January 2009. Ballast Nedam endorses the principles of the Code and, with a few specific exceptions, applies its best practice provisions. A statement of compliance with the Code is posted on www.ballast-nedam.nl.

IFRS: International Financial Reporting Standards

The Ballast Nedam consolidated accounts are drawn up in accordance with the International Financial Reporting Standards, which have been compulsory for all publicly listed companies in the European Union since 1 January 2005. The figures from the years before 2005 were drawn up in accordance with NL GAAP (Generally Accepted



Lambertus church, Maastricht

Accounting Principles), the collective term for the Dutch legal regulations and case law that governed reporting, and the Guidelines for Annual Reporting.

Implementing CSR policies in the organization

From 2012 the way in which we formally adopt, evaluate and implement policies and objectives, will take place according to a fixed cycle. For all material (relevant) sustainability or CSR issues and operational policies, the Board of Management will appoint owners from different clusters and business units at different job levels. This will raise awareness and support within the organization.

These policy owners will formulate CSR policies and objectives for each subject. We expect them to discuss these policies with experts from the organization and to state objectives for both the short and longer term. Each quarter, controllers collect data where possible and provide a check on accuracy and completeness. The operational owners will test the results to the stated objectives and report accordingly.

The Board of Management is ultimately responsible for the policies, objectives and KPIs on all subjects, including any additions or amendments thereto. The Board will approve these policies annually and the objectives will be formulated company-wide. We take an integrated approach to the reporting process. However, we like to emphasize that each cluster or business unit can implement these policies and objectives individually. This results from the fact that the relevant (material) impact on the various CSR themes, depends on the various topics and business units.

10.7. GRI indicator list

Performance indicator	Definition	Reported			Page
		2011	2010	2009	
1	Strategy and analysis				
1.1	Statement from the most senior decision-maker of the organization.	≡	≡	≡	20
1.2	Description of key impacts, risks, and opportunities.	≡	≡	≡	28, 42, 60-63
2	Organizational profile				
2.1	Name of the organization.	≡	≡	≡	132
2.2	Primary brands, products, and/or services.	≡	≡	≡	21-24
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	≡	≡	≡	29
2.4	Location of organization's headquarters.	≡	≡	≡	204
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	≡	≡	≡	25
2.6	Nature of ownership and legal form.	≡	≡	≡	28, 202-203
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	≡	≡	≡	36-39
2.8	Scale of the reporting organization.	≡	≡	≡	4
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	≡	≡	≡	104
2.10	Awards received in the reporting period.	≡			awards are not registered
3	Report parameters				
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	≡	≡	≡	132
3.2	Date of most recent previous report (if any).	≡	≡	≡	10 March 2011
3.3	Reporting cycle (annual, biennial, etc.)	≡	≡	≡	annually
3.4	Contact point for questions regarding the report or its contents.	≡	≡	≡	204
3.5	Process for defining report content.	≡	≡	≡	190-191
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	≡	≡	≡	191
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	≡	≡	≡	191
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	≡	≡	≡	202-203
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	≡	≡	≡	192-193
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	≡	≡	≡	105
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	≡	≡		60
3.12	Table identifying the location of the Standard Disclosures in the report.	≡	≡	≡	194-197
3.13	Policy and current practice with regard to seeking external assurance for the report.	≡	≡	≡	191

		Reported			Page
		2011	2010	2009	
4	Governance				
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	≡	≡	≡	104
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	≡	≡	≡	104
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	≡	≡	no unitary board structure	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	≡	≡	≡	99, 108
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	≡	≡	≡	115-116
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	≡	≡	≡	107
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	≡	≡	≡	107, 190
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	≡	≡	≡	86-87
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	≡	≡	≡	29
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	≡	≡	≡	58
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	≡	the precautionary approach has not been addressed		
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	≡	≡	≡	88
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization.	≡	≡	≡	100-101
4.14	List of stakeholder groups engaged by the organization.	≡	≡	≡	98
4.15	Basis for identification and selection of stakeholders with whom to engage.	≡	≡	≡	98
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	≡	≡	≡	98
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	≡	≡	≡	102-103

