



A12 reconstruction Gouda - Zoetermeer

The A12 is one of the oldest and busiest motorways in the Netherlands. The Gouda – Zoetermeer section is being upgraded with rush-hour lanes and better entry and exit ramps. The road will be safer and traffic flow will improve.

Financial agenda

Annual General Meeting of Shareholders	6 May 2009
Artis Conference Centre in Amsterdam at 1.30 p.m.	
Quarterly report	6 May 2009
Half-yearly figures 2009	10 July 2009
Quarterly report	23 October 2009

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

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Rhyl Flats wind farm

Our heavy lift vessel 'Svanen' has now installed 93 wind turbine foundations at sea. She was used for installing 25 in the Irish Sea. Previously she installed 32 foundations at Gunfleet Sands and 36 off Egmond aan Zee in the North Sea.

Foreword

2008 was a year of extremes for everyone, and Ballast Nedam was no exception. At one extreme, the heavy lift vessel Svanen finally made a breakthrough in the market for offshore wind farms, and Ballast Nedam Concessies established its reputation on the Dutch PPP market. Less favourably, prices rose sharply early in 2008, and the property market stagnated completely in the final quarter.

Our staff have withstood these turbulent conditions well. The result achieved was in line with the March forecast. We managed to increase the order book by 16%, bringing it up to 1.7 billion euros. On behalf of my two colleagues, I would like to express my gratitude to all our staff, who have achieved this result through craftsmanship and enthusiasm.

Ballast Nedam also made advances in implementing strategy in 2008. For instance, we were awarded three PPP projects, and the proportion of design & construct projects has risen. The specialized companies and raw material production positions have expanded, and Ballast Nedam Beheer was formed, showing a flying start.

The prospects for the construction market, and the property market in particular, have since deteriorated considerably. 2009 is therefore set to be no easy year, especially for our property development business. However, Ballast Nedam occupies a relatively strong starting position because of our spread of operations, both in construction and infrastructure. We are also in a solid financial position and have a well-filled order book, with many clients in the public and quasi-public sector. We have also built up a strong position in niche segments, such as offshore wind farms, industrial construction, international projects, large complex projects, high-rise construction and natural gas filling stations. These niches continue to present opportunities. For these reasons I am looking forward to the future of Ballast Nedam with confidence.

Theo Bruijninx
CEO

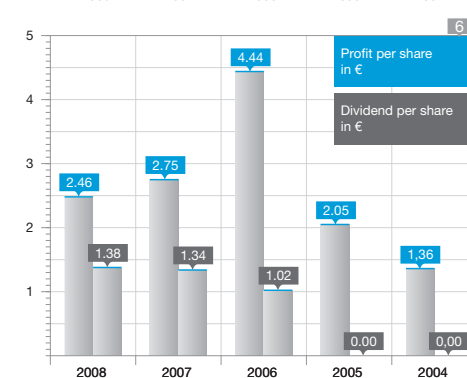
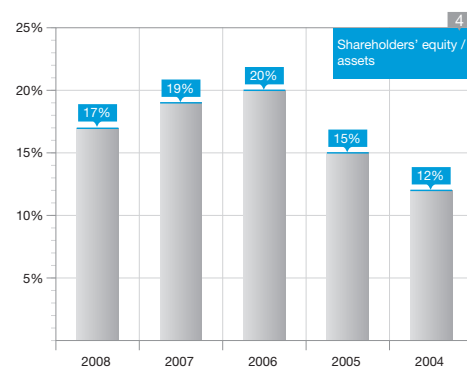
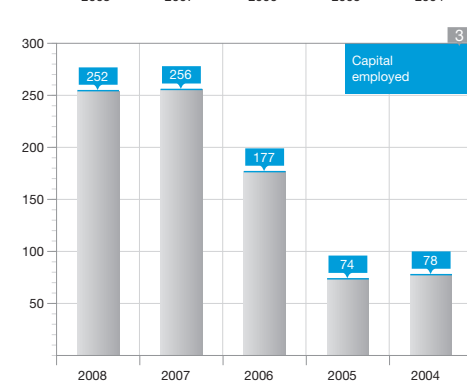
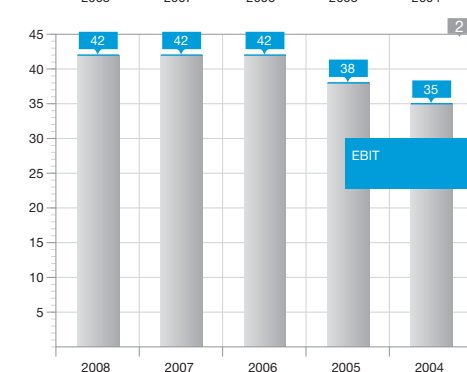
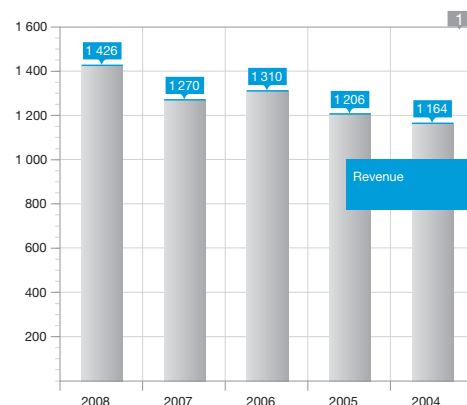


"We are in a solid financial position and have a well-filled order book, with many clients in the public and quasi-public sector."

Ten-year summary

x € 1 million		2008	2007	2006	2005	2004
Revenue and result						
1	Revenue	1 426	1 270	1 310	1 206	1 164
	The Netherlands	1 348	1 157	1 206	1 105	1 042
	International	78	113	104	101	122
	Order book	1 667	1 438	1 093	1 064	971
	EBITDA	67	63	63	58	63
	Impairment	-	-	-	-	(8)
	Depreciation	(24)	(20)	(19)	(18)	(19)
	EBITA	43	43	44	40	36
	Amortization	(1)	(1)	(2)	(2)	(1)
2	EBIT	42	42	42	38	35
	Result before taxation	31	38	38	28	24
	Net result before amortization	25	28	46	22	14
	Net result	24	27	44	20	13
Investing						
	Investing	64	37	67	32	20
	Disposals	22	7	12	67	20
	Net investments	42	30	55	(35)	-
Balance sheet data						
	Non-current assets	274	242	253	211	268
	Current assets	730	656	541	636	556
	Assets	1 004	898	794	847	824
	Current liabilities	(660)	(590)	(555)	(644)	(586)
Capital structure						
3	Capital employed	252	256	177	74	78
	Shareholders' equity	168	172	158	124	101
	Interest-bearing long-term loans	126	97	36	54	99
	Net cash	92	52	62	129	160
	Net financing position	(41)	(63)	23	68	56
Ratios						
	EBIT / revenue	3%	3%	3%	3%	3%
	Net result / revenue	2%	2%	3%	2%	1%
	Net result / average shareholders' equity	14%	16%	31%	18%	14%
4	Shareholders' equity / assets	17%	19%	20%	15%	12%
	Average number of employees	3 941	3 838	3 701	3 271	4 022
Shares						
	Number of ordinary shares in issue (x 1 000)	10 000	10 000	10 000	10 000	10 000
	Number of ordinary shares issued (x 1 000)	9 870	9 900	9 924	9 847	9 861
	Market capitalization at year-end	137	280	328	327	123
	Dividend paid	14	13	10	-	-
5	Profit per share in €	2.46	2.75	4.44	2.05	1.36
6	Dividend per share in €	1.38	1.34	1.02	-	-

NL GAAP					
2004	2003	2002	2001	2000	1999
1 164	1 619	2 307	2 326	2 098	1 998
1 042	1 132	1 242	1 267	1 083	1 062
122	487	1 065	1 059	1 015	963
971	1 046	1 833	2 489	2 660	1 681
45	33	(70)	23	91	67
(7)	(6)	-	-	-	-
(17)	(23)	(46)	(44)	(43)	(45)
21	4	(116)	(21)	48	22
(2)	(4)	(6)	(2)	-	-
19	-	(122)	(23)	48	22
15	(6)	(135)	(32)	34	10
10	50	(137)	(48)	22	9
8	46	(143)	(50)	22	9
17	19	67	345	123	51
20	26	218	226	14	11
(3)	(7)	(151)	119	109	40
179	213	224	427	354	290
352	342	402	542	643	569
531	555	626	969	997	859
(327)	(362)	(484)	(589)	(547)	(463)
(11)	(2)	(16)	205	378	360
109	102	56	215	276	267
39	27	39	93	120	84
160	136	116	110	18	(8)
116	104	72	12	(106)	(96)
2%	0%	- 5%	- 1%	2%	1%
1%	3%	- 6%	- 2%	1%	1%
8%	58%	- 106%	-20%	8%	3%
20%	18%	9%	22%	28%	31%
4 022	4 957	6 549	7 264	7 607	7 647
10 000	10 000	10 000	10 000	10 000	10 000
9 861	9 879	9 886	9 898	9 911	9 914
123	47	48	158	216	216
-	-	11	11	11	23
0,80	4,67	(14,46)	(5,06)	2,26	0,95
-	-	1,14	1,15	1,14	2,29



Profile, mission, strategy, objectives and group structure

Profile

Ballast Nedam is a multidisciplinary Dutch property and infrastructure construction group, offering a wide range of construction-related products and services. The group has some four-thousand employees in two divisions: Building and Development (Ballast Nedam Bouw en Ontwikkeling) and Infrastructure (Ballast Nedam Infra). The company operates primarily on the Dutch market, with selected international activities in some areas of expertise. Ballast Nedam was founded in 1877 and is listed on NYSE Euronext in Amsterdam. The share is included in the Amsterdam Small Cap Index.

Mission

Ballast Nedam aims to offer its customers high-quality, sustainable total solutions in the built environment. To this end, we provide commitment, quality, reliability, expertise and flexibility at every level of the organization. Ballast Nedam aims to offer employees a challenging working environment and to contribute to the quality of the living environment. Our activities and approach are designed to optimize the Group's shareholder value.

Strategy

Our strategy remains unchanged despite the turbulent market conditions. Ballast Nedam's strategy consists of the following four key priorities.

Increasing the value of the business

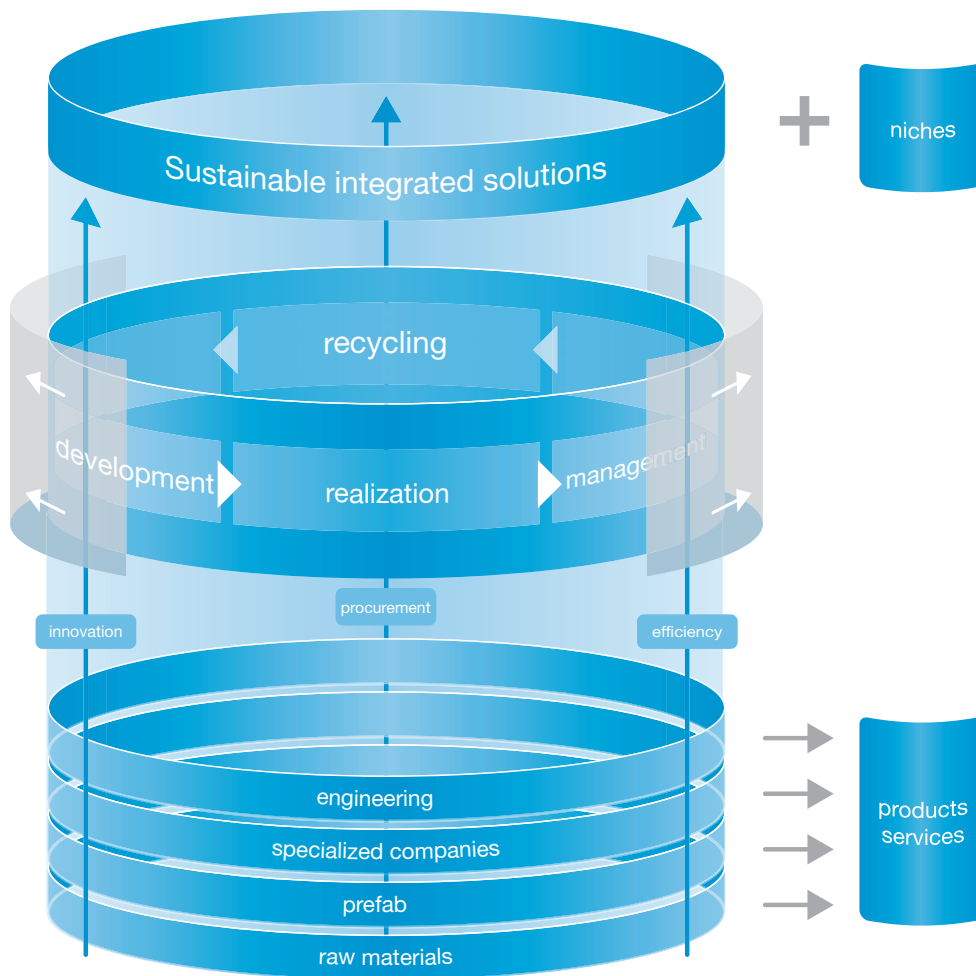
Ballast Nedam aims for a structural increase in profitability through a shift in the mix of activities. This implies a greater proportion of development (at the front end of the value chain) and of management of maintenance and operation (at the back end of the value chain) compared with construction. Ballast Nedam is also focusing more on niche segments (such as offshore wind farms, industrial construction, international projects, large complex projects, high-rise construction and natural gas [CNG] filling stations). Ballast Nedam is also improving the company's operating performance (operational excellence), in order to optimize the company's shareholder value.

Strengthening the front and back ends of the horizontal value chain

Ballast Nedam seeks an involvement in projects that goes beyond executing clients' instructions, by also playing a part at an earlier stage, and staying involved for longer. The horizontal value chain consists of the development and construction of both property and infrastructure projects, and of the related management of maintenance and operation. By covering the entire value chain, Ballast Nedam aims to meet growing customer demand for total solutions. These high-quality total solutions in the horizontal chain are based on excellent execution of the activities. What we have to offer also relies on the unique, innovative and efficient products and services of the internal suppliers that operate in the vertical value chain.

Strengthening supply companies in the vertical value chain

Ballast Nedam also applies chain management in the vertical value chain. The product range of the specialized companies will be enhanced and their position will be expanded. The specialized companies serve as procurement specialists for the rest of the organization. Improvements in the operational performance of the prefabricated concrete companies will continue, and we are seeking opportunities to replace the existing concessions of the raw material companies, and to expand them where possible.



Active portfolio management

We observe various decision-making criteria for the removal or addition of activities from or to the current portfolio. The first criterion is the profitability of the activity and how well it fits with our core activity: providing advanced total solutions in the built environment. Value can be added to these total solutions in both the horizontal and the vertical chain. It goes without saying that we also take account of the distinctive profile through innovation and efficiency benefits, the need for investment, the risk profile and timing.

Although investments will be at a lower level than in previous years, the investment priorities are unchanged: to acquire land positions with a view to enhancing development potential, to acquire concessions for raw material extraction, and to expand and broaden our specialized companies.



The DUO² PPP for accommodation for the IB Groep and Groningen tax authorities won the Nederlandse Bouwprijs (Dutch Building Award) 2009 in the integrated design and build category. The award is presented once every two years for an extraordinary contribution to quality in the construction industry. The relevant aspects are innovation and sustainability.

Objectives for 2009

Ballast Nedam has set the following specific objectives for 2009.

1. To adapt in the short term to the considerably altered market conditions for property project development.
 - Ballast Nedam will lower the cost level of the development activities, develop new housing products for the lower price range, redevelop several existing projects, and invest prudently in new development positions.
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). We will participate in fewer tenders for developed design contracts.
 - Ballast Nedam aims to be in the top three in at least three out of four qualifying procedures for PPP projects in which it takes part. When Ballast Nedam is among the top three bidders, at least one of the three qualifying procedures must lead to preferred bidder status.
3. To expand management of maintenance and operation of property, infrastructure and energy projects.
4. To strengthen the synergy between the two divisions and the parties in the vertical value chain.
5. To strengthen and possibly expand the business units that operate in the vertical value chain. These include the engineering office, the specialized companies, the prefabricated concrete plants and the raw material companies.
 - Ballast Nedam will broaden and expand the product range of the specialized companies through acquisitions and investments.
 - Ballast Nedam will replace and expand the concessions for raw material production through acquisitions.
 - Ballast Nedam will emphasize innovation, which must lead to at least two innovative initiatives.
6. To improve the performance of the primary business processes (operational excellence).
 - All regional companies will achieve positive operating results in 2009.
7. To start sustainability reporting.
 - Ballast Nedam will start in 2009 on incorporating the Global Reporting Initiative guidelines in the organization.
 - Ballast Nedam will perform an initial CO2 emission reference measurement in 2009.
8. To achieve an operating result of approximately 25 million euros.
 - Ballast Nedam expects for 2009 a lower operating result of approximately 25 million euros (2008: 42 million euros) on a lower revenue (2008: 1.4 billion euros). This results in a forecast margin of approximately 2%, which is below our objective of between 3% and 5% (2008: 2.9%). For further notes on the prospects for 2009, see page 61.

Objectives for 2008

We formulated nine objectives for 2008 based on our strategy, and we set out below how far we went towards achieving each of them in the year.

Objective in 2008

- To expand development potential by acquiring more development positions than will be applied in that period. In the medium term Ballast Nedam will therefore execute a greater proportion of projects that are self-initiated and developed on a risk-bearing basis than is the case at present.
 - Ballast Nedam aims to expand the development potential by at least 5%, to more than 15 750 residential properties.

Achievements in 2008

- We were obliged by the abrupt and severe changes in market conditions in 2008 to abandon this objective fairly early on in the year, and we have been cautious in taking on new investment commitments. The development potential consequently decreased by 1% to 14 800 homes. The outstanding unconditional purchase commitments for land halved from 32 million euros at year-end 2007 to 16 million euros.

Objective in 2008

- To acquire a greater proportion of projects through project development, alternative design, the design & construct approach, the engineer & build approach, and public-private partnerships (PPPs), rather than by participating in tenders for developed design contracts.
 - Ballast Nedam aims to be in the top three in at least three out of four qualifying procedures for PPP projects in which it takes part. When Ballast Nedam is among the top three bidders, at least one of the three qualifying procedures must lead to preferred bidder status.

Achievements in 2008

- We amply achieved this objective. Ballast Nedam was part of the winning consortium in the largest three of the four ongoing PPP project tenders in 2008. Unfortunately, only one PPP project selection process was put on the market in 2008, but Ballast Nedam was ranked among the top three. We also won other design & construct and engineer & build projects in 2008. The City of The Hague honoured the ROC Mondriaan engineer & build project with the New City Award.

Objective in 2008

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

Achievements in 2008

- Ballast Nedam Beheer was formed in 2008. Ballast Nedam Beheer's business is the management of maintenance and operation of both infrastructure items and real estate. The management activities of the two divisions were combined in 2008. The divisions likewise cooperated on acquiring PPP projects and design & construct road projects with a long-term management component.

Objective in 2008

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

Achievements in 2008

- The synergy between the two divisions and the partners in the vertical value chain was further strengthened in 2008. The strengthening of the vertical value chain is illustrated by the trend for the specialized companies to become involved in tenders and projects at an earlier stage, and in aspects beyond those of a mere supplier. Intercompany revenue consequently increased substantially.



Ballast Nedam is part of the HogeBrug area development in Maarsse. The village is being extended with three residential areas and commercial facilities either side of the Amsterdam-Rhine Canal. This is an infill location where 440 dwellings, approx. 10 000 m² of commercial property and surface and underground infrastructure are to be developed and built.

Objective in 2008

- To strengthen and possibly expand the business units that operate in the vertical value chain. These include the engineering office, the specialized companies, the prefabricated concrete companies and the raw material companies.
 - Ballast Nedam will broaden and expand the product range of the specialized companies through acquisitions and investments.
 - Ballast Nedam will replace and expand the concessions for raw material production through acquisitions, and will start its own project development for raw material production.
 - Ballast Nedam will emphasize innovation, which must lead to at least two innovative initiatives.

Achievements in 2008

- In the past year the specialized companies have increased investments by 2 million euros, which exceeded the level of depreciation. We enhanced the product range in specialized drilling techniques by acquiring Hamstra B.V., which has an annual revenue of 2.5 million euros and ten employees. Together with our company Gebr. van Leeuwen, we are now able to offer a more comprehensive soil drilling package.
- We have strengthened our raw material extraction through the complete takeover of Lugo N.V. and a 13% indirect participation in Antwerp Stone Terminal N.V.. The acquisition of Lugo N.V. expands our share of future gravel extraction in Belgium. Antwerp Stone Terminal is a concession holder and licensee of a terminal in the Port of Antwerp, and is a sales channel for stones from our associate Bremanger in Norway. We are nearing completion of the new processing unit at Grosskunkel in Germany, which will be operational in early 2009.
- The biennial Ballast Nedam Innovation Day was a great success in 2008. Many innovations were presented at the event. Early this year, the VF pile, a new type of underground anchor developed by Gebr. van Leeuwen, won the Ballast Nedam Innovation Award and both the Innovation Award and the Cobouw popular choice award at InfraTech 2009. Another example of innovation is the modular water treatment system, the first of which was produced in 2008. The modular water treatment system is an excellent example of a total solution that relieves customers of concern, and which we and a partner developed cooperatively. There is additional information about this and other innovations in the divisions' paragraphs.

Objective in 2008

- To devote extra attention to performance of the primary business processes (operational excellence).
 - All regional companies will achieve positive operating results in 2008.

Achievements in 2008

- This objective was not achieved. Sharp price rises imposed by suppliers and subcontractors magnified deficiencies in the primary process in a financial sense. We devoted extra attention last year to improving the performance of the primary business processes, resulting in several regions to changes in the organization structure and working method.

Objective in 2008

- To increase Ballast Nedam's appeal as an employer.

Achievements in 2008

- In 2008 Ballast Nedam introduced a company fitness scheme, and compensation for the tax rules on natural-gas-fuelled company cars, reducing the net notional income increment to 14% of list price. Ballast Nedam also created more internal opportunities for job rotation and training.

Objective in 2008

- To take more explicit responsibility for the impact on the living environment of the implementation of total solutions.
 - Ballast Nedam will implement the guiding principles of the client construction company.

Achievements in 2008

- Good progress was made in 2008. For instance, we continued to develop the Product Group Management role in 2008. The Product Group Managers act as purchasing contacts for specific product groups, both internally and externally. Product Group Managers make agreements with suppliers, monitor compliance with the agreements internally and externally, and help coordinate the business processes efficiently. This approach favours transparency and improves teamwork, with ultimate benefits for the living and working environment.

Objective in 2008

- To achieve an operating result of between 3% and 5% of revenue.
 - A virtually unchanged operating result in 2008 (2007: 42 million euros) on higher revenue (2007: 1 270 million euros), with the margin remaining within the target range of 3% to 5% (2007: 3.3%).

Achievements in 2008

This objective was achieved almost in full. Our operating result of 42 million euros equalled the result of earlier years, on a 12% higher revenue of 1.4 billion euros. The resulting margin was 2.9%, just below our target range.



Antoinette Nausikaä wins 2008 'Bouw in Beeld' (building in pictures) award.

My Space, My Place, the theme of the second Bouw in Beeld award, inspired Antoinette Nausikaä to take the winning photo. Her chosen title was *It's no more important than everything else around you*.

The 35-year-old photographer made a series about a boulder on the boulevard in her home town of Flushing.

The Bouw in Beeld award is a Ballast Nedam initiative in 2007, when the theme was Building Faces. Starting last year, the Bouw in Beeld award is now presented together with the Edgar Degas Foundation, which promotes multiple podia for developing art and culture across a broad spectrum. The ten photographers selected for the 2009 edition, on the theme *Gimme Shelter*, can be found on www.bouwinbeeldprijs.nl.

Group structure

Ballast Nedam consists of two divisions: Building and Development and Infrastructure. The basic principle of the organization is decentralized enterprise in the business units of these divisions. The holding company has a small staff that supports the Board of Management. The Board of Management has three members. The Chairman is accompanied by two members, each with primary responsibility for one of the divisions.

Ballast Nedam Building and Development

Ballast Nedam Bouw en Ontwikkeling B.V. is one of the larger building and development companies in the Netherlands in the field of housing and utility projects. The division operates throughout the horizontal value chain, which consists of development, construction and management of maintenance, and operations. These activities are performed in the following business units:

- Ballast Nedam Ontwikkelingsmaatschappij, which focuses on larger development projects throughout the Netherlands;
- Ballast Nedam Bouw Special Projects, which specializes in larger, complex construction projects;
- nine regional construction companies, which work mainly on the development, construction and maintenance of real estate projects in their local markets.

The Building and Development division has two prefabricated concrete plants that operate in the vertical value chain and supply the external and internal housing and commercial building markets.

Infrastructure

Ballast Nedam Infra B.V. is one of the larger engineering and construction companies in the infrastructure field in the Netherlands. The division operates throughout the horizontal value chain, which consists of the development, construction and management of maintenance, and operations. These activities are performed in the following business units:

- Ballast Nedam Infra Projects, which specializes in larger complex infrastructure projects in the Netherlands, all international projects, and the offshore wind farm projects;
- five regional construction companies, which acquire and implement infrastructure projects in their local markets.

The Infrastructure division has a large number of business units that operate in the vertical value chain: an engineering company, eleven specialized companies, four prefabricated concrete plants, and a raw material production company:

- Infra Consult + Engineering is a multidisciplinary engineering firm that provides consulting and design services in all construction phases for both real estate and infrastructure projects;
- the eleven specialized companies focus solely on specific products, such as foundations and excavations, where innovation, cost leadership and purchasing know-how are key themes;
- the four prefabricated concrete plants in the division supply clients throughout the construction market, with a focus on infrastructure projects;
- the raw material company holds concessions in the Netherlands, Belgium, Germany and Norway.

For both divisions

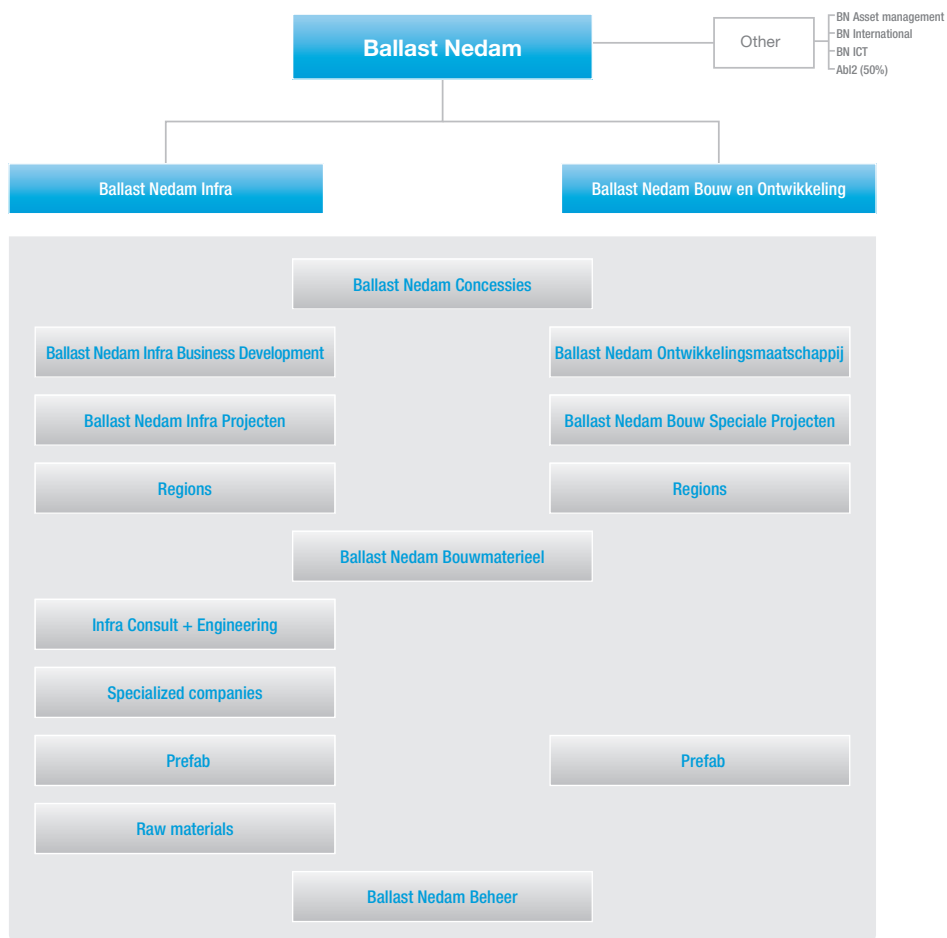
Three companies are controlled jointly by and serve the two divisions:

- in the horizontal chain, Ballast Nedam Concessies focuses on projects of a concession nature, such as PPPs;
- Ballast Nedam Beheer performs management of maintenance and operation, for construction, real estate and infrastructure projects;
- in the vertical chain, Ballast Nedam Bouwmaterieel focuses on the management and operation of general construction equipment.

Other

The Ballast Nedam International division was disbanded in 2005. The remaining projects of this division, such as the development and operation of a ski resort in Canada, are managed directly by the holding company.

Organisation chart



Ballast Nedam's shares

Shares and stock exchange listing

The number of shares in issue at year-end 2008 was 10 million and the number of shares outstanding 9 870 249. The number of repurchased shares at 31 December 2008 was 129 751 (2007: 100 thousand). 29 751 shares or depositary receipts for shares were repurchased in 2008, and an additional 70 249 repurchased in January and February 2009, making a total of 200 thousand, in order to hedge obligations under the current management option scheme.

Ballast Nedam's Administration Office issues depositary receipts for shares and administers the underlying shares. The depositary receipts are fully exchangeable. At year-end 2008, depositary receipts had been granted for 97.43% of the issued share capital 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). ABN AMRO Bank, ING Bank and Kempen & Co act as liquidity providers for Ballast Nedam shares.

Price movements

The 2007 closing price for Ballast Nedam shares quoted on NYSE Euronext was 28.30 euros. At year-end, the closing price was 51% lower at 13.83 euros. The highest closing price of 27.85 euros was reached on 2 January 2008. The lowest closing price of 9.37 euros was quoted on 5 December 2008. The AMS Small Cap Index (AScX) fell by 53% in 2008.

Price movements were as follows (figures per share).

		2008	2007	2006	2005	2004
Highest closing price	€	27.85	40.93	37.65	40.30	12.65
Lowest closing price	€	9.37	26.83	28.15	12.48	4.65
Closing price at year-end	€	13.83	28.30	33.02	33.25	12.44

Revenue volume

The liquidity of Ballast Nedam shares declined in 2008. An average of 27 452 shares were traded per trading day in 2008, compared with 39 744 in 2007.

Dividend

The underlying principle of the dividend policy is that 50% of the net profit 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 2008 of 1.24 euro per ordinary share in issue.

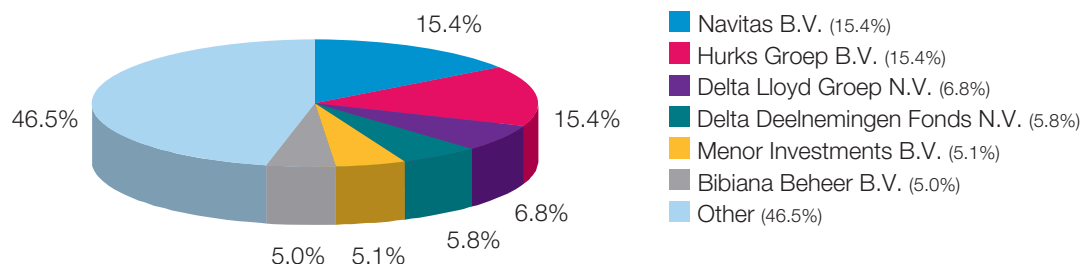
In 2008 Ballast Nedam paid a dividend of 1.38 euros for 2007. In 2007 a dividend of 1.34 euros was paid for 2006.

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

		2008	2007	2006	2005	2004
Shareholders' equity	€	17.05	17.31	15.98	12.54	10.26
Dividend paid	€	1.38	1.34	1.02	-	-
Net result before amortization	€	2.59	2.87	4.62	2.21	11.52
Net result	€	2.46	2.75	4.44	2.05	1.36

Notice to shareholders

As at 13 March 2009, the following interests of 5% or more were reported with regard to shares or depositary receipts for shares pursuant to Section 5.3 of the Financial Supervision Act.



Relationship with investors and shareholders

As a matter of course, Ballast Nedam maintains contact and consultation with existing and potential shareholders. Outside the formal annual contacts with shareholders at the General Meeting of Shareholders, the Board of Management seeks a constructive dialogue with shareholders. The Board of Management regularly visits larger shareholders on an individual basis in order to provide background information and to discuss the company's course.

Visits were again paid to numerous investors and potential investors in 2008. To that end, twelve road shows were organized in different cities in Europe, the US and Canada, and several individual presentations were given in the Netherlands. In total, personal contact was made with 98 institutional investors and shareholders.

The dates, venues, arranging banks and presentations on the basis of which the meetings took place are posted on the company's website at www.ballast-nedam.com.

General Meeting of Shareholders

The Annual General Meeting of Shareholders of Ballast Nedam will be held on 6 May 2009 at the Artis Conference Centre, Plantage Middenlaan 41a – 43, Amsterdam. The meeting will commence at 1.30 p.m. 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 from 25 February 2009. The agendas are also posted on the Ballast Nedam website

Financial agenda

23 April 2009	Registration date for General Meeting of Shareholders
6 May 2009	Quarterly report
6 May 2009	General Meeting of Shareholders
8 May 2009	Ex-dividend listing
12 May 2009	Record date for dividend entitlement (after close of trading)
15 May 2009	Dividend available for payment
10 July 2009	Publication of half-year figures for 2009
23 October 2009	Quarterly report

Information

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Ballast Nedam is a multidisciplinary Dutch construction and development company with activities in all phases of property and infrastructure projects. Through its broad package of specialized construction-related services and products the company aims to offer its clients advanced and sustainable total solutions in the built environment.



The Ballast Nedam brand is used for the core activities in the horizontal chain. Specialized companies in foundation techniques, earthmoving, environmental technology, parking and infrastructure specialities also use the Ballast Nedam name. The companies that operate under their own brand names have activities that are mainly in the vertical value chain. www.ballast-nedam.nl



Spanstaal is specialized in prestressed structures for civil engineering and nonresidential building, and supplies prestressed systems, suspension cables, carbon cables, joints and supporting bearings, casing tubes, bonded external reinforcement and jacking constructions. www.spanstaal.nl



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



The multidisciplinary engineering consultancy IC+E provides advisory and design services in all phases of a construction project. The company acquired its expertise through close collaboration with clients in Ballast Nedam and elsewhere. www.icpluse.nl



Gebr. van Leeuwen specializes in anchoring systems and drilling techniques, with a focus on innovative anchoring methods for building structures, and trenchless techniques for operations that traverse surface or underground infrastructure. www.gebr-vanleeuwen.nl



DIBEC supplies a wide range of environmental and safety-related services to large and small building projects, such as soil testing, risk evaluations, clean-up investigations, clean-up plans and environmental support. www.dibec.nl



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



CNG Net is making it possible to run vehicles on natural gas in the Netherlands by investing in a national network of natural gas filling stations. The company offers its clients turnkey solutions in partnership with other Ballast Nedam companies. www.cngnet.nl



Waco Lingen Beton develops and produces innovative products and systems in prefabricated concrete, and supplies advanced prefabricated solutions for all sectors of the construction industry. www.wacoling.nl



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



TBS SOEST supplies products to the civil engineering sector for drainage, water management and water level control. These products comprise various materials, sometimes in combination. www.tbs.nl



Rademakers 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



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

Omnia Plaatvloer has a special position in the concrete products industry by concentrating on the production of a broad range of wide panel floors for residential and nonresidential buildings and the agricultural sector. www.omniaplaatvloer.nl



LAUDY Bouw & Ontwikkeling is based in Limburg where it serves the entire building column. The company's main activities are new building, renovation, restoration and major maintenance of nonresidential and residential buildings. www.laudybouw.nl



Aannemingsbedrijf F.W. Onrust focuses on maintenance, repair and renovation in the Greater Amsterdam area, and is specialized in advanced restoration activities. www.fwonrust.nl



Zomers Bouwbedrijf BV is an all-round construction company with regional operations in the north of the Netherlands. The company develops, builds and maintains homes and buildings for industry and the education, care and retail sectors. www.zomersbouwbedrijf.nl



Interhal develops and constructs industrial buildings in the logistics and manufacturing sectors. We cover all project aspects for commercial complexes of this kind, from initiative to building and maintenance. www.industrieeelvastgoed.nl



Recircle is specialized in separating and reusing stony mineral raw materials. The company reduces the quantity of residual material through efficient separation and by identifying new applications for secondary raw materials. www.recircle.nl



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



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 remaining part of the site along the river Maas in Belgium is being returned to nature. www.bichterweerd.be



N.V. Algri produces sand and gravel for use in the concrete product and ready-mix industry. The dry material from the quarry in Belgium is processed in 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 used mainly in the top layers of asphalt roads and as railway ballast. www.secy.be



The sand and gravel quarry Großkünkkel in Germany restarted last year. A modern conditioning installation was installed, and has been in operation since the autumn of 2008. www.grosskunkel.de



N.V. Lugo extracts and sells granulates (sand and gravel) as raw materials in 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.