Performance indicator		Reported			
		2011	2010	2009	Page
Definition					
Economic performance indicators					
DMA EC Disclosure on Management Approach Economy					4, 35-36
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.				8-9
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.				40, 63
EC3	Coverage of the organization's defined benefit plan obligations.				139
EC4	Significant financial assistance received from government.				
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.				95
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.				95-96
Environmental performance indicators					
DMA EN Disclosure on Management Approach Environment					69
EN3	Direct energy consumption by primary energy source.				70
EN4	Indirect energy consumption by primary source.				70
EN5	Energy saved due to conservation and efficiency improvements.				71
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.				71
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.				71
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.				74
EN16	Total direct and indirect greenhouse gas emissions by weight.				70
EN17	Other relevant indirect greenhouse gas emissions by weight.				70
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.				71
EN22	Total weight of waste by type and disposal method.				76
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.				74
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.		no sale of packed up products		
Social performance indicators: Labor Practices and Decent Work					
DMA LA Disclosure on Management Approach Labor Practices and Decent Work					77
LA1	Total workforce by employment type, employment contract, and region.				78
LA2	Total number and rate of employee turnover by age group, gender, and region.				79, 83
LA4	Percentage of employees covered by collective bargaining agreements.				78
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.				81, 85
LA9	Health and safety topics covered in formal agreements with trade unions.				81
LA10	Average hours of training per year per employee by employee category.				83
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.				82-83

		Reported			Page
		2011	2010	2009	
LA12	Percentage of employees receiving regular performance and career development reviews.	≡	≡	≡	82
LA14	Ratio of basic salary of men to women by employee category.	≡	≡	≡	78
<i>Social performance indicators: Human Rights</i>					
DMA HR	Disclosure on Management Approach Human Rights	≡			87
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	≡	-	-	88
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	≡	≡	≡	88
HR4	Total number of incidents of discrimination and actions taken.	≡	≡	≡	86-87
<i>Social performance indicators: Society</i>					
DMA SO	Disclosure on Management Approach Society	≡			93
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	≡	≡	≡	95-97
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	≡	≡	≡	86-87
SO4	Actions taken in response to incidents of corruption.	≡	≡	≡	86-87
SO5	Public policy positions and participation in public policy development and lobbying.	≡	≡	≡	100
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	≡	≡	≡	64, 86-87
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	≡	≡	≡	64, 86-87
<i>Social performance indicators: Product Responsibility</i>					
DMA PR	Disclosure on Management Approach Product Responsibility	≡			93
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	≡	≡	≡	93

≡	Fully
≡	Partially
≡	None



10.9. Independent assurance report

To the readers of the Annual Report of Ballast Nedam

We have been engaged by the Management Board of Ballast Nedam N.V. to provide assurance on the CO₂ footprint for the year 2011 of the subsidiaries of Ballast Nedam in The Netherlands and on the accompanying text regarding this subject in the paragraph 'Life-cycle thinking and acting: Energy' of the Annual Report of Ballast Nedam.

The management of Ballast Nedam is responsible for determining the CO₂ footprint as well as for establishing and maintaining internal controls for the determination of the CO₂ footprint to enable determination of the CO₂ footprint without material misstatements. Our responsibility is to provide an assurance report based on the scope of the engagement described below and on the work done in that context.

Scope

Our engagement was designed to provide limited assurance on whether the CO₂ footprint of 2011 and the accompanying notes to this footprint, are, in all material aspects, in accordance with the reporting criteria of Ballast Nedam.

Reporting criteria

Ballast Nedam used the criteria of the 'Handboek CO₂-prestatieladder 2.0 of 23 June 2011' of the 'Stichting Klimaatvriendelijk Aanbesteden en Ondernemen (SKAO)'. We think these guidelines are appropriate in the context of the purpose of our assurance engagement.

Assurance standard

We conducted our engagement in accordance with the International Standard for Assurance Engagements (ISAE) 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. Amongst others, this standard requires that the assurance team members possess the specific knowledge, skills and professional competencies needed to understand the information in the Report and to identify and collect the thereto related assurance information that is required as well as and that they comply with the requirements of the IFAC Code of Ethics for Professional Accountants to ensure their independence.