Cumae, Arnhem

The new Cumae head office has the very latest energy-efficient building technology. The 'House of Energy' reduces consumption by 70% by using heat and cold storage, LED lighting, solar cell foil, and extracting energy from waste water and wind.

Report of the Board of Management

Sustainability

Business is a social activity, and the public's expectations of businesses are changing at a rapid pace. Ballast Nedam is aware of this situation, and, along with many other organizations, we are contributing to social development. Our company duly endeavours to create a challenging working environment and to improve the quality of the living environment. Ballast Nedam seeks to ensure the creation of sustainable products through sustainable means.

Starting this year, Ballast Nedam will adopt Global Reporting Initiative (GRI) guidelines in its sustainability reporting. Our objective for 2009 is to integrate the GRI guidelines more firmly in the operational organization structure, thereby qualifying for Application Level C from 2009. Another objective for 2009 is to extend the scope of sustainability reporting to include our carbon footprint. The first step is an initial measurement of Ballast Nedam's CO₂ emission. The CO₂ emission will then be measured at regular intervals, and a sharper and permanent strategic focus placed on CO₂ reduction.

Ballast Nedam views sustainability as a broad concept that has social, environmental and economic aspects as important elements. We are working on these aspects with people, the planet and profit in mind.

People

Ballast Nedam strives to treat people with respect inside and outside the company. Within the company we devote much attention to retaining, developing and recruiting staff. The fact is that they are the most important capital of our company. Outside Ballast Nedam, we will interact responsibly with the community.

Employees

Ballast Nedam is expanding and developing constantly, and offering advanced and sustainable total solutions increasingly often. We therefore have a need for fresh knowledge and different expertise all the time. For instance, there is a growing need for know-how in area development, management, financing, legal affairs, business management and public administration. The objective of Ballast Nedam's labour market is to attract new employees who possess this knowledge, and to retrain existing employees.

At Ballast Nedam, employees are given scope for personal development, initiative and responsibility. The corporate climate is designed to encourage staff to contribute ideas and initiatives, even beyond the strict boundaries of their own jobs. The main focus on innovation and results allows scope for local initiative and for creative and critical 'bottom-up' contributions. Internal surveys have revealed a high level of satisfaction among our employees. Staff loyalty and commitment are high.

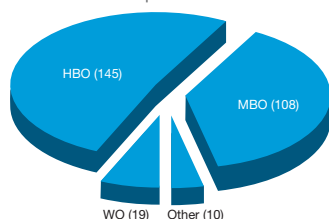
Development

Ballast Nedam engages in permanent employee development, with both internal training programmes and external courses. The in-company training programme strengthens and develops staff capacities while promoting cooperation and communication between the divisions. The in-company training courses are accordingly attended by employees from various units.

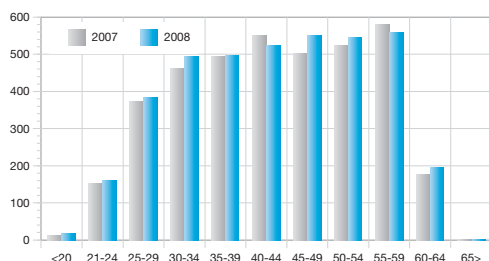


The 'House of Energy' is part of the IJsseloord 2 Business Park, a green and strategically sited high profile location with hypermodern facilities. There is additional information on www.ijsseloord2.nl.

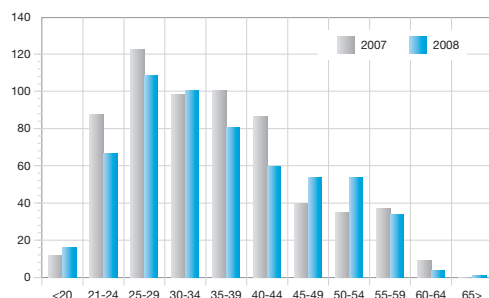
Students on work placement



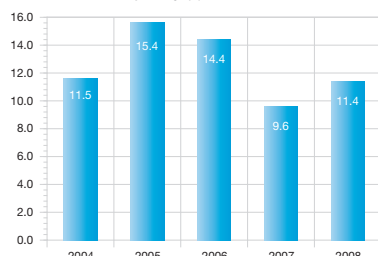
Age profile current



Age profile intake



Incident frequency (if)



We aim to continually challenge and motivate new and existing employees. With this in mind, what we offer young employees, who are so vital for our business, is more than a predefined job. Instead they are given the freedom to discover their preferences, to work on personal development, and to grow into the jobs and business units where they feel most at home. The scope of formal communication between supervisors and employees includes individual development needs. We are willing where possible to adapt or enhance job content.

Examples:

- Ballast Nedam offers apprenticeships, training placements, and graduation assignments, on all educational levels. In 2008, the various Ballast Nedam units again offered several hundred training placements and graduation assignments at all levels in various disciplines, ranging from engineering to finance.
- Ballast Nedam offers young employees various in-company training courses to develop their management skills, commercial awareness and creativity. These courses include the Initial Management Programme and Enterprising Building.

Age profile

The labour market is set to change fundamentally in the coming years. The Netherlands is facing a future with a growing proportion of older people in the population. In due course there will be a structural shortage of school leavers to meet the demand for new employees. If we are to keep the pension system affordable, many employees will be obliged to keep working for longer. Ballast Nedam wishes to contribute by giving ample attention to employee health, motivation, and commitment. A well balanced employee age profile is also important. We are attending to this aspect by recruiting young people while retaining existing employees to the ends of their careers through the promotion of healthy and safe working practices.

Safety

The work that is performed in the building industry involves an element of danger for both employees and the surrounding community. Ballast Nedam's policy is a proactive approach to the execution of all activities; we seek to prevent accidents and incidents involving any of our own and subcontractors' employees, and outside parties. This implies that we attend to safety on and around the construction site as early as the project procurement phase. Ballast Nedam aims for continuous improvement of safety in the company and directs its policy at maintaining the downward tendency through the years in the incident frequency (the number of incidents per million man-hours). We do so by analysing incidents, and amending safety policy where necessary.

Examples:

- Employees attend a variety of safety training courses in accordance with the business unit and type of work involved. Some examples are supervision of lifting operations, safe practices for roadworks, and sampling contaminated soil.
- Ballast Nedam is working towards this objective with the aid of a safety system that complies with the Contractors' Safety Checklist VCA**. VCA prescribes the provision of Basic Safety training for operatives and a Safety for Managers course for operations supervisors. Every project starts with project team induction. We also provide appropriate facilities on project sites for first-aid, fire-fighting, evacuation and so on.
- Ballast Nedam has an in-house safety consultancy, which can supply safety experts and occupational hygienists, provide safety training, and perform risk surveys and safety audits. The safety consultancy also investigates accidents.

Health

Working conditions in the construction industry demand special attention. The work is physically demanding, and is performed outdoors in all weathers and in a wide range of different environments and conditions. Ballast Nedam provides for good working conditions and takes an active approach to absenteeism. In 2008, aggregate sick leave fell at Ballast Nedam from 5.7% to 5%.

Ballast Nedam invests in measures to ensure that employees remain healthy and fit, with the aim of concentrating attention on preventive measures, such as a healthier lifestyle and working style. Healthy and fit employees happen to be more productive and enjoy their work more. Recognizing that ever more people will be obliged to continue working for longer, attention to health is an important point in HR policy.

Some examples:

- Each employee has a periodic medical examination for health and fitness, which produces individual recommendations for work and health.
- Employees are given an opportunity to participate in a company fitness programme at low cost.

Community

Ballast Nedam influences the community through its products and services, and works actively on increasing and respecting its public commitment and responsibilities.

Integrity

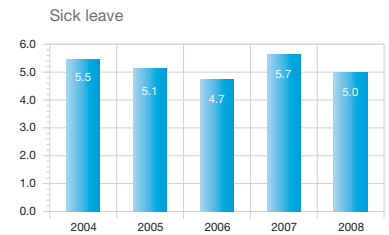
Recent signs of possible infringements of competition rules came as a shock to the building industry. This is further confirmation for Ballast Nedam of the importance of paying constant attention to strict observance of our internal code of conduct. The code of conduct sets down ethical principles to be observed by employees, and has rules on matters such as secondary activities and the acceptance of gifts and donations. It also explains how employees should report infringements internally, and the disciplinary or possible labour law sanctions that may ensue. New employees are issued with the code of conduct at the start of employment. We also address the subject of integrity in internal training programmes. Ballast Nedam encourages all employees to immediately report all infringements or suspected infringements of laws, regulations, in-house rules and procedures. The associated whistleblower scheme provides a clear framework to assure all concerned about where they stand in relation to any wrongdoing in the companies.

Partnerships with social organizations

Ballast Nedam's social responsibility also extends to private organizations that we support with funding or voluntary work by our staff. Ballast Nedam encourages employees to perform voluntary work and asks the management to set an example.

Examples:

- Participation in the Amsterdam Dam to Dam Run, in which Ballast Nedam staff sponsored the Bartiméus Sonneheerdt association for blind and visually-impaired people in the Netherlands.
- Adoption of an orphanage and school in Ghana, with support from local Ballast Nedam staff and funding made possible by Ballast Nedam.
- Ballast Nedam is helping build the Bouwgein playground in Nieuwegein. We started with preparatory work, such as levelling and installing channels and drains. We then delivered the materials needed, and some fifty employees redeveloped fifty percent of the playground in the space of a day in 2008.
- Ballast Nedam supports various major sport events and sport clubs, with the emphasis on those near our base in Nieuwegein, in order to underscore our commitment to the local community.





Much drinking water was wasted in Amstelveen's old recreational ponds. The new design of pond and fountain allows the tap to be turned off. The pond and fountain are filled in the mornings during fine summer weather and cleaned continuously throughout the day. The ponds empty in the evening.

- Ballast Nedam supports cultural activities, such as the now prestigious annual competition for professional photographers: the 'Bouw in Beeld' (building in pictures) award. This competition is run by the Edgar Degas Foundation.

Communication and community relations management

Ballast Nedam takes an active approach in communication with employees, suppliers, shareholders, clients, government agencies, trade unions, non-governmental organizations and other organizations. Internally, the company has designated officials with primary contact responsibilities for each of these groups. The purpose of communication is to give and receive information, and to benefit from the input of external views and perceptions. For Ballast Nedam communication means a constructive dialogue without evading difficult subjects, conducted in an open atmosphere, and with respect for everyone's interests.

Examples:

- Ballast Nedam is one of the initiators of the Bewuste Bouwers (Aware Builders) quality mark, which will assess building projects on site on eight points: safety, the environment, awareness, good-neighbour conduct, tidiness, respect, social behaviour, and approachability. The independent foundation that is to manage the quality mark will take shape in 2009.
- Ballast Nedam is a flat organization with short lines of communication. Communication is informal, and employee consultation takes place through various local works councils and established forms of staff representation and participation.
- Ballast Nedam participated in the 'Dag van de Bouw' (Building Industry Day), with nine of its projects opening their doors to the public. The more than 110 thousand attendees were given a glimpse of the current trends in the industry.
- Ballast Nedam keeps the surrounding community informed of progress on specific projects through meetings and newsletters, and some projects even have their own websites. We are also open to questions, suggestions and complaints from the surrounding community, mindful that these signals can help us improve our style of working.
- Various Ballast Nedam employees are involved in educational and research institutions, for example as guest lecturers, or PhD students.

Planet

The environmental burden caused by human activity is increasing constantly. Ballast Nedam aims to reduce its environmental footprint by increasing the life-cycle awareness of its products and services, and giving greater weight to this aspect. We attend to aspects of sustainability both of our products and services themselves, and of our internal processes, or how our products and services are created.

Sustainability in our products and services

Ballast Nedam is engaged in clean energy through research and investment and involvement in major clean energy projects. We also invest in product development and applications in search of useful applications for waste substances.

Examples:

- Ballast Nedam conducts research and invests in the non-conventional fuels product group. We invest in knowledge about CNG (Compressed Natural Gas), LNG (Liquefied Natural Gas), and hydrogen. Ballast Nedam's CNG Net company has invested risk capital in building and operating public natural gas filling stations throughout the Netherlands. There are now twenty natural gas filling stations operating or under construction. The aim is to create a nationwide Dutch network of 250 natural gas filling stations in four years' time.
- Ballast Nedam founded the energy operator Climate Green in order to implement and operate sustainable energy concepts in newly built housing and commercial property. Climate Green is running its first sustainable energy project in Berckelbosch, Eindhoven. With this initiative we are acting in the spirit of the Spring Agreement reached in April 2008 between the Ministry of Housing, Spatial Planning and the Environment and industry

associations. The Spring Agreement sets energy saving targets in new building of between 25% by 1 January 2011 and 50% by 1 January 2015.

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- Ballast Nedam develops, builds, manages and maintains wind farms at sea and on land. We are part of the Wind Construction International (WCI) limited partnership for the production and operation of wind energy, and of Netherlands Offshore Wind (NOW).
- The reuse of materials is gaining in importance. Ballast Nedam operates in various sections of the recycling market. For instance, we recycle bottom ash and waste incineration slag, and we reuse and clean contaminated soil.
- Ballast Nedam is a member of Sustainable Energy for Residential Project Development (DEPW), the aim of which is to promote the application of sustainable energy in residential building projects. The project team initiates research projects for the benefit of the group as a whole, and shares practical knowledge and experience contributed by all participants.
- Ballast Nedam is initiator of the implementation group Green Office 2015, in which we work with others in the construction industry on the sustainability of buildings. We want these buildings to produce more energy than they use, to add to the green space in cities, and to be so flexible that a change of function is effortless.
- Ballast Nedam is cofounder of and contributor to the Dutch Green Building Council (DGBC), an independent foundation that is developing a sustainability label for Dutch buildings and areas. Clients will be able to assess the sustainability of their building or area based on predetermined criteria. The foundation will later issue certificates.
- Ballast Nedam is performing research into and investing in new and innovative building methods in order to achieve a drastic reduction in the carbon footprint of the residential building sector. This is to be achieved through a substantial reduction in failure costs and construction time, while providing customer flexibility and freedom of choice.

Sustainability in our business operations

Ballast Nedam intends to give priority to climate care in all business operations. We achieve this aim through actively minimizing air, water, soil and noise pollution, and energy consumption. We seek to continuously improve the standard of environmental care through the knowledge and experience gained. The construction industry also generates high levels of waste. Controlling waste flows and segregating waste have a clear positive impact on the environment.

Ballast Nedam is a heavy user of self-propelled plant and equipment and other vehicles, which burdens the environment in the form of CO₂, particulate matter and NOX. With a view to reducing this burden, Ballast Nedam is in the process of making its vehicle fleet more sustainable, such as by increasing the number of natural gas – and shortly biogas – fuelled vehicles. Ballast Nedam is also making it financially attractive for its employees to exchange diesel cars at the end of a lease contract for natural gas (CNG) fuelled alternatives.

Sustainable materials

Supplies of construction materials and raw materials are finite, and production can be harmful to humans and the environment. Ballast Nedam aims to reduce the environmental burden by using sustainable materials and by extracting raw materials sustainably. We invest in product development and applications with a view to finding productive uses for waste substances.

Examples:

- Timber is an important raw material in the construction industry. Ballast Nedam has signed a covenant with the Forest Stewardship Council (FSC) to use more timber produced through sustainable forestry methods. Three Ballast Nedam Bouw regions are now FSC certified.



CNG Net is to supply natural gas as fuel for 135 HTM buses in The Hague. CNG Net is building a natural gas filling station on the HTM site in The Hague, and will take responsibility for the management and long-term maintenance.

- Ballast Nedam is a certified partner of C-Fix B.V.. The C-Fix-product (carbon-fixed concrete incorporating residual high-carbon oil fractions from the refining process) has unique and demonstrable environmental benefits, such as significant reductions in CO2 emissions.

Profit

With or without an invitation, Ballast Nedam is taking its place at the table to exchange ideas and solutions at an ever earlier stage of development. Customers are keen for us to take responsibility for design, building, management, operation and financing. There is a consequent tendency for Ballast Nedam to act as a service provider, advising and taking concerns away from customers. Customers are then able to concentrate fully on their own business. We also wish to promote chain responsibility and continue to professionalize our strategic procurement.

Market opportunities

It is vital to have a sustainable and sustainably built environment, and its maintenance and improvement will require constant investment. The challenges we face in devising solutions for existing public needs are also increasing. The ability to meet these challenges will require know-how, creativity and innovation, which are competencies that Ballast Nedam possesses.

These market developments provide scope for Ballast Nedam to take the initiative in developing, implementing, managing and operating infrastructure and property. It is becoming more common for clients to assess us on aspects other than price alone. The public sector is increasingly employing innovative procurement approaches in projects, in which the client assesses tenders not only on price, but also on aspects such as construction time, safety, public nuisance and sustainability. This trend will continue as public sector internal capacity diminishes. Ballast Nedam accepts many design, build, maintain, finance & operate contracts, and has all the in-house resources to distinguish itself in this area. We therefore expect more scope for PPP constructions in the coming years. This market offers excellent opportunities for companies capable of offering sustainable total solutions for issues in the built environment. Ballast Nedam intends to focus primarily on concession projects with an acceptable risk profile.

Chain responsibility

Ballast Nedam and six major construction companies have set down guiding principles for relationships with specialized contractors, suppliers, installers and other partners in the construction industry. The purpose of the principles is to promote professional alliances and chain responsibility in the construction industry. The principles have the aim of creating clarity for chain partners while providing a guide for buyers and contract managers. An underlying assumption is that the economic principle is linked with core values such as corporate social responsibility (CSR), integrity, transparency and sustainability.

Ballast Nedam expects public and private clients to deal with us in a socially responsible manner and to offer scope for sustainability and innovation, and we will treat our contractors likewise. Ballast Nedam expects both suppliers and partners to conduct themselves professionally, with integrity, transparency and social responsibility. If they work together with us on the basis of price and quality, and if there is scope for innovation, long-term partnerships and optimum results will follow.

Professionalization of procurement

Ballast Nedam is becoming increasingly dependent on its suppliers and subcontractors. Strategic procurement is therefore essential for our business and our competitive position. Ballast Nedam is permanently engaged on professionalizing the purchasing function.

Ballast Nedam is aware of the potential added value from long-term partnerships with suppliers and subcontractors, including the ability to better coordinate and optimize processes. We can then also standardize and integrate information and communication technology.

One of Ballast Nedam's key strategic procurement priorities is Product Group Management, in which we determine the best purchasing strategy to suit the type of product concerned. For instance, we source frequently recurring activities of limited value through group-wide and regional framework contracts, while opting for different forms of partnership for more specific and specialized product groups.

Ballast Nedam has contributed in recent years to the formation of the 'Strategic Partnering in the Construction Industry' benchmark. This benchmark is an initiative of Bouwend Nederland and Nevi, and by enabling us to hold our performance up to the light it gives us an opportunity for continuous performance improvement.

Procurement subjects that will be relevant in the near future include sustainability and performance procurement. The government's aim to achieve totally sustainable procurement is having an effect throughout the chain. Ballast Nedam is adapting its procurement policy accordingly, in consultation with its suppliers. In performance procurement we place responsibilities with the parties in the chain best able to take or manage them, which results in a more manageable process and a higher quality end product. The first pilot project completed successfully in 2008.



Smart suits in HENK

HENK is a healthy glossy magazine for the construction industry. HENK is an initiative of the Arbouw foundation as a way of promoting a healthy lifestyle. In search of 'sporting types' the editors stumbled upon carpenter Rien Verhoeven and contracts manager Jan van Hoof, both of Ballast Nedam Bouw West. They agreed to be featured, thinking that their sporting talents would be the focus.

They were wrong. They were asked to change out of their protective clothing and into a smart suit and fashionable shirt. It took some getting used to: styling, make-up, lighting. But the professional fashion shoot produced something to be proud of. Browse through HENK on www.henkindebouw.nl.



Steel slab terminal, Rotterdam

The steel slab terminal under construction will strengthen the Port of Rotterdam's position in the handling of semifinished steel. The 500 metre quay at the Mississippi Dock in Maasvlakte can accommodate ships drawing 16 metres or more.

Infrastructure

x € 1 million	2008	2007	2006	2005	2004
Revenue	708	675	676	541	522
Order book	705	541	572	557	340
EBITDA	37	33	30	27	30
EBITA	21	19	18	16	12
EBIT	20	18	16	14	11
EBIT / revenue	2.8%	2.7%	2.4%	2.6%	2.0%
Capital employed	133	127	109	33	29
Average number of employees	2 131	2 098	1 977	1 934	2 048



The unloading of steel slabs, the output of the initial stage of iron ore processing, places a substantial load on the terminal's mooring construction.

Market

There is sufficient work across the board in the infrastructure market. There have been some slight shifts in the type of work in the market, and there are plenty of market opportunities.

Price levels present a mixed picture. Whereas a modest price recovery is evident in civil concrete construction, price levels are still below par in the civil engineering segment. Price levels have improved in markets in which our specialized companies operate and where our distinctive capacities are in demand.

The economic unrest that started in late 2008 is expected to have little impact on public sector investments, which happen to be mainly budget driven. Public sector demand for large infrastructure works will be stable or show a modest rising trend in the coming years. The situation with private sector clients is quite different, however. We expect investments in industrial construction to decline slightly. What we view as growth markets are offshore wind farms, alternative cleaner fuels and infrastructure works abroad. We can present a distinctive profile with our specialized companies in these markets.

There is a growing need for sustainable end products and total solutions. It is becoming increasingly common for clients to ask us to consider integrated solutions of this kind at an early stage in projects. The advantage for customers is that they are free to focus on their own core business. The Infrastructure division then takes responsibility for sustainable project development, implementation, management and maintenance, operation, and, if necessary, financing. By doing so, we relieve the customer of concerns.

Market opportunities

Good and sustainable infrastructure is an important factor in how well our society works in an economic, social and environmental sense. Since these three aspects are often in conflict, there is an increasing need for creative and unconventional solutions. Generating and implementing solutions of this kind demand knowledge, creativity and innovation. These are competencies that Infrastructure possesses, and that clients increasingly look to us to provide.

These market trends give Ballast Nedam scope to take the initiative in developing, implementing and managing infrastructure projects. A related trend is the use of innovative forms of procurement for public sector projects, in which tenders are assessed not only on price, but also on aspects such as construction time, safety, public nuisance and sustainability. This trend will in future lead on to contracts covering the entire value chain and life cycle. These contracts offer excellent opportunities to propose sustainable total solutions for complex infrastructure issues. Infrastructure intends to focus primarily on concession projects with an acceptable risk profile.

We expect the market for large infrastructure works in the energy sector to grow in the coming years. Some of the growth will be in conventional forms of energy, but our clients are also requesting more innovative and renewable forms of energy in response to climate change.



The municipality of Heerhugowaard gains its first tunnels under the track. There is to be a subway for motor vehicles, cycles and pedestrians under the double track Den Helder - Heerhugowaard rail line, improving access to the new De Vork industrial estate. A cycle and pedestrian tunnel will also be created under the 110 year old Heerhugowaard-Hoorn line.

This situation allows us to show our entrepreneurial skills in developing sustainable solutions for the growing energy demand, sometime with partners. The kind of initiatives involved might be in cleaner alternative fuels such as CNG, LNG, biogas and hydrogen, and in energy-efficient housing. We are moreover responding to the increasing scarcity of fossil fuels and the growing urgency of the CO₂ problem.

Strategy

Infrastructure is a builder and developer that delivers sustainable total solutions in response to often abstract demand from the market. We identify, develop, design, build, manage, maintain and operate these solutions. We are able to perform these processes both individually and as an integrated whole. We intend to continue to develop our processes at the front and back ends of the horizontal value chain. We will accordingly continue to enhance our product range by strengthening our specialized supply companies. Finally, we will become more active in international projects and the niche segments industrial construction and offshore wind farms.

Strengthening the front and back ends of the horizontal value chain

Infrastructure's strength lies in its know-how and expertise, which enable it to organize the entire value chain. At the front end, we have companies that operate close to the market and offer final products through active planning and project development. We aim to strengthen this front end of the horizontal value chain, possibly by acquiring land positions to enhance the development potential, and by capturing a leading position in the PPP market for infrastructure. In the market for public tenders we will focus on integrated contract types, such as design & construct. We have invested in this focus in recent years, and have therefore accumulated knowledge and experience in this market. Ballast Nedam Beheer has an important role at the back end of the market. This organization specializes in the management of real estate and infrastructure, and is capable of managing long-term guarantees. We intend in 2009 to strengthen and expand our role in the front and back ends of the market.

The companies that operate in the horizontal value chain are based in Groningen, Zaandam, Arnhem, Nieuwegein, Capelle aan den IJssel, Soesterberg and Eindhoven. The Projects department in Nieuwegein acquires and implements large, relatively risky projects. Chain management focuses primarily on infrastructure at present. In the coming years, this will be progressively integrated with the activities of the Building and Development division.

Strengthening supply companies in the vertical value chain

An important precondition for controlling the value chain is the availability of specialist in-house know-how and expertise. The Infrastructure division cherishes its specialized companies, and will expand and strengthen them. The specialized companies serve the rest of the organization as knowledge centres and procurement specialists in their own fields. They distinguish themselves through quality, innovation and cost leadership. We can thus develop a distinctive profile and reinforce our competitive position, from where we can deliver added financial value.

A good example of a company that has strengthened a specialist area is Gebr. van Leeuwen of Harmelen. Last year this company acquired its competitor Hamstra, which was complementary to Gebr. van Leeuwen in terms of know-how, plant and equipment.

The companies that operate in the vertical building chain are based in Kootstertille, Klazienaveen, Arnhem, Zaandam, Leerdam, Nieuwegein, Soest, Soesterberg, Harmelen, Almere and Bergen op Zoom. The raw material companies are based in the Netherlands, Germany, Belgium and Norway.

Increasing the value of the business by becoming more active in the industrial construction, offshore wind farm and international niche segments

Infrastructure performs civil engineering and construction projects for private sector industry. Our expertise comprises specific support structures for process installations. Examples include foundations, concrete work, steel skeleton constructions, and any related infrastructure and structural matters. This is appropriate for us because of our origins as a contractor, with civil engineering as our main pillar. Our clients are primarily businesses in industrial processing and production. They usually operate in the chemicals, oil and gas sectors and the energy market, including waste incineration units, power stations and bio-energy, biomass and nuclear power plants.

In view of the current demand for renewable energy, the oil price and the expertise gained through the construction of the offshore wind farm at Egmond aan Zee, Ballast Nedam expects to be able to capture a leading position in, and to contribute to, Dutch and European renewable energy objectives. In this market segment, Ballast Nedam develops and builds offshore wind farms and other projects in Europe.

Infrastructure is creating new international opportunities by exporting the broad in-house know-how and experience of working in other countries. We manage the activities abroad from the Projects business unit in Nieuwegein, drawing on the international knowledge and experience of the entire Ballast Nedam organization. Infrastructure focuses primarily on the management and engineering of projects and on the specialized activities that distinguish our business in the Netherlands. These activities include advanced foundation techniques, harbour facilities, quay walls, road and waterway facilities and environmental technology. All international projects require Board of Management approval. Important acceptance criteria include the financing (e.g. by the Dutch government or payment guarantees) and the contract terms. International orders are currently being fulfilled in Ghana, Gambia, Saudi Arabia, Surinam and the Netherlands Antilles.



Emmeloord's newest residential area, Emmelhage, now has a tunnel for the increasing number of cyclists and pedestrians. The water feature imparts openness and light to the subway, which seems more like a bridge than a tunnel. The subway's open feel and good lighting improve social and road safety under Espelerweg.

Sustainability and innovation

Innovation and change are important for any business that intends to preserve and strengthen its competitive position. The need for innovation in certain parts of the construction industry is also driven by the numerous changes in the market. The various changes that are affecting the community imply corresponding changes in the wishes and needs of our customers and of Ballast Nedam Infrastructure itself. The changes include globalization, the interest in sustainability, the rise of the information society, the increasing complexity of society, and the setting in which building is to proceed. Infrastructure is responding to these changes, with the objective of delivering maximum customer value. We are achieving this objective by applying systems thinking to tackle problems in an integrated way, and product-thinking to better align our range of products with customer needs. Innovation and sustainability are important core values for Ballast Nedam in this field.

Systems thinking and the life-cycle approach

As clients take a more hands-off approach, our company has increasing scope to take an integrated approach to problems, covering the entire life cycle. Ballast Nedam is pleased with this trend, and moreover we expect systems thinking to have an impact on the entire construction process. Ballast Nedam is applying this working method increasingly often in projects. Furthermore, our company intends to improve the way it facilitates this approach, and cooperation within an open corporate culture will be an important factor.

Examples:

- At the end of 2008 Ballast Nedam Infra Projecten introduced a new manual based on ISO 15288 'Systems Engineering – System Life Cycle Processes', in which we specifically address the integration of aspects such as design and execution. The new manual helps embed in the organization the idea of work being guided by the life cycle.

- 3D, 4D and 5D Building Information Modelling (BIM) is enabling the coordination and integration of processes throughout the life cycle of projects, while improving cooperation with partners. A BIM is an intelligent three-dimensional product model, to which additional dimensions such as time (4D) and money (5D) may be added. We are now applying BIMs successfully in the reconstruction of the A12 highway section between Gouda and Zoetermeer and the construction of the Nuon Magnum multifuel power station in Eemshaven.

Product-thinking

How we think and work for customers is based increasingly on customer needs. We are therefore continuously adapting our product range to these needs. Our specialized and supplier companies have a spectrum of products that they develop constantly, enabling us to respond to the needs of our internal and external customers. Ballast Nedam employees in the supply companies are specialists in their fields, and they constantly develop new solutions for the problems identified and presented.

Examples:

- The VF (vibrofluidation) pile is helping improve working conditions while saving costs. The VF pile was developed by Gebr. van Leeuwen to simplify the installation of underground anchors. The piles are vibrated while water is injected under the casing foot, which fluidizes the soil and eases progress into the ground. Anchor rods can then be sunk to the right depth faster. The process of installing the grout body is also better controlled, which reduces contamination of the construction pit.
- The Hailight is kinder to the environment and saves costs. It is a hollow pile developed by Haitsma Beton B.V.. This pile is 30% lighter than the conventional type, but has the same structural properties. The need for less concrete and therefore less raw material makes it not only lighter, but also less expensive to transport and lift. The use of lighter pile-driving rigs enables us to save 20% on implementation costs. Being lighter enhances the opportunities for batter piles in particular. The Hailight was applied for the first time on a large scale in the construction of the new N210 highway: a first for the Netherlands.
- The temporary seam bridge helps traffic to keep moving. Sometimes one night is not enough to renew seams between road sections. A temporary seam bridge applied to the road surface can allow traffic to flow in the daytime. The next night we can just carry on working. An additional advantage is that the seam bridge can cope with normal road speeds.
- The waste water treatment capacity is inadequate in various places in the Netherlands. The infrastructure needed to transport waste water to waste water treatment plants is also expensive to install. The modular water treatment system could be an attractive alternative in applications such as industrial estates, overspill districts, holiday parks, hotels and golf courses looking for a unconventional solution to the waste water problem. Depending on the customer's needs, we can build treatment plants with capacities varying from five-hundred to two-thousand resident equivalents. The first modular water treatment system was built on the site of the future Nuon Magnum multifuel power station in Eemshaven.
- The heavy lift vessel Svanen enables wind farms to be built faster, more efficiently, and with less risk. As wind farms at sea are becoming larger, so are the wind turbines themselves. Installing wind turbines at sea is a complex and time-consuming affair that is sensitive to weather conditions. Ballast Nedam has developed a frame that enables the heavy lift vessel Svanen to install complete windmills. The wind turbines are assembled and tested on land in a controlled environment. The Svanen picks up a complete wind turbine and installs it at sea in a single operation.
- 'Greener' asphalt: asphalt production requires substantial amounts of energy. Ballast Nedam Asphalt has taken a series of measures throughout the chain and achieved considerable savings. For instance, the sandstone quarry in Bremanger, Norway, supplies electricity to the Norwegian grid by utilizing gravity. Energy is saved by transporting the raw material with the largest vessels available. The application of Premix means there is no need to wash raw materials, and more energy is saved by reusing bitumen and asphalt. In this way, Ballast Nedam emits a total of 13% less CO₂ in asphalt production.

- Libella makes it possible for a home to qualify for energy label A+. Infrastructure and several partners have signed a contract for the sustainable development of homes and districts in the Netherlands. This means we sell and build energy-efficient homes, known as Libella homes, which are produced industrially. The high insulation values, and heat pumps for space and water heating and air conditioning, bring the energy performance coefficient to between 0.60 and 0.64. Features of the homes are a large range of customer options and fast building time. The time from demolishing the existing buildings to completing the Libella homes in Oostzaan was less than two months. Development of the Libella concept continued, and is now also suitable for large-scale and linked application, making the concept interesting for housing associations.

Operations in 2008

The Infrastructure division improved its operating result in 2008 to 20 million (18 million in 2007). The division has held up well in difficult conditions in the infrastructure market. This section describes substantial projects that started or completed in 2008. These projects clearly show how the Infrastructure division is implementing the strategy described above, and how it is performed within the structure of the organization.

Infra Projecten

Infra Projecten specializes in relatively large, complex infrastructure projects in the Netherlands, Ballast Nedam's large international projects and offshore wind farm projects.

Examples:

- Nuon Magnum multifuel power station
Infra Projecten won the contract in 2008 for the civil engineering structures and buildings of the Nuon Magnum multifuel power station in Eemshaven. Infra Projecten also won the contract for the implementation of all temporary facilities for the construction. Implementation of the temporary facilities completed in 2008.
- A12 Gouda-Zoetermeer highway reconstruction
Ballast Nedam has been engaged by the Directorate-General for Public Works and Water Management for reconstructing the A12 between Zoetermeer and Gouda. The project consists of the reconstruction of a twelve-kilometre section, the creation of rush-hour lanes in the central reservation, and the renewal and reconstruction of the existing link with the N209 at Bleiswijk. We are also creating a new link with the N219 at Zevenhuizen, which will replace the existing Zevenhuizen and Waddinxveen links. The entire section is also to be equipped with a dynamic traffic system, which is necessary for the use of the rush-hour lanes, and comprises traffic signalling and camera surveillance. With the exception of the traffic systems, Ballast Nedam has all the required know-how and experience in house for the integrated performance of projects of this kind.
- Deployment of Svanen in wind farm construction
Ballast Nedam Infra Projecten leased the heavy lift vessel Svanen in 2008 to lay the foundations for the Rhyl Flats wind farms in the Irish sea and Gunfleet Sands off the Essex coast near London.
- Drontermeer railway tunnel
Ballast Nedam is one of the designers and builders of a railway tunnel commissioned by Prorail, running beneath the Drontermeer lake, as part of the Hanzelijn link between Lelystad and Zwolle.
- Sint Maarten harbour extension
Ballast Nedam is one of the companies building a new jetty for cruise liners for the St Maarten Port Authority in the Netherlands Antilles. A growing number of vessels call at this port. The new jetty will allow it to receive six vessels a day, rather than four, and accommodate the biggest cruise liners in the world.



The harbour front redevelopment of the fortified town of Willemstad includes a veranda on the Hollandsch Diep. The temporary harbour used in constructing the Delta Project flood defences has been redeveloped into an ultramodern marina with harbour office.

Realization

The five building regions originally focused on the conventional contracting market, to win and perform orders for infrastructure projects in their local markets. Today, they focus increasingly on planning and project development and project management, by acquiring design & construct contracts.