Work undertaken

We have performed the following activities:

- Reviewing the systems and processes for data collection and data processing of the CO₂ footprint and reviewing the internal controls at corporate level regarding the data processing.
- Interviewing the relevant employees responsible for the reported information regarding the CO₂ footprint.
- Reviewing the reported data of subsidiaries of Ballast Nedam to the corporate organisation and reviewing the calculations and the quality of the validation process of the CO₂ footprint data.
- Reviewing the reliability of the local data and the design and implementation of local validation processes at two subsidiaries reporting CO₂ footprint data namely: Infra Projecten B.V. and Asfalt Productie Amsterdam (APA).

Conclusion

Based on the above work, nothing came to our attention that the CO₂ footprint of 2011 of the Dutch subsidiaries of Ballast Nedam and the accompanying notes to the CO₂ footprint in the paragraph 'Life-cycle thinking and acting: Energy' are not, in all material aspects, in accordance with the applied reporting criteria.

Comparative information not examined

No assurance engagement was performed on the information of the CO₂ footprint 2008-2010 in the Annual Report. Therefore we do not provide assurance on the comparative information regarding CO₂ footprint 2008-2010.

Amstelveen, 8 March 2012

W.J. Bartels RA, partner,
on behalf of KPMG Sustainability,
part of KPMG Advisory N.V.

A15 Maasvlakte - Vaanplein



10.10. Management 1 March 2012

Ballast Nedam

Board of Management

T.A.C.M. Bruijninx, R. Malizia, P. van Zwieten

Corporate secretary, Legal

O.P. Padberg

Personnel & Organization

R.M.A. van Dinther

Finance

P. van Zwieten

Communication & Investor relations

I. van der Meijden

ICT

R.J. Kathmann

Assurance

A.C.M. van Haastrecht

Ballast Nedam Bouw & Ontwikkeling Speciale Projecten

A.M. de Backer

Ballast Nedam Bouw & Ontwikkeling

- Ballast Nedam Ontwikkelingsmaatschappij
- Abl2 / Sustainability Services
- Ballast Nedam Bouw & Ontwikkeling Noord
- Ballast Nedam Bouw & Ontwikkeling Noordwest
- Ballast Nedam Bouw & Ontwikkeling West
- Ballast Nedam Bouw & Ontwikkeling Zuid
- Ballast Nedam Bouw & Ontwikkeling Midden
- Laudy Bouw & Ontwikkeling
- Heddes Bouw & Ontwikkeling
- Ballast Nedam Beheer

J.F.A.M. Corten

C.G.J.W. Martens
D. van Hoogstraten
B.P. Sinnema
M.T.G. van Vuuren-Sanders
P. van Dijk
R. Cornelisse
E.B.G. Velthuis
O. Senden
N. Doodeman
J.J.A. van Huijstee

Ballast Nedam Infra Speciale Projecten

H.C. van der Wildt

Ballast Nedam Infra

- Ballast Nedam Concessies
- Ballast Nedam Infra Business Development
- Ballast Nedam Gebiedsontwikkeling
- Ballast Nedam Parking
- Ballast Nedam Infra

H. Kuipers

M. Klinkhamer
A. Ravenshorst
K. Bruins Slot
T. Hienekamp
H.Kuipers, A.R. Groot, C.H.H. Koreman

Ballast Nedam Specialismen

- Ballast Nedam Engineering
- Ballast Nedam Funderingstechnieken
- Gebr van Leeuwen Harmelen
- Ballast Nedam Specialistisch Grondverzet
- Ballast Nedam Milieutechniek
- Dibec
- Ballast Nedam Asfalt
- Ballast Nedam Infra Specialiteiten
- Ballast Nedam International Product Management
- Ingenieursbureau voor Systemen en Octrooien Spanstaal
- Ballast Nedam Materieel

J. Smeets

W.M. 't Hart
M.T. van Leeuwen, J.K. Verhoeve
M.T. van Leeuwen, J.K. Verhoeve
K. Roelfsema
W.E.R. Huntjens
P.G.M. Ballast
R. Bouwman
H. Veerman
M.A.M. van Alphen
W.J.J. Smit, J.A.M. Spaan
K. Roelfsema

Ballast Nedam Toelevering

- Ballast Nedam Grondstoffen
- Recycling Maatschappij Feniks
- Ballast Nedam Participatie
- Ballast Nedam Prefab
- Waco Lingen Beton
- Haitsma Beton
- Hoco Beton
- Omnia Plaatvloer
- TBS Soest
- Rademakers Gieterij
- iQwoning