Examples:

- **Willemstad harbour front**
Willemstad is one of the most beautiful of the Dutch fortified towns. It is a place with many visitor attractions and a long history, but was in need of a quality upgrade. Infrastructure is developing and building the Willemstad redevelopment, which will accentuate the cultural and historical value and enhance the tourism and recreational appeal. It is a total area development that will tighten the link between the fortified town and harbour front. The new infrastructure (such as footpaths, roads and parking spaces) will be financed from new quayside commercial property, including shops, offices and leisure concepts. New upper floor homes will bring the plan area to life and increase personal safety.
- **Augusta polder**
Housing construction in the Augusta polder in Bergen op Zoom required modification to the local road structure. Markiezaatsweg will also be upgraded as part of the southwest ring road project. This design & construct contract involves three engineering structures, a noise screen and the removal of a railway crossing.
- **Holendrecht train station**
A new train station has been built near Holendrecht in Amsterdam Southeast as part of the Randstad Accessibility Offensive RegioNet. The station consists of two new island platforms with four stairwells, two lifts and associated platform furniture. The station is situated alongside the existing metro station on the elevated four-track section of the Amsterdam-Utrecht line.
- **Steel slab terminal**
In 2008 Ballast Nedam acquired the construction contract for a steel slab terminal for the Port of Rotterdam Authority. This project involves the construction of a half-kilometre-long quay on Maasvlakte. The terminal is due for completion in 2009.

Concessions

The aim of Ballast Nedam Concessies is to generate long-term, stable cash flow by investing in sustainable and profitable projects with an acceptable risk profile. The company also manages these investments. The focus is on project financing in relation to long-term concession contracts, including PPP concessions. Ballast Nedam Concessies concentrates primarily on public concessions, private concessions and concession ventures. In due course, Ballast Nedam will hold a portfolio of investments in concession projects that it can trade or retain, at its own discretion.

Examples:

Public concessions (PPP)

- Ballast Nedam has acquired three real estate PPP contracts in its portfolio. The Komfort consortium won the contract for the Kromhout Barracks PPP in Utrecht. The DC16 consortium concluded the contract for the Rotterdam Detention Centre PPP, and the Duo² consortium has reached agreement with the client for the Informatie Beheer Groep and the Groningen tax authority joint offices PPP. Ballast Nedam Concessies is a shareholder of all three consortiums.
- In infrastructure, Ballast Nedam Concessies is a shareholder of Wäldwei.com b.v., which won the DBFM contract at the end of 2003 to double the width of the N31 highway between Hemriksein and Nijegaasterhoek. This contract is now in the management and maintenance phase.

Private concessions

- Offshore wind energy
Ballast Nedam Concessies is part of Netherlands Offshore Wind (NOW). NOW develops, builds and operates wind farms at sea.

Concession ventures

- CNG Net
CNG Net is involved in natural gas sales for the automotive sector through the construction, financing, operation, management and maintenance of natural gas filling stations. The aim is to have twenty-five-thousand natural gas-fuelled vehicles in the Netherlands within four years. To this end, CNG Net intends to create a nationwide Dutch network of 250 natural gas filling stations. CNG Net also serves fleet owners. For instance, CNG Net has concluded a collaboration contract with HTM Passenger Transport for the supply of natural gas fuel for 135 buses and for the financing, construction, operation, management and maintenance of the natural gas filling station. Running on natural gas contributes directly to better air quality and lower CO₂ emission.

For these infrastructure tenders, Ballast Nedam Concessies works closely with fellow Ballast Nedam companies, such as Ballast Nedam Bouw Speciale Projecten, Ballast Nedam Infra Projecten and Ballast Nedam Beheer. These companies are responsible for the technical scope. These projects are entirely in line with Ballast Nedam's strategy of covering the entire horizontal value chain, which involves the development, construction, management, maintenance and operation of both property and infrastructure projects.

Infra Consult + Engineering (IC+E)

The design and calculation of architectural constructions are essential in the primary process, also because of the increasing integration of construction processes. With its own IC+E civil engineering company, Ballast Nedam has a broad range of design knowledge and experience. The company has years of experience in the field of large and small-scale innovative works in the Netherlands and elsewhere. It plays an important role in many of the integrated (design & construct) contracts.

Specialized companies

Ballast Nedam's specialized companies focus on specific products such as foundations and excavations. These companies' key themes are innovation, cost leadership and procurement specialist.

Examples:

Parking

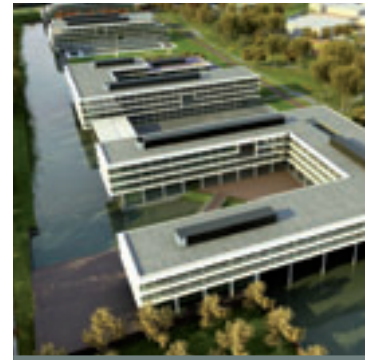
- Temporary multistorey car parks in Baarn and Heerenveen
In 2008 Infrastructure built two temporary multistorey car parks in Baarn and Heerenveen. Infrastructure's modular car parks have price advantages while being open and user-friendly in nature.

Filling stations

- Filling stations in Belgium
Only filling stations built under architect supervision qualify for concessions along the Belgian motorways. Building filling stations with complex constructions within the applicable safety standards is consequently a considerable challenge. Ballast Nedam IPM has many years of experience with the building, renovation and maintenance of architect-designed filling stations in Belgium.

Environmental technology

- Soil clean-up in De Sniep, Diemen
This 125-thousand-square-metre former industrial estate in Diemen was contaminated with a cocktail of polycyclic aromatic hydrocarbons (PAHs), heavy metals, mineral oils, PER, TRI, CIS, vinyl chloride and asbestos. The De Sniep clean-up completed in 2008.



Consortium Komfort is building, operating, managing and maintaining the Kromhout Barracks in Utrecht. This will be the headquarters of the Dutch Army, and will house units of the forces shared service centre and Defence Materiel Organization. The entire Kromhout Barracks, which will accommodate three thousand workers, is scheduled for completion at the end of 2011.

- Recircle: 'the world is ground'
Ballast Nedam Milieutechniek founded Recircle in 2008 in partnership with Ballast Nedam Infra Zuid-Oost. The objective of Recircle is to collect, clean and sell soil on a commercial basis.

Prefabricated concrete

Infrastructure has four prefabrication plants, three for prefabricated concrete plus an iron foundry. The division's prefabrication plants supply the entire construction market, but mainly infrastructure projects.

The Infrastructure division observed a modest improvement in the prefabricated concrete market in the first three quarters of 2008. The economic conditions in the fourth quarter caused revenue to drop sharply in the market for castings and a slight decline in the prefabricated market for residential and nonresidential building. The order book for civil engineering is reasonably well filled, and demand is expected to remain stable. We expect the demand for residential and nonresidential building to decline in 2009.

Examples:

- Lexkesveer, Wageningen
Ballast Nedam is performing the design & construct contract for the river widening project at Lexkesveer near Wageningen. We are using enormous piers and girders from Haitsma to replace the ferry approach with a bridge. The bridge will be 250 metres long will have nine piers each of 120 tons that are to be produced by Haitsma in two equal parts.
- Rijssen subway
Ballast Nedam built a cycle and pedestrian tunnel in Rijssen as part of the revitalization of the De Mors industrial site. The tunnel was constructed by Waco Lingen Beton. The tunnel has a total length of some 30 metres and consists of 19 elements with a maximum weight of 21.5 tons each. The tunnel walls are lined with tiles. The combination of multiple materials gives the tunnel a novel appearance.

Raw material

The demand for high quality raw materials will continue unabated for the next few years. Meanwhile, the demand for sustainable developments in the landscape is increasing. Raw material extraction is therefore a means to higher ends, such as implementing flood defences and nature conservation measures.

The Ballast Nedam raw material companies are responding to these trends and are constantly in search of opportunities to expand the concessions and so strengthen the position in the raw material market. The raw material companies hold strategic raw material positions in the Netherlands, Germany, Belgium and Norway for recovery and production of granulates such as sand, gravel, clay and stone chippings.

Important developments in the raw materials field.

- Ballast Nedam Grondstoffen has successfully completed the first river widening project in the Grensmaas plan, near Roosteren. Roosteren and surroundings are now better protected against flooding, and the river forelands have been reorganized to facilitate nature conservation and leisure activities.
- The Großkunkel sand and gravel quarry in Germany was reopened last year. A new and modern conditioning installation was installed in Großkunkel, and was commissioned in the autumn of 2008.
- Ballast Van Oord Grondstoffen is one of the initiators of the 'Culemborg on the river Lek' plan. The plan combines space for the river with development of the townfront, harbour and leisure facilities. In 2009 the plan envisages achieving a change of national government priorities that will avoid raising dyke levels. A unique aspect of the process is the involvement of the local community in developing the plans.
- The Linne Loop is an ancient arm of the river Maas near Roermond. Ballast Nedam Grondstoffen is the initiator of a nature conservation plan for the Linne Loop.

Prospects

The Infrastructure division is looking forward to the next few years with confidence. This confidence is based on a well-filled order book, the expected price increases in the market in which our specialized companies operate, and our growing proficiency with innovative public sector contracts.

For 2009 the Board of Management expects the operating result of the Infrastructure division to remain almost unchanged on a likewise unchanged revenue.



Drontermeer tunnel, Dronten

The first rail tunnel in the north of the Netherlands reached a milestone in November 2008. The Queen's Commissioner for Overijssel, G.J. Jansen, and the Queen's Commissioner for Flevoland, L. Verbeek linked the 'Old Land' (Overijssel) with the New Land (Flevoland) at the bottom of the tunnel. They completed the link by knocking a hole in the bulkhead between the east and west banks of the Drontermeer. After this breakthrough tracklaying can proceed in the 800-metre tunnel tubes. A tunnel was opted for in order to spare the environment, and allow leisure activities and commercial shipping on the water to proceed unhindered by rail traffic between Lelystad and Zwolle.



St-Gregorius College, Utrecht

With the available space reorganized, new floors and ceilings, insulating glazing and modernized technical installations, this fine old main building of St Gregorius College is now a comfortable environment for the school students.

Building and Development

x € 1 million	2008	2007	2006	2005	2004
Revenue	735	601	622	658	524
Order book	1 005	916	525	503	568
EBITDA	33	36	39	38	24
EBITA	29	33	36	35	21
EBIT	29	33	36	35	21
EBIT / revenue	3.9%	5.5%	5.8%	5.3%	4.0%
Capital employed	71	69	7	4	(29)
Average number of employees	1 706	1 634	1 594	1 622	1 728

Market

The market for residential and nonresidential construction presented a mixed picture in 2008. The growth in investments in residential and nonresidential construction of recent years persisted into the first half of 2008. However, the sustained growth was accompanied by upward pressure on the prices of suppliers and subcontractors, which prolonged the pressure on margins in the construction sector. A feature of the fourth quarter of 2008 was declining consumer confidence and widespread economic unrest, with consequent stagnation in the sales of new housing. Furthermore, residential and nonresidential construction projects proved harder to finance.

A government target is an annual building production rate of between 80 thousand and 83 thousand new homes. This target is not expected to be achieved for 2008. The stagnation of new housing sales that started in the final months of 2008 will depress the building production rate in 2009. The Economic Institute for the Construction Industry (EIB) anticipates falling new housing construction rates for the next two years, reaching 64 thousand homes in 2010.

In the nonresidential construction market, the private sector will be less willing to invest in 2009. The public sector's willingness to invest is expected to remain stable, or even increase slightly.

The home building issue is increasingly shifting from expansion locations to town and city centres, where projects are characterized by higher densities, greater complexity and longer turnaround times. We must constantly seek creative solutions with different residential products. Within urban redevelopment, besides the revival of the government-designated priority neighbourhoods, offices and commercial premises will also receive attention.

The public and private sectors are expressing an increasing need for an integrated project approach to nonresidential construction, or, in other words, a total solution. For the larger office buildings in particular, we are required from the outset to contribute ideas, and later to take long-term responsibility for development, construction, financing and management.

Market opportunities

The political choice to limit the designation of expansion locations, is causing a shift towards city centre redevelopment. Nationally, approximately 45% of new housing projects are now located in city centre areas. Housing corporations also face a major redevelopment task for the property they own, often in inner city areas. Building and Development is seeking strategic alliances with housing corporations and other market players in area development activities. The division also focuses on acquiring strategic inner city and other positions at locations designated or suitable for future housing.



The premises in the centre of Utrecht were in use throughout the renovation.



Rotterdam's Wijnhaeve tower will have 63 owner-occupied apartments, two low-rise blocks with 26 rented apartments, and a split level 2 floor underground car park.

There is an ever greater emphasis on, and a growing demand for, energy-efficiency and sustainability in both residential and nonresidential construction. This is in evidence in the tightening of legislation and regulations on energy performance standards in the coming years. Building and Development aims to respond to this market demand by applying sustainable energy concepts, such as heat and cold storage techniques, in residential and nonresidential construction. The primary factors in the development of sustainable energy concepts are the wellbeing and comfort of the occupier, and a sustainable relationship with the living and working environment.

The government is expressing increasing willingness to invest in this period of economic decline, and this offers opportunities for the nonresidential construction industry. Furthermore, the public sector offers plenty of other opportunities. For instance, changes in care sector regulations are obliging hospitals to deal with their real estate in new ways. They are becoming less dependent on the Care Institutions Construction Board and are themselves assuming responsibility for management. A second example is the increasing interest in 'broad' schools, that combine education, shelter and care facilities, and sport. This offers opportunities for the Building and Development division. We can distinguish ourselves in this market by deploying our expertise and experience in engineer & build projects.

Clients for large commercial properties and business complexes are tending to concentrate on their core businesses, and are keen to dispose of accommodation-related concerns. It is common for parties with nationwide operations to request the contractor to adopt an integrated project approach. This trend is consistent with the government inclination towards procuring works in the form of PPPs, and offers excellent opportunities for companies that can offer total solutions for building issues. The Building and Development division wishes to benefit from this trend, and plans to focus on these concession projects in the coming years.

Strategy

On the basis of its existing core activities of construction and project development, the Building and Development division aims to become more active throughout the chain, by entering the overall process at the earliest possible stage. The division also aims to have a portfolio of niches with which it can operate distinctively in the market. The Building and Development division operates in the niche segments of high-rise construction, large complex projects, and hospitals. The division operates successfully in these niches, and has considerable expertise and experience in engineer & build projects.

Ballast Nedam Building and Development delivers total solutions in response to often abstract demand from the market. Our approach encompasses identifying, developing, designing, building, managing, maintaining and operating these solutions. This strategy obliges us to continue expanding the processes at the front and back ends of the value chain. The division will therefore develop in the next few years into a builder and developer that operates throughout the value chain. To this end we will focus on niches with which we are able to distinguish ourselves in the market. We will also strengthen supply companies and increase the value of the business.

Strengthening the front and back ends of the horizontal value chain

The strength of the Building and Development division is our ability to cover the entire value chain, and our knowledge and experience of the total construction process. At the front end of the chain, our development companies operate close to the market, and we focus on market demand. We aim to strengthen the front end of the horizontal value chain by investing in our land positions, thus further expanding our development potential.

We aim with the regional construction companies to capture a leading position in the market for integrated real estate approaches through engineer & build contracts and by developing local projects. The regional construction companies are joining the process at an increasingly early stage, and develop solutions for often abstract customer requirements. We intend to utilize our accumulated know-how and experience in the public procurement market to further strengthen our position in 2009.

Ballast Nedam founded the energy operator Climate Green in 2008. Climate Green implements sustainable energy concepts in residential and nonresidential construction, covering the entire value chain in the sustainable energy supply field. Climate Green designs, implements and operates projects for the long term. The Building and Development division aims in 2009 to further expand the in-house knowledge that has been acquired, and to make more frequent use of it in the division's residential and nonresidential construction projects.

There is growing market demand for building management services. In 2008 Ballast Nedam responded by founding Ballast Nedam Beheer, a joint venture of the Building and Development and Infrastructure divisions. We have bundled all the management of maintenance and facility services within this business unit. The unit merges the former Ballast Nedam Services (construction and real estate) and Infra Beheer (infrastructure) business units, and the operational activities related to the PPP projects. This concentration of activities will enable us to implement the strategy of remaining involved in projects beyond the construction phase sooner and more efficiently. The unit will be professionalized and expanded further in 2009 to become a fully fledged market player in the maintenance and operation of property, infrastructure and energy projects.

The companies that operate in the horizontal value chain are located in Groningen, Amsterdam, Zaandam, Emmen, Arnhem, Sittard, Nieuwegein, Capelle aan den IJssel and Eindhoven. Ballast Nedam Building and Development aims to preserve the regional character of the organization. In order to win orders for projects, it is important that we have a local presence and can also convey our identity at that level. Ballast Nedam Ontwikkelingsmaatschappij in Nieuwegein manages large-scale developments. Ballast Nedam Bouw Speciale Projecten in Nieuwegein acquires, designs and constructs major, complex projects with a relatively high risk element.

Strengthening supply companies in the vertical value chain

An important precondition for an organization to manage the value chain is in-house specialized know-how and skill. We therefore think and work on the basis of our knowledge of certain market segments, contract forms and specialized knowledge in our approach to clients. In most cases, that specialized knowledge is held by regional construction companies or Ballast Nedam Speciale Projecten. The division also has two plants that supply prefabricated concrete products.

Where possible, we use the products of the specialized companies in the Infrastructure division. For instance, we often use the expertise of Ballast Nedam Funderingstechnieken in designing and implementing construction pits for office buildings, car parks and other large buildings. We engage Gebr. van Leeuwen to install anchors, and Ballast Nedam Specialistisch Grondverzet to excavate construction pits and pour underwater concrete floors.

The Building and Development division aims in 2009 to further expand the in-house knowledge that has been acquired, and to make more use of the specialized companies in its own division and the Infrastructure division.

Increasing the value of the business

Ballast Nedam Building and Development has delivered a sound operational performance for many years, as reflected in the execution of engineer & build contracts and the development of in-house land positions. Less favourably, 2008 was a disappointing year for several regional companies. The Building and Development division aims consistently to improve its operational performance in the coming years. Better use can be made of existing knowledge and experience through an improved exchange of best practices between the different business units. We also intend to improve the management of risks by focusing on an integrated approach and on concessions where total solutions are required.



Ballast Nedam is part of the consortium building the largest non-teaching hospital in the Netherlands. The Jeroen Bosch hospital in Den Bosch consists of four parts. Besides the main hospital, there is a rehabilitation centre, a mental health care centre and a radiotherapy institute.

We will alter Ballast Nedam Building and Development's activity mix in the coming years by focusing more on the front and back ends of the horizontal value chain. This means that development and management of maintenance and operation will account for a greater proportion of the overall activities. We will expand development further by enlarging the land positions, and thereby the development potential, and by regionalizing large-scale developments. We will expand the management of maintenance and operation by orienting the activities more towards total solutions, and thus long-term property management. All real estate projects with long maintenance periods will be transferred to Ballast Nedam Beheer.

The Building and Development division aims to continue to increase the turnover rate of the land bank. Efforts will be redoubled in 2009 on revitalizing the land bank, and on developing or swapping land positions with third parties. An extra impetus comes from Ballast Nedam Ontwikkelingsmaatschappij's rise in 2008 from eleventh to fifth place on the Building Business Reputation Monitor of property developers.

Sustainability and innovation

Innovation and change are important for any business that intends to preserve and strengthen its competitive position. The need for innovation in certain parts of the construction industry is also driven by the numerous changes in both the market and the community. These changes include a greater emphasis on sustainable approaches to energy and materials.

Process optimization and standardization

The construction industry has been changing in recent decades from a craft-based into an assembly-based operation, but nonetheless many construction site activities are still performed under unpredictable conditions, with inevitable manpower and material wastage. The situation may also have a negative impact on quality. Ballast Nedam Building and Development will focus more sharply in 2009 on optimum process control. We will also move to mechanized forms of house building, with a sharp reduction in the finishing and other work that remains to be performed on site.

Product-thinking

How we think and work for customers is based increasingly on customer needs, and we strive constantly to align our range of products to these needs. Our strategy is geared to this endeavour by strengthening the vertical value chain. The specialized and supply companies in the value chain distinguish themselves in the market through innovation in products, and price leadership. They have a range of products that they develop continuously, responding to the needs of our internal and external clients. In the process, we steadily augment our range of products. The Ballast Nedam employees in the supply companies are specialists in their fields, and they constantly develop new solutions for the problems identified and presented.

Examples:

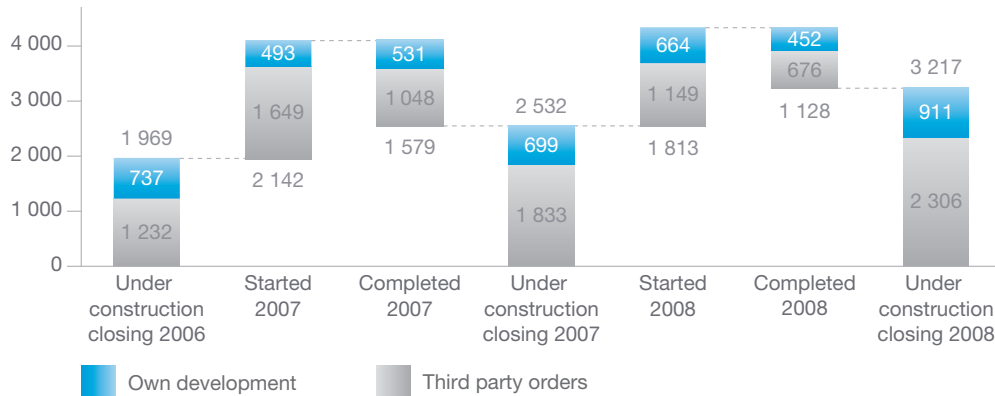
- Ballast Nedam founded the energy operator Climate Green. Climate Green designs, implements and operates sustainable energy concepts. Climate Green combines several existing sustainable solutions that are mutually reinforcing, and guarantee minimal energy consumption and maximum user comfort. An example is heat and cold storage.
- Hoco Beton is working on improving product efficiency by purchasing a wire mesh welding machine. The machine will enable the company to produce 3D wire frames in a fully automated process.

Operations in 2008

The Building and Development division achieved an operating result of € 29 million in 2008 (2007: € 33 million). This was a good result, particularly in view of the upward pressure on prices from subcontractors and suppliers, and the general economic turmoil in late 2008.

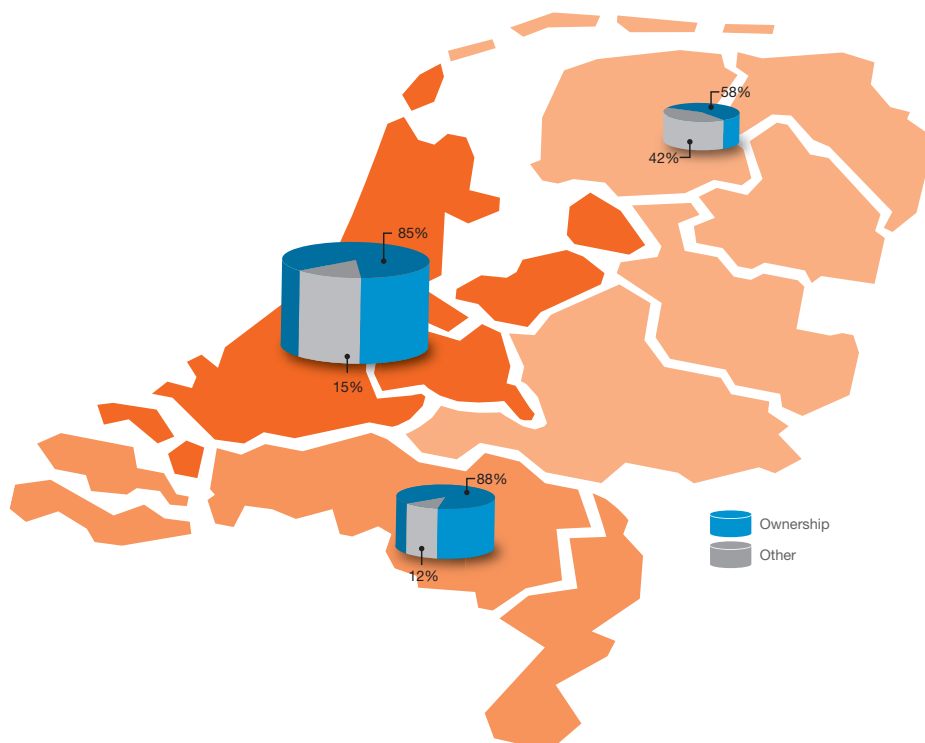
As in 2007, more homes were taken into production than completed in 2008, and the number of homes under construction at the end of 2008 increased to 3 217. This contributes to the well-filled order book for 2009. Of the number of homes under construction, 28% are in-house developments.

Residential building (units)



Land bank and development potential

In the past year, the development potential of the land bank decreased by 1% to approximately 14 800 homes. The carrying amount increased by 11 million to 142 million euros. This increase is attributable to payments against earlier obligations. In absolute terms, the land bank decreased from 604 hectares to approximately 580 hectares. The development potential of the land bank for commercial property consists of 315 thousand square metres of office space and 219 thousand square metres of other commercial space.





In 2008 Ballast Nedam completed the new offices for the International Criminal Court (ICC) in The Hague. The offices of over 13 000 m² were delivered within 14 months to the Government Buildings Agency. The Haagse Veste office complex development is a Ballast Nedam and Strabag initiative, and has been sold entirely to institutional investors.

The projects started or completed in 2008 are described below for each operating company. These projects illustrate how Ballast Nedam Building and Development is implementing the strategy, and how this is performed within the structure of the organization.

Development

Ballast Nedam Ontwikkelingsmaatschappij develops housing, offices and other buildings such as shops and schools, on its own land where possible.

Some examples of current and completed projects:

- **Berckelbosch, Eindhoven**
Ballast Nedam Ontwikkelingsmaatschappij is developing the large-scale Berckelbosch housing project, with about 900 homes, in Eindhoven. The first two plan components, with 76 homes, were completed in 2008. Sales of the first plan component started in 2008, with Climate Green supplying the sustainable energy. The techniques used include heat and cold storage. All subsequent plan components will have the sustainable energy supply.
- **Rosep, Veldhoven**
Ballast Nedam Ontwikkelingsmaatschappij is building 74 new homes on the site of the former local athletics club. The Rosep housing site is between Veldhoven Village centre and the Pegbroeken district. The former athletics track is a main design feature in the development plan. Construction of the first 48 homes began in July 2008.
- **Courtine Den Haan, Gorinchem**
On the former site of the Den Haan steel cable factory on the edge of Gorinchem's historic city centre, Ballast Nedam Ontwikkelingsmaatschappij is developing approximately 134 apartments and 39 town houses. A city centre residential location is being created backing on to the city walls and between two fortifications. 102 homes were completed in 2008.
- **Haagse Veste, The Hague**
In 2008 Ballast Nedam Ontwikkelingsmaatschappij completed new offices for the International Criminal Court (ICC) in The Hague. The 13 thousand square metre building was delivered to the Government Buildings Agency within 14 months. The Haagse Veste office complex development is an initiative of Ballast Nedam Ontwikkelingsmaatschappij and Strabag, and has been sold to institutional investors.

Special Projects

Ballast Nedam Bouw Speciale Projecten specializes in the construction of relatively large, complex building projects in the Netherlands.

Some examples of current and completed projects:

- **Faculty of Science, University of Amsterdam**
The construction of a new university building for the University of Amsterdam. The building comprises classrooms, laboratories, offices, a library, sports facilities and catering services for the Faculty of Science. The total area is approximately 70 thousand square metres. An innovative aspect is constant temperature control by means of a thermoactive concrete core system. This technology is used in the laboratories and elsewhere. Completion of this design & build project is scheduled for spring 2010.
- **JuBi, The Hague**
The largest of the Government Buildings Agency projects is to be built in the heart of The Hague on a construction site no bigger than a 'postage stamp': the new Netherlands Ministries of Justice and the Interior towers. Two 140 metre towers designed by Hans Kollhoff will rise on the site of the former 'Black Madonna' apartments. Bouwcombinatie JuBi B.V. was awarded the contract in 2008. The construction consortium consists of Ballast Nedam Bouw Speciale Projecten, BAM Utiliteitsbouw and the installation companies Homij and Imtech.

- ROC Mondriaan, The Hague

We built the new construction project for the Mondriaan Education Group. The area is 22 thousand square metres. Numerous Mondriaan educational programmes have been brought together in this colourful educational complex. A special feature is the ground-floor work-study accommodation, where students can practice their entrepreneurial skills in a theme café, a community restaurant, a hair salon, a fabric store, a copy shop and even a fitness centre, all open to the public of The Hague. We completed this engineer & build project on 1 February 2008. The City of The Hague honoured the project with the 2008 New City Award.

- Maasstad Hospital and Care Boulevard, Rotterdam

The new Maasstad Hospital caters for all possible care needs, as well as complex issues that require the latest technology. The hospital will be opened at the same time as the Care Boulevard, which accommodates a variety of functions that are related to the hospital, such as a maternity hotel, two rehabilitation clinics and a psychiatric unit. The central 'shopping street' will have retail and catering services. Ballast Nedam Bouw Speciale Projecten is building the Maasstad Hospital (traditional) and the Care Boulevard (design & build contract) in partnership with BAM Utiliteitsbouw.

Realization

The regional construction companies originally engaged in residential and nonresidential construction for their local markets, but are now turning their focus to planning and project development by acquiring land positions, and to specific niche segments.

Some examples of current and completed projects:

- Sphinx Timber Yard, Maastricht

The former Sphinx timber yard in Maastricht was delivered to the Belvédère neighbourhood development agency in 2008. The project involved a complex shell restoration of 6 600 square metres.

- Hasebroekstraat, The Hague

For the Vestia housing association we are building a 272-unit public housing complex in the Spoorwijk district of The Hague. The systems installed in the homes will be highly energy-efficient, which will be reflected in an extremely low energy performance coefficient (EPC).

- Restoration and changed function for Kloosterkwartier, Sittard

For its own risk and account, Ballast Nedam is working on the conversion and restoration of the Kloosterkwartier in Sittard. The former monastery occupies 20 thousand square metres. We are building a hotel with 73 rooms, a conference centre, a brasserie, shops, 17 short-stay apartments and 15 luxury apartments. We are building an underground car park beneath the defensive 'glacis' behind the monastery complex. The last completion is scheduled for 2010.

- Sint Antonius Hospital, Nieuwegein

For the Sint Antonius Hospital, a start was made in 2008 on a canopy over the multi-storey car park exit, a cycle park for 802 bicycles on three floors, various offices, treatment rooms and sanitary spaces. Completion is scheduled for spring 2009.

- Gregorius College, Utrecht

The school board commissioned the renovation of the Gregorius College building in the old centre of Utrecht on Nobeldwarsstraat (approximately 3 000 m²). Lessons continue as normal while this complex city centre project proceeds.

Management

Ballast Nedam Beheer manages and operates property, infrastructure and energy projects, and also manages long-term post-completion guarantees for Ballast Nedam projects.



In the government-designated urban development location Vleuterweide in Vleuten De Meern, Ballast Nedam is developing 1 100 highly diverse homes. Ballast Nedam is part of this area development through the Vleuterweide joint venture company.



The steel construction will soon accommodate two office floors, with another floor to be added later. The 550 tonne construction was lifted into place more than 30 metres up on the columns by two gigantic 8 tonne cranes: their first deployment in the Netherlands.

Some examples of projects:

- Offshore wind farm, Egmond aan Zee
Ballast Nedam Beheer manages and maintains the wind farm off Egmond aan Zee. The wind farm is the first of its kind to be built in the North Sea off the Dutch coast. It consists of 36 wind turbines. As a partner in the Egmond Consortium, Ballast Nedam designed and built the Egmond aan Zee Offshore Wind Farm on a turnkey basis.
- Maintenance of 250 catering establishments
The real estate management and structural maintenance of 250 catering establishments in the Netherlands is being performed for the Belgian investor Cofinimmo.
- N210 maintenance, Bergambacht
The existing N210 (near Bergambacht) is being repaired for the provincial government of South Holland, and on completion of the new section it will be managed and maintained for 20 years.
- Real estate management for Alliance Apotheek
For Alliance Apotheek B.V. Ballast Nedam Beheer is providing property management and primary accommodation care services for the 78 Alliance Apotheek pharmacies in the Netherlands. Signing on the outside of the pharmacies identifies them as part of the Kring pharmacy group.
- CNG Net, natural gas filling stations
Ballast Nedam Beheer is responsible for the technical management of the CNG Net natural gas filling stations. CNG Net is involved in natural gas sales for the automotive sector through the construction, financing, operation, management and maintenance of natural gas filling stations.

Prefabricated concrete

Ballast Nedam Building and Development's two prefabricated concrete plants supply the housing and utility construction sector. Both plants supply project-specific prefabricated concrete.

Some examples of projects:

- The Wall, Utrecht
Hoco Beton won an order in 2007 for production and erection of the longest building in the Netherlands: the Wall in Utrecht. This building will be 610 metres long, ranging in height from three to eight floors. Almost 30 000 m³ of prefabricated concrete will be used in this building.
- Maas Tower, Rotterdam
Hoco Beton is also involved in the construction of the tallest building in the Netherlands, the Maas Tower in Rotterdam. This 165-metre building will be constructed entirely of prefabricated concrete elements.

Prospects

The order book is well filled until mid 2010, largely with public works contracts. Ballast Nedam Building and Development has established a profile in recent years as a highly valued partner to the national government, various care institutions, housing associations and educational institutions.

The Board of Management expects the Building and Development division to achieve a lower operating result on a lower revenue in view of the virtual standstill in the market for property development, and in particular the housing market. No improvement is foreseen in this situation in the short term. Building and Development will accordingly adjust the cost level of development activities, intensify cooperation with housing associations, and accelerate the development or redevelopment of less expensive homes.



New Babylon, The Hague

Part of the multifunctional residential, office and retail centre is a 7.2 metre high steel construction of 36 by 27 metres seen being positioned in a single spectacular lifting operation in September 2008, directly over the existing and operational hotel.



Onderzeedienstkade and Visserijkade, Den Helderr

Onderzeedienstkade was originally built by Ballast Nedam in 1949 and is now, after its extension, 550 metres long and suitable for cargo storage and handling. There are moorings at the head of the quay for seagoing pleasure craft. The quay has been renamed Nieuwediepkaide.

Other

This chapter briefly presents Ballast Nedam's other units: ABL2, Ballast Nedam ICT, and International.

ABL2

ABL2 is a joint venture of Ballast Nedam and TCN. ABL2 expedites, improves and implements integrated area developments. We use an innovative form of process management.

In the third year after its foundation, ABL2 was involved in several prestigious area developments throughout the Netherlands. We achieved a positive result in 2008 and we expanded to ten employees.

Examples.

- We are conducting a business case in the municipality of Woensdrecht for the Stork Fokker site that is part of the integrated area development near the Woensdrecht air base.
- For the municipality of Brunssum we are investigating the feasibility of the integrated development of the town's eastern fringe. This is a badly cluttered zone within a region where redevelopment is complicated by ageing and rejuvenation of the population.
- We are assisting the municipality of Schiedam in selecting one of three strategic development options for the Wilhelmina harbour area.
- We are supporting ProRail in positioning itself as a landowner with real estate potential.

Ballast Nedam ICT

Ballast Nedam ICT is the specialized company that provides ICT services for the entire Ballast Nedam group. Ballast Nedam ICT also accommodates numerous joint services that are not directly related to ICT, such as lease management and the print centre. The company focuses primarily on innovation and efficiency.

Involved throughout the building chain

The standard ICT infrastructure supports staff in exchanging information in all construction phases. The Sharepoint platform in particular makes it easy for business units involved in the various construction phases to share information and work together on line. The Sharepoint platform can also be opened to external parties. With the introduction of the 'Code for Information Security' we are also addressing the complex ICT security aspects that arise when working with external parties.

The extension of the chain is also reflected in the selection and implementation of various new IT systems for project monitoring and for supporting the management and maintenance phase. The service management package Maximo has now been taken into use in Ballast Nedam Beheer. This package supports the management of complex items of infrastructure and buildings.

Both Ballast Nedam Building and Development and Ballast Nedam Infrastructure are making more frequent use of advanced 3D models, also incorporating the dimensions of time and money. These models also contribute to efficient information transfer from design, through implementation, to management and maintenance.