H.P. van der Meer

W.J.M. Duijnstee
A.C.G. van Beurden
P.S. van der Bijl
K. Visser
M.T.A. Kanters
K. Visser
J.J.G. Holtackers
R.J.H. Heijnen
J.I. Vas
P.J. Woldendorp
K. Pijnenburg

10.11. Organization chart 1 March 2012

This chart provides an overview of the most important group companies and associates. A list of associates as referred to in Sections 379 and 414 of Book 2 of the Netherlands Civil Code, has been filed with the office of the Commercial Register of the Chamber of Commerce in Utrecht.

Ballast Nedam Infra B.V.

Infrastructure

Development and realization

Ballast Nedam Infra B.V., Speciale Projecten

Ballast Nedam International Projects B.V.

- Ballast Nedam Infra Suriname B.V.
- Ballast Nedam Africa B.V.
- Ballast Nedam Ghana B.V.
- Ballast Nedam Curaçao B.V.
- Ballast Nedam UK Ltd.
- Ballast Nedam Emirates B.V.
- Ballast Nedam Oman B.V.
- Ballast Nedam Offshore B.V.

Ballast Nedam Infra Noord West B.V.

Ballast Nedam Infra Noord Oost B.V.

Ballast Nedam Infra Midden Zuid B.V.

Ballast Nedam Infra Zuid West B.V.

Ballast Nedam Parking B.V.

- ModuPark V.O.F. (66.66%)

Ballast Nedam Gebiedsontwikkeling B.V.

Ballast Nedam Infra Business Development B.V.

- Bouwcombinatie Pro N329 V.O.F. (50%)
- Combinatie Versterken Bruggen V.O.F. (50%)

Specialized Companies

Specialized Companies

Ballast Nedam Engineering B.V.

Ballast Nedam Funderingstechnieken B.V.

Ballast Nedam Specialistisch Grondverzet B.V.

Ballast Nedam Milieutechniek B.V.

- Dibec B.V.
- Ballast Nedam Environmental Engineering B.V.

Ballast Nedam Infra Specialiteiten B.V.

Ingenieursbureau voor Systemen en Octrooien Spanstaal B.V.

Ballast Nedam Asfalt B.V.

Gebr. van Leeuwen Harmelen B.V.

Ballast Nedam International Product Management B.V.

Ballast Nedam Materieel B.V.

Ballast Nedam Participatie B.V.

- Nederlandse Frees Maatschappij B.V. (17%)
- Graniet Import Benelux B.V. (9%)
- Traffic Service Nederland B.V. (21%)
- Wind Invest B.V. (50%)
- Ballast Nedam Wabau GmbH
- Spankern GmbH
- Asfaltcentrales
- Cobeton B.V. (Multicell) (25 %)

Supplies

Prefabricated concrete

Haitsma Beton B.V.

Waco Lingen Beton B.V.

TBS Soest B.V.

Rademakers Gieterij B.V.

Raw materials

Ballast Nedam Grondstoffen B.V.

Ballast Van Oord Grondstoffen V.O.F. (50%)

B.V. Grind- en Zandhandel v/h T. Verkaik

- Großkükel Rurkies GmbH (Germany)
- N.V. Immobiliën en Grindexploitatie maatschappij Bichterweerd (Belgium)
- N.V. Algri (Belgium)
- Société d'Exploitation des Carrieres d'Yvoir S.A. (Belgium)
- N.V. Lugo (Belgium)
- Beheersmaatschappij Fr. Bontrup B.V. (30%)
- Bremanger Quarry S.A. (77%) (Norway)
- Graniet Import Benelux B.V. (65%)
- Recycling Maatschappij Feniks B.V.
- Ballast Phoenix Ltd. (92.5%)

Other

Ballast Nedam Asset Management B.V.

- Ballast Nedam Canada Ltd. (Canada)
- Golden Peaks Resort Inc. (Canada)

Ballast Nedam International B.V.

Ballast Nedam ICT B.V.

Building & Development

Development

Ballast Nedam Ontwikkelingsmaatschappij B.V.