Excellent performance

Ballast Nedam employees are provided with the latest ICT tools to increase their personal productivity. Several ICT developments are contributing substantially to efficient energy consumption. For instance, the new video conferencing equipment in the regional offices is helping reduce the number and length of journeys, and the virtualization of servers is considerably reducing energy consumption in the central computer rooms.



Onderzeedienstkade and
Visserijkade, Den Helder

We have introduced the tactical purchasing system AGIS companywide, which raises purchasing process efficiency, especially in the implementation phase. We have also standardized on the package GwwCalc for producing estimates from civil engineering specifications.

Joint services such as lease management and the print centre have a home within Ballast Nedam ICT, which guarantees efficient management and clear administrative processes, while allowing the other business units to focus on their primary processes.

International

In the Canadian Rocky Mountains in the east of British Columbia, Ballast Nedam is developing the Kicking Horse Mountain Resort (KHMR), a centre for challenging skiing and an attractive summer holiday destination. Ballast Nedam is managing the ski centre and developing the property.

In 2008 we worked on new master plan for the area together with the local government, which will result in a considerable enlargement of the development right.



The Hague New City Award for ROC Mondriaan school

The City of The Hague presents the annual New City Award as a mark of appreciation and reward for advanced urban renewal projects. ROC Mondriaan was a Design and Build project performed by Ballast Nedam Speciale Projecten and AGS Architects.

The jury commented that the new ROC building will make a significant contribution to the renewal of the Laakhaven district of The Hague. The students, who are also extremely proud of the building, help bring life back to the street, which instils a sense of safety and dynamism. The jury also expressed admiration for the design of the building, despite tight education budgets.

Risk management and risk profile

The Board of Management of Ballast Nedam is responsible for ensuring the introduction and proper functioning of internal risk management and control systems appropriate to the company. These systems are designed to manage significant risks and to help achieve operational and financial objectives as well as compliance with applicable legislation and regulations. Risk management allows us in good time to identify and control the various risks to which the company is exposed in achieving targets and profits. Controlling risks is a core competence for Ballast Nedam.

The Board of Management has formulated frameworks for Ballast Nedam's risk management policy, within which a clear and consistent system of risk management can be put in place across the group. The system's key elements are as follows.

- Any healthy business has to take justifiable risks. Management at every level is responsible for accurately identifying, analysing, monitoring and managing these risks in such a way that they are kept at acceptable levels.
- Under the ultimate responsibility of the Board of Management, both division management and local management are responsible for the effective management of risks at their levels, as well as for compliance with the relevant legislation, regulations and internal code of conduct.
- Management at every level satisfies itself that the next lower level of management applies an adequate risk management system and supervises compliance with the relevant regulations and code of conduct.

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

Risk management and organization

Ballast Nedam has a decentralized organization consisting of divisions, which themselves consist of operating companies. To avoid companies taking on unwanted risks, there is a structure in which the divisional directors must give advance approval of contracts above a certain limit. Board of Management approval prior to concluding a contract is required for projects regarded as high risk. This applies in any event to projects with a potential production value of more than 25 million euros, foreign contracts, investments in land positions and in tangible assets, and long-term liabilities. The divisions then report on these projects separately in their periodic reports to the Board of Management.

We manage risks on projects that Ballast Nedam develops for its own account using specific procedures and assessment criteria. Construction starts only when there is sufficient certainty as to sales or rental. Generally, a minimum of 60% is observed for housing, and 100% for commercial property projects.

Instruments for controlling risks include ensuring the quality of management, the corporate governance policy, the code of conduct, the reporting and accounting guidelines, and Ballast Nedam's management information system. Each business unit manager has clearly defined terms of reference that determine his powers. The management periodically reports on and assesses the risks. Each year, business unit managers account for the policy pursued in a written statement.

Internal control

Financial and operational risks, and the risk of noncompliance with relevant legislation and regulations, are managed as far as possible by means of risk analyses in combination with systematic reporting, and responsible financing methods. Our management and financial reports are based on the business plan, with thirteen reporting periods in the current year.



The Zaandam waste water treatment plant has been handling sewage from the municipalities of Zaanstad, Wormerland, Landsmeer and Oostzaan since 1967. The existing biological treatment system has been extended. The treatment plant continued operating while building work proceeded.

The reports include a daily liquidity report, a regular financial report and a detailed quarterly report. The Board of Management refers to these reports, which always include risk profiles, in its periodic meetings with the divisional boards. The divisional boards conduct similar discussions with the management of the operating companies, in which particular attention is paid to compliance with rules and regulations, and the presence of internal rules of conduct that support compliance.

Audit Committee

The Audit Committee became operational in 2008. This committee meets three times a year in the presence of Ballast Nedam financial management, and twice a year in the presence of the external auditor. In the meetings the committee discusses the financial course of events, the findings of internal audits, and risk management in the company. The activities for 2008 are presented in the report of the Supervisory Board.

Integrity and the code of conduct

Management at all levels ensures that all employees comply strictly with laws and regulations. This principle is enshrined in a code of conduct, about which all employees are personally informed. The code of conduct covers ethical standards, rules for gifts and donations, internal procedures for reporting infringements (a whistleblowers' scheme), and possible sanctions for infringements.

We systematically address compliance with rules and regulations in regular meetings and in all management training programmes. The code of conduct is in line with the principles set out by the Stichting Beoordeling Integriteit Bouwnijverheid, a dedicated body that performs independent supervision of Ballast Nedam's compliance with the code.

Statement of the Board of Management

The financial statements 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 of Ballast Nedam and the undertakings included in the consolidation taken as a whole on the balance sheet date. The annual report describes the principal risks that Ballast Nedam faces.

Ballast Nedam's risk management and control systems are regularly analysed and evaluated. Ballast Nedam duly adheres to the Enterprise Risk Management Framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). This was followed up in 2008, and improved where necessary. This internal control framework has an explicit place within the risk management and control systems in the internal business planning and reporting systems for the operating companies and divisions. The risk profile and the internal risk management and control systems were also discussed regularly with the Supervisory Board. There are no signs that the existing systems were not properly designed. We are naturally aware that the internal risk management and monitoring systems give no absolute guarantee that we will always achieve our objectives. Likewise, we cannot hope with these systems to prevent all material errors, loss, fraud and infringements of laws and rules. We will therefore continue to assess, and where possible improve, the organization and operation of the internal risk management and control systems in the coming years.

Insurance

One of the control measures is risk financing by means of insurance. Insurance is a centralized responsibility at Ballast Nedam, and is therefore organized as such. The department concerned ensures that the relevant risks are included in the centrally contracted insurance policies, and that liability cover is sufficient.

Types of risk

Ballast Nedam has to deal with various types of risk. The broad categories involved are market risks, financial and operating risks, liquidity and treasury risks, and other risks.

Market risk

Ballast Nedam operates primarily in the Dutch market. The core activities are development, construction and management of the maintenance and operation of property and infrastructure projects. To a significant extent, the results are determined by the economic situation in the Netherlands and by government expenditure. The Infrastructure division depends more heavily on government expenditure than the Building and Development division, the revenue of which depends more on house buyers' confidence in the future. However, this in turn depends on the availability of funds, interest rate movements, confidence in the future tax deductibility of mortgage interest, and, above all, the economic climate. Delays in obtaining permits because of the emissions issue and other planning procedures have a major impact on the implementation of building projects. Despite the structural shortage of new homes, the housing market is expected to shrink in the next few years because of the credit crisis. On the supply side, there are overcapacity risks. This applies in particular to the general tendering market and the standard prefabricated concrete products. Failure of the prices in these segments to recover properly in the coming years could negatively affect the results. An advantage of the current strategy is that it reduces sensitivity to the economic cycle, partly by investing in activities with long-term predictable cash flows, including management and maintenance and PPPs, and partly because of activities within the company that perform well in different stages of the economic cycle. In earlier years, land positions were acquired in order to increase the relative proportion of developments. The company now runs value risk on these strategic land positions.

Financial and operational risks

The highest-risk elements of the primary process are the design, preliminary estimates, the tendering process, procurement and project planning. Risks in the preliminary process can be limited by devoting additional attention to this entire phase. A second opinion may be required on key sections, depending on the size and complexity of the project concerned. There were new signs in 2008 that the preliminary process still has room for improvement. The business units are sharing with each other the lessons they have learned.

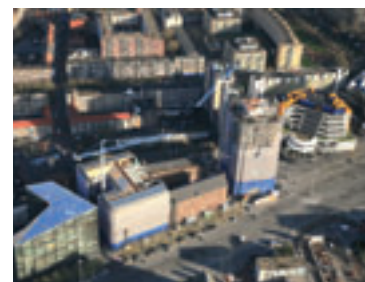
In the construction phase the risks are mainly technical. Ballast Nedam concentrates on continuous process improvement, quality assurance and the systematic analysis of rectification costs. Normal insurance is taken out to cover risks during construction. Credit risk during the construction of the project is largely avoided by including instalment payments in the contract in line with progress.

Liquidity and treasury risks

The Infrastructure and Building and Development divisions have their own financing facilities. No declaration of joint and several liability pursuant to Section 403 (1f) of Book 2 of the Netherlands Civil Code has been issued for these divisions. It is normal in the building industry for there to be negative working capital as companies receive prepayments on projects. This may create a liquidity risk if fewer prepayments are received because fewer projects are under construction. Ballast Nedam controls this risk by performing periodic cash flow forecasts. We moreover have sufficient credit facilities. Treasury is a joint responsibility at Ballast Nedam, and is therefore organized centrally.

Ballast Nedam carries out projects outside the euro zone on a limited scale only. The related exchange risks are hedged for each project. In Canada, Ballast Nedam is involved in the development and operation the Kicking Horse Mountain Resort. The exchange risk on the long-term financing of this Canadian activity is not hedged.

The interest risk is determined by the 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.



Laurenschhof in Rotterdam consists of a large office building, a 70 metre residential tower and an underground car park. In the heart of the city, on Blaak, with its extensive market three times a week. A project of this kind involves more than building alone.

Other risks

Final contractual settlement of the projects of the former Ballast Nedam International division is almost complete. Provisions were made in earlier years for the settlement of these projects. Possible claims by Ballast Nedam on third parties in respect of these projects have not been recognized in the annual accounts, unless there is reasonable certainty that such claims will be met.

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

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

Ballast Plc was liquidated in 2006. Provisions have been formed for the remaining guarantees. The UK Office of Fair Trading served notice on Ballast Nedam N.V. in connection with an inquiry into suspected infringements of UK competition rules by Ballast Plc between 2000 and 2003. It is uncertain whether a fine may be imposed, and how large that might be. It is also uncertain whether Ballast Nedam N.V. can be held liable, or whether any valid claim can be made against Ballast Nedam N.V.. For these reasons, no provision has been made.

In 2007, Ballast Nedam brought legal proceedings against a former director, and a number of persons associated with this director, in connection with fraud. Ballast Nedam received a counterclaim from the defendants. In view of the uncertain outcome of both claims, neither has been included in the financial statements.

Sensitivity analysis of five significant risks

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

Financing risk

There is a risk that banks will be unwilling because of the credit crisis to continue their current conditions for the loans that finance the company. However, Ballast Nedam is relatively conservatively financed. A possible refinancing risk for the long-term loans arises only in April-October 2012. The interest rate risk on these loans is limited by a combination of a fixed interest rate and Euribor plus a percentage margin on the loans, and by the absence of covenants. Furthermore, Ballast Nedam has uncommitted bank guarantee facilities and cash facilities with Dutch banks for financing projects. The risk of the banks cancelling these facilities is limited by the already outstanding guarantees from these banks.

Reputation risk

Ballast Nedam enjoys a solid and favourable reputation, and this is a valuable company asset. Major loss of reputation may arise from any infringements of the code of conduct and competition rules. The scale of the consequences of any infringement is hard to quantify, but Ballast Nedam is aware as it may threaten the company's viability.

Sector risk

Project development and the construction and infrastructure sector are generally 'late cyclical' relative to general business and economic trends. The average construction volume varies in the Netherlands from an expansion of 5% to 10% in good years to stagnation, or slight contraction, in bad years. The trend in prices usually fluctuates even more fiercely, and depends strongly on supply and demand, on both the purchasing and sales sides of the business. The operating profit margins are relatively low.

Operating risk

By their nature, designing, planning, estimating and procurement involve the greatest operating risks. The much fuller order book, also in view of the current labour market shortages, carries a risk of errors arising in project management and implementation. The fact that potentially all projects are subject to these risks, and their possibly considerable magnitude, hamper a quantitative sensitivity analysis. If contingencies of this kind were to occur on multiple projects simultaneously, and accompanied by the relatively low profit margins, the current operating result could fall sharply. Thanks to a broad spread in the order book and the risk management policy, we consider the probability of this scenario to be slight.

Housing market risk

As a consequence of the uncertain economic situation there is a risk that sales of housing developed by Ballast Nedam will come under heavy pressure. A 10% fall in housing sales could lead to a decline in revenue of approximately 15 million euros, with a negative impact on the operating result of roughly 1 million to 1.5 million euros. In order to reduce this risk, Ballast Nedam is taking a package of measures, ranging from cost reduction and more intense partnership with housing associations, to the development of less expensive homes.

Strengths

- a broad spread of activities with a focus on the Netherlands
- a strategically well distributed land bank with substantial development potential
- a strong image and a solid financial position

Opportunities

- growing PPP market in the Netherlands
- structural shortage of homes
- market opportunities in niches such as offshore wind farms, natural gas filling stations and industrial construction

Weaknesses

- Ballast Nedam's size in relation to PPP projects and large infrastructure projects
- insufficient utilization of the synergy between the various Ballast Nedam activities
- substantial dependence on the Dutch market

Threats

- credit crisis with a stagnating property market
- purchase price volatility
- a shortage of qualified employees



Maasboulevard, Cuijk

The public unloading quay along the river Maas has been transformed into a boulevard open to all. The quay is also used for the Cuijk Fair and other events.

Financial results

Revenue

x € 1 million	2008	2007	2006	2005	2004
Infrastructure	708	675	676	541	522
Building and Development	735	601	622	658	524
	1 443	1 276	1 298	1 199	1 046
Other/elimination	(17)	(6)	12	7	118
Total	1 426	1 270	1 310	1 206	1 164

Revenue in 2008 amounted to 1 426 million euros. This is a rise of 12% relative to the revenue of 1 270 million euros in 2007. The revenue of the Infrastructure division was 708 million euros. A particular contribution to the 5% rise came from increased major projects revenue. The revenue of the Building and Development division rose by 22% to 735 million euros. This rise was largely attributable to major projects, and includes recovery of lost ground caused by the delays in 2007 in awarding contracts for these projects.

EBIT

x € 1 million	2008	2007	2006	2005	2004
Infrastructure	20	18	16	14	11
Building and Development	29	33	36	35	21
	49	51	52	49	32
Other	(7)	(9)	(10)	(11)	3
Total	42	42	42	38	35

The operating result matched that of 2007, at 42 million euros.

The Infrastructure division improved its result by 2 million euros to 20 million euros, in line with the forecast higher operating result given in March 2008, and may be considered good in view of the sustained low price level in the public works market. The improved results were attributable to the regional units and major projects.

The Building and Development division achieved a lower operating result of 29 million euros on a higher revenue, in line with the forecast given. The higher results on property development, major projects and prefabricated concrete did not fully compensate for the decline in the results of the regional construction companies.

The 'Other' result improved by 2 million euros. The holding company costs were almost unchanged. The improvement was attributable to the settlement of the former international activities.

Margin

	2008	2007	2006	2005	2004
Infrastructure	2.8%	2.7%	2.4%	2.6%	2.0%
Building and Development	3.9%	5.5%	5.8%	5.3%	4.0%
	3.4%	4.0%	4.0%	4.1%	3.0%
Other	-	-	-	-	-
Total	2.9%	3.3%	3.2%	3.2%	3.0%

The overall margin fell to 2.9% on a 12% higher revenue. This margin was slightly below the target range of 3% to 5%.

The margin of the Infrastructure division increased from 2.7% to 2.8%, on a slightly higher revenue. With a substantially higher revenue, the Building and Development division saw a fall in the margin from 5.5% to 3.9%.

Net result

x € 1 million	2008	2007	2006	2005	2004
EBIT	42	42	42	38	35
Interest income and charges	(11)	(4)	(4)	(10)	(11)
Result before taxation	31	38	38	28	24
Income tax expense	(7)	(11)	6	(8)	(11)
Net result	24	27	44	20	13

The net result fell by 3 million euros to 24 million euros, in particular because of the decline in the result before taxation.

The result before taxation went down to 31 million euros, because of 7 million euros less net interest income. Interest charges increased by 5 million euro because of the unwind of discount on the provisions by 2 million euros, an interest charge of 1 million euros for the interest rate derivatives, and more capital employed in the course of the year as a consequence of the investments in property, plant and equipment and land positions, plus a higher interest rate on the short-term working capital loans. On the other hand, interest income went down by 2 million euros because of a lower capitalized interest on the PPP receivables.

Tax costs fell by 4 million euros to 7 million euros. The effective tax burden went down from 28% in 2007 to 23% owing to the recognition of a 3 million euros liquidation loss of the former German operations. The deferred tax asset at year end was 37 million euros, of which 33 million euros was related to carry-forward losses.

Order book

x € 1 million	2008	2007	2006	2005	2004
Infrastructure	705	541	572	557	340
Building and Development	1 005	916	525	503	568
	1 710	1 457	1 097	1 060	908
Other	(43)	(19)	(4)	4	63
Total	1 667	1 438	1 093	1 064	971

The order book rose by 16%, from 1 667 million euros at year-end 2007 to 1 438 million euros. The quality and size of the order book puts Ballast Nedam in a relatively strong starting position. One factor is the declining construction market, in which purchase prices are expected to continue to fall. Another is that the order book consists largely of creditworthy semipublic and public sector clients.

Equity

Shareholders' equity fell on balance by 4 million euros to 168 million euros. The decline consisted of the net result of 24 million euros less the dividend payment of 14 million euros, the formation of a hedging reserve of 11 million euros for interest rate derivatives, and of 3 million euros for exchange rate differences. The hedging reserve was for the interest rate derivatives that substitute the variable interest rates of the PPP loans for a fixed interest rate. These represent temporary differences over the term of the loans. Total assets increased by 106 million euros to 1 004 million euros. The increase in assets and the fall in shareholders' equity caused the capital ratio to decrease from 19% at year-end 2007 to 17%. Capital employed fell from 256 million euros at year-end 2007 to 252 million euros.