- Ballast Nedam Vleuterweide B.V.
- Ballast Nedam Euroborg B.V.
- Ballast Nedam Arena B.V.
- Getz B.V. (33%)
- V.O.F. De Geuzenbaan (50%)
- Ontwikkelingsmij Centrumgebied Amsterdam Zuidoost B.V. (33%)
- V.O.F. Ontwikkelingscombinatie Laakhaven West (33%)
- Gebiedsontwikkeling Oud Beijerland Oost C.V. (49%)
- Ontwikkelingscombinatie Spoorzone Delft C.V. (49.5%)
- De Vijfde Stad V.O.F. (50%)
- Coberco Kwartier Beheer B.V. (50%)
- Ballast Nedam Langedijk B.V.
- Ballast Nedam Nieuw Vennep B.V.
- Ontwikkelingsmaatschappij G4 Beheer B.V.
- Stadovermarkt C.V. (25%)
- V.O.F. de Groene Loper
- Ballast Nedam Sigma B.V.

Development and realization

Ballast Nedam Bouw B.V. Speciale Projecten

Ballast Nedam Bouw B.V. Regio Noord
Ballast Nedam Bouw B.V. Regio Noordwest
Ballast Nedam Bouw B.V. Regio West
Ballast Nedam Bouw B.V. Regio Midden
Ballast Nedam Bouw B.V. Regio Zuid
Ballast Nedam Bouw B.V. Regio Oost
B.V. Aannemingsbedrijf F.W. Onrust
Laudy Bouw en Ontwikkeling B.V.
Zomers Bouwbedrijf B.V.
Hollestelle Vastgoed Ontwikkeling B.V.

- IJ2 projecten B.V.
- Bouwcombinatie IJsseloord 2 V.O.F. (50%)
- Bouwcombinatie Zoetermeer Oosterheem V.O.F. (25%)
- V.O.F. Lambertus Zijlplein (50%)
- FiftyTwoDegrees beheer B.V. (51%)
- Bouwcombinatie New Babylon V.O.F. (50%)
- Bouwcombinatie De Confiance V.O.F. (50%)
- Dijkzone V.O.F. (33%)
- Bouwcombinatie Avans Breda V.O.F. (50%)
- Bouwcombinatie Medisch Centrum Rijnmond-Zuid V.O.F. (50%)

- Bouwcombinatie Intermezzo V.O.F. (33%)
- Bouwcombinatie Centrumplan Zoetermeer V.O.F.
- Bouwcombinatie G4 Oosterpark V.O.F.
- Bouwcombinatie Kohnstammlocatie V.O.F.
- Bouwcombinatie voor de nieuwbouw Erasmus MC V.O.F. (50%)
- Castra Bouwcombinatie V.O.F.
- Groote Dok Oost V.O.F.
- JuBi B.V. (25%)
- Meander Combinatie V.O.F.(33%)
- Bouwcombinatie bestaand Babylon V.O.F. (50%)
- OVT-Breda V.O.F (50%)
- Bouwcombinatie OVTerminal Arnhem V.O.F.
- Bouwcombinatie Jubi V.O.F. (50%)
- Bouwcombinatie Komfort v.o.f. (50%)
- Exploitatie Maatschappij Komfort B.V. (50%)
- Bouwcombinatie D.C. 16 V.O.F. (50%)
- Exploitatie Maatschappij DC 16 B.V. (50%)
- Bouwcombinatie Duo2 v.o.f. (50%)

Supplies

Prefabricated concrete

Hoco Beton B.V.
Omnia Plaatvloer B.V.
IQ Woning B.V.

Internal Joint Ventures

(Infrastructure / Building & Development)

Ballast Nedam Beheer B.V.

Ballast Nedam Prefab B.V.

Abl2 B.V.

- Lindenduys B.V.
- HR Aktief Huis B.V. (67%)

Avenue2 V.O.F. (50%)

Ballast Nedam Concessies B.V.

- CNG Net B.V.
- Vastgoed Energie Exploitatiemaatschappij B.V.
- LNG24 B.V.
- Biomethaan B.V.

Public-private partnerships (PPP)

Wâldwei.com B.V. (33.33%)

A-lanes A-15 Holding B.V. (24%)

Benelux Secondary PPP Fund I B.V. (20%)