Cash flow

x € 1 million	2008	2007	2006	2005	2004
Operating	66	(26)	17	(26)	13
Investing	(42)	(29)	(54)	39	2
Financing	15	47	(30)	(44)	7
Effect of exchange rate fluctuations on cash held	1	(2)	-	-	-
Total	40	(10)	(67)	(31)	22

The positive cash flow for 2008 was 40 million euros, compared with a negative cash flow of 10 million euros in 2007.

The operating cash flow for 2008 was 70 million euros positive compared with a negative operating cash flow of 26 million euros for 2007, which is explained partly by a sharp reduction in working capital at year-end.

The negative cash flow from investing activities amounted to 43 million euros, consisting of 60 million euros in investments, 21 million euros in disposals and 4 million euros in company acquisitions. The investments and acquisitions were 44 million euros for tangible assets, 2 million euros for intangible assets and 14 million euros for financial fixed assets. The disposals were mainly concerned with the PPP receivables. The net investments in tangible assets of 41 million euros exceeded depreciation of 24 million euros.

The positive cash flow from financing activities of 12 million euros consisted of 29 million euros net drawing of long-term loans, a 14 million euros dividend payout for 2007 and 3 million euros for exchange rate fluctuations.

Net financing position

x € 1 million	2008	2007	2006	2005	2004
Net cash	92	52	62	129	160
Current part of long-term loans	(7)	(18)	(3)	(7)	(5)
Long-term loans	(126)	(97)	(36)	(54)	(99)
Total	(41)	(63)	23	68	56

The net financing position improved by 22 million euros to 41 million euros. The long-term loans increased by 29 million euros to 126 million euros. Some of this increase was concerned with the PPP loans, which increased by 10 million euros net, and an increase of 15 million euros in the financing of land positions. The current part of the long-term loans was mainly concerned with the PPP loans, and decreased by 14 million euros to 3 million euros. Net cash rose by 40 million euros to 92 million euros. The prepayments on projects increased from 68 million euros at year-end 2007 to 79 million euros. The financing requirement was higher in the course of the year than at year-end.

There is no need to refinance the long-term loans in the coming years. The general loan of 50 million euros matures on 1 April 2012 and has a fixed interest rate of 4.63%. As security for the loan, mortgages were taken out on a number of properties in use by Ballast Nedam. Furthermore, the terms of the loan include no financial covenants. The other large loan of 34 million euros is for financing a number of land positions in a separate company. The maturity period of the loan is undefined and has an interest rate equal to Euribor plus 100 basis points. The relevant land positions were mortgaged as security for the loan. The main other long-term loans are the PPP loans, which have no opportunity for recourse on Ballast Nedam, and for which the interest rate is fixed by means of derivatives.



Sloe power station, Flushing

The new Sloe power station is an asset to the Flushing and Terneuzen harbour area. The station will help with peak loads on the grid and will safeguard the harbour area's energy supply. The station runs entirely on natural gas.

Prospects

The market for property development stagnated in the fourth quarter of 2008. The Board of Management expects a lower operating result of approximately 25 million euros in 2009, on a lower revenue. The operating result for 2008 was 42 million euros.

The Board of Management expects the operating result of the Infrastructure division to remain largely unchanged in 2009, on a likewise largely unchanged revenue.

The Board of Management expects the Building and Development division to achieve a lower operating result on a lower revenue in view of the virtual standstill in the market for property development, and in particular the housing market. No improvement is foreseen in this situation in the short term. Building and Development will accordingly adjust the cost level of development activities, intensify cooperation with housing associations, and accelerate the development or redevelopment of less expensive homes.

Nieuwegein, 12 March 2009

Board of Management

T.A.C.M. Bruijninx

R. Malizia

R.L.M. Jacobs



Ballast Nedam is designing and building the cooling water inlet and outlet stations and laying the 4.4 kms of synthetic pipelines.



Berckelbosch, Eindhoven

Berckelbosch is a new neighbourhood east of Eindhoven centre where 900 dwellings are being developed. Subplan 6 is part of an area development in which Ballast Nedam is developing the property, public space, and infrastructure.

Report of the Supervisory Board

Ballast Nedam in 2008

The Supervisory Board notes with satisfaction that Ballast Nedam achieved good results in 2008. The operating result of 42 million euros is in line with the forecast given in March 2008. This is a commendable performance in view of the greatly changed market conditions in 2008. Prices rose fast in the first three quarters, and in the fourth quarter the property market stagnated completely.

Despite the changed market conditions, both Ballast Nedam divisions, Building and Development and Infrastructure, performed in 2008 in line with forecasts. The operating result of the Infrastructure division improved once again. The result of the Building and Development division was lower on a much higher revenue.

Looking back on 2008, the Supervisory Board would like to express its appreciation for the Board of Management's skilful and effective leadership of the company in turbulent market conditions.

Dividend

The underlying principle of Ballast Nedam's dividend policy is that 50% of the net profit is placed at the disposal of shareholders for distribution as dividend. The Supervisory Board approved the Board of Management's proposal to appropriate 24 million euros of the net result of 12 million euros to the other reserves. The remainder of the net result is at the disposal of the shareholders. We propose a cash dividend for 2008 of 1.24 euros per share in issue (2007: 1.38 euros). The net result per ordinary share in issue was 2.46 euros.

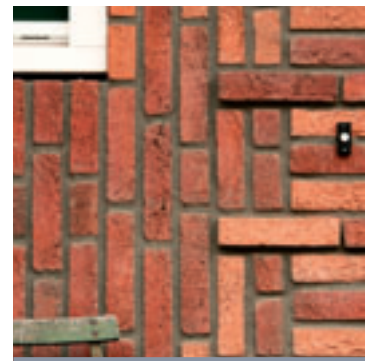
Meetings of the Supervisory Board

The Board met on five occasions in 2008 in the presence of the Board of Management. All supervisory directors attended these meetings. At each meeting (partly on the basis of the regular reports), the Board discussed financial developments, the operational performance of the divisions and market trends. At the December meeting, we discussed the group's strategy, its operating and financial objectives and the associated risks. The Board also approved the business plan for the coming years.

Separate memoranda from the Board of Management were also discussed in the meetings, as well as Board of Management decisions requiring the approval of the Supervisory Board. In the field of corporate governance, we discussed the proposed amendments to the Dutch Corporate Governance Code. We also handled the dividend proposal for 2007 and prepared and evaluated the Annual Meeting of Shareholders. We also discussed management development within Ballast Nedam with the Board of Management.

The annual and half-year figures were discussed at the meetings in March and July. The external auditors attended the discussions of these agenda items and presented findings on the financial results. The Board of Management regularly explained the group's risk profile. The Supervisory Board also discussed the design, operation and any further refinements of the internal risk management and control system with the Board of Management. The external auditors attended these discussions at our request.

In addition to the structural consultation with 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 visited a number of projects in 2008. Discussion was then raised about the working conditions and security policy.



Berckelbosch, Eindhoven

The Supervisory Board also met in the absence of the Board of Management, in order to discuss the performance of the Board of Management as a whole and of the individual members. The remuneration of Board of Management members was also raised. The Supervisory Board evaluated its own performance, both as a whole and with regard to the individual members. We also discussed the profile and membership of the Supervisory Board.

Ballast Nedam is able to rely on a tradition of consultation with employee representatives. One of the Supervisory Board members attended a meeting of the Central Works Council. Furthermore, a delegation of the Central Works Council spoke to Mr Smits regarding his reappointment to the Supervisory Board. The Central Works Council exercised its enhanced right of recommendation to recommend the nomination of Mr Smits by the Supervisory Board.

Committees

The Audit Committee consists of the supervisory directors Mr Boelen (Chairman) and Mr Broeksma. The committee met on three occasions in 2008 in the presence of the chairman of the Board of Management and the Financial Director of the holding company. The external auditor also attended the meetings.

The Audit Committee discussed the following subjects and others in the meetings: the half-year and annual figures, the annual report, reports of the external auditors, developments in the area of IFRS and compliance, the risk profile and the company's tax position, and the tender for the external auditor for the next years. 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 Financial Director of the holding company. The committee also evaluated its performance.

In 2008 the Supervisory Board jointly performed the roles of an audit committee, remuneration committee and selection and appointments committee, and discussed the items that are customarily raised in committees of these kinds.

The Supervisory Board consists of four members and is therefore not required to appoint separate committees as prescribed in Principle III.5 of the Dutch Corporate Governance Code ('Tabaksblad' version).

Membership of the Supervisory Board

The membership of the Supervisory Board remained unchanged in 2008. Mr Smits' first term of office ended in 2008; he was reappointed for a period of four years at the Annual General Meeting of Shareholders in 2008. Messrs Broeksma and Boelen are due to stand down as supervisory directors in 2009 in line with the rotation schedule. Mr Boelen is available for reappointment for another term, but Mr Broeksma is not. The Supervisory Board will nominate Mr Boelen for reappointment and Ms Schultz van Haegen for appointment at the Annual General Meeting of Shareholders on 6 May 2009. The Supervisory Board complies with the independence criterion laid down in the Dutch Corporate Governance Code. The personal details of supervisory directors are presented on page 66 of this Annual Report.

Financial statements and ratification

We hereby submit the annual report for the financial year 2008, which includes the consolidated and company financial statements of Ballast Nedam N.V., as drawn up by the Board of Management and approved by the Supervisory Board. The financial statements were audited by KPMG Accountants N.V., Utrecht. The auditors' report appears on page 121 of this Annual Report. We recommend that you adopt the financial statements and ask that you ratify the actions of the members of the Board of Management and the Supervisory Board in respect of their management and supervision, respectively, in 2008.

Conclusion

The Supervisory Board expresses its appreciation to all Ballast Nedam staff for their dedication, skill and knowledge, which contributed towards the company's good results in 2008.

Nieuwegein, 12 March 2009

Supervisory Board

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



The homes will have an extremely comfortable indoor environment. The use of heat and cold storage will provide sustainable heating and air conditioning.



InfraTech Innovation Award

Gebr. Van Leeuwen Harmelen B.V.'s VF (vibrofluidization) pile won the Innovation Award at InfraTech. Elco Brinkman (Chairman of industry association Bouwend Nederland) congratulated site manager Arie van Vliet in person. Features of the VF pile are that it speeds up installation of tension anchors, and the grout body is installed under tight control, which minimizes construction pit soiling.

'Besides the technical benefits, there is also a substantial improvement in the working conditions on the construction site', the jury said. Details of VF pile operation and options are posted on the website www.gebr-vanleeuwen.nl.

Supervisory Board



A.N.A.M. Smits

(Chairman)

Mr Smits was born in 1943 and is a Dutch national. He has been a member of the Boards of Management of Macintosh N.V. and Wilma International N.V..

Mr Smits is a member of the supervisory boards of a variety of companies. He is currently a member of the Supervisory Boards of Vebego Holding B.V., Maas International B.V., De Raekt B.V., Vercoat Invest B.V. and Hollandia Holding B.V., and is Chairman of the Supervisory Boards of CZ-Groep and Faber-Halbertsma Groep.

Mr Smits was appointed to the Supervisory Board of Ballast Nedam in 2004.

His current term of office ends on 7 May 2012.



H.C. Broeksma

(Vice Chairman)

Mr Broeksma was born in 1945 and is a Dutch national. He is a former member of the Group Executive Board of Koninklijke Wessanen N.V..

Mr Broeksma is a member of the Supervisory Boards of Delta Lloyd Bank N.V., Blauwhoed Holding B.V. and Flentrop Orgelbouw B.V.. He is also a member of the Democracy and Media Foundation (Treasurer) and a member of the Board of Governors of the Amsterdam Business School.

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

His current term of office ends on 1 July 2009.



R.M.M. Boelen

Mr Boelen was born in 1944 and is a Dutch national. Until 1 September 2004 he was a senior partner at Deloitte Accountants.

He is a member of the Supervisory Boards of the following non-listed companies: Koninklijke Asscher Diamant Mij B.V., Regardz Hospitality Group B.V., Golden Tulip Hospitality B.V. (Chairman), Bavaria N.V. (Chairman) and Brova Groep B.V. (Chairman). He is also Treasurer of the Nelson Mandela Children's Fund in the Netherlands and Secretary of the Peace Parks Foundation in the Netherlands.

Mr Boelen was appointed to the Supervisory Board of Ballast Nedam in 2005.

His current term of office ends on 1 July 2009.



J.C. Huis in 't Veld

Mr Huis in 't Veld was born in 1947 and is a Dutch national. His former positions include Chairman of the Board of Management the Netherlands Organization for Applied Scientific Research (TNO) and of the DHV Groep engineering firm. He previously held positions in the Directorate-General for Public Works and Water Management.

Mr Huis in 't Veld holds various other positions, including a supervisory directorship of E.ON Benelux Holding B.V., N.V. Westerscheldetunnel and Science Park Holland (Chairman).

He is a member of the Advisory Board of Allseas B.V., and of the Advisory Board of the Knowledge for Climate research programme. He is also Chairman of the Supervisory Board of the Space for Geo-Information Foundation (RGI), Chairman of the Construction Academy of the TSM Business School, and advises the Minister of Transport and Public Works and Rotterdam municipal authority on the regional master plan Rotterdam en Haven: Duurzaam Bereikbaar.

Mr Huis in 't Veld was appointed to the Supervisory Board of Ballast Nedam as of 1 November 2006.

His current term of office ends on 1 November 2010.

Board of Management

T.A.C.M. Bruijninckx

(Chairman)

Mr Theo Bruijninckx was born in 1961 and is a Dutch national.

He serves as CEO (Chief Executive Officer) and CFO (Chief Financial Officer).

Mr Bruijninckx joined Ballast Nedam in 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 Bruijninckx was appointed as a member of the Board of Management under a permanent contract on 13 February 2003. He was appointed Chairman of the Board of Management on 13 August 2007.



R.L.M. Jacobs

Mr Ruud Jacobs was born in 1955 and is a Dutch national.

He holds primary responsibility for the Building and Development division.

Mr Jacobs joined Ballast Nedam in 1995. In chronological order, he has served as Manager of Ballast Nedam Woningbouw South Region, General Manager of Ballast Nedam Woningbouw and since 2000 Managing Director of Ballast Nedam Building and Development.

Mr Jacobs was appointed to the Board of Management for a four-year term on 13 August 2007. His current term of office ends on 13 August 2011.



R. Malizia

Mr Romeo Malizia was born in 1957 and is a Dutch national.

He holds primary responsibility for the Infrastructure division.

Mr Malizia joined Ballast Nedam in 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 appointed to the Board of Management for a four-year term on 13 August 2007.

His current term of office ends on 13 August 2011.





‘Nieuwe Haven’ terminal, Paramaribo (Surinam)

The improved and expanded terminal will be able to handle more containers. The new quay wall with the fenders is ready to receive ships. In the background is the Jules Wijdenbosch bridge, which Ballast Nedam completed in 2000.

Corporate governance

The Supervisory Board and Board of Management of Ballast Nedam attach considerable importance to good corporate governance. Ballast Nedam has a decentralized governance model, with the group consisting of decentralized divisions, each consisting of decentralized operating companies. In this model, the accompanying entrepreneurial skills and responsibilities lie as close to the market as possible. Corporate responsibility and good business management, with effective supervision by group management, are essential elements of the decentralized governance model. This chapter presents the main points of Ballast Nedam's corporate governance structure.

Corporate Governance Code

Ballast Nedam complies fully with the principles of the Dutch Corporate Governance Code and, with certain exceptions, applies the best practice provisions of the Code. In financial year 2009 we will apply 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. The company's corporate governance structure has not changed substantially in the meantime. Neither have there been any substantial changes in compliance with the Code that would require the approval of the General Meeting of Shareholders. The corporate governance structure and corporate governance policy are on the agenda of every Annual General Meeting of Shareholders.

Ballast Nedam does not yet fully comply with the following two 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.2.7) in the case of Mr Bruijninx. Mr Bruijninx was appointed for an indefinite period before the Code came into effect at the start of 2003. The severance pay agreed at the time was one-and-a-half times fixed annual salary, and Ballast Nedam respects these contract terms.
2. Ballast Nedam has interpreted the declaration on the internal risk management and control systems (best practice provision II.1.4) as we describe in the section headed 'Risk management and risk profile'.

We explain in detail Ballast Nedam's compliance with the Corporate Governance Code on the company's website www.ballast-nedam.com. We will update the website in the course of 2009 with details of our compliance with the modified code.

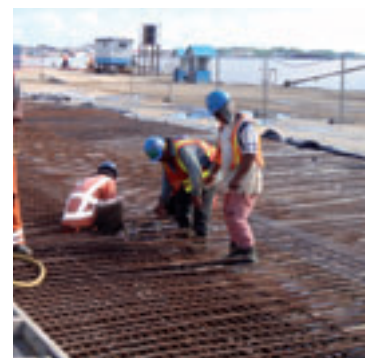
Legal structure

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 2008, the Administration Office had issued depositary receipts for 97.43% of the capital in issue. Ballast Nedam has no antitrust constructions.

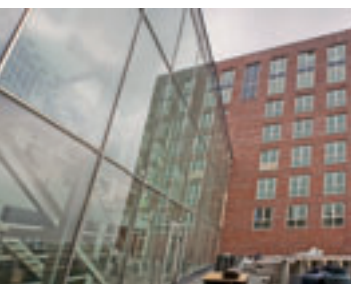
The company has a Supervisory Board and a Board of Management. The Board of Management requires Supervisory Board approval for certain important decisions. The Board of Management requires the approval of the General Meeting of Shareholders for important changes in the identity or character of the company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

A resolution to amend the Articles of Association is carried at the General Meeting of Shareholders by an ordinary majority of the votes cast, if the resolution is proposed by the Board of Management and with the approval of the Supervisory Board.

In all other cases, resolutions to amend the Articles of Association are carried in the meeting by a majority of votes representing at least 70% of the capital in issue.



Reinforcement is applied to the existing 'old' decking before pouring the 'new' overlay.



This new building with a 16-classroom primary school and 70 student apartments is in the east part of the harbour island in Amsterdam-IJburg.

Supervisory Board

The Supervisory Board supervises the Board of Management and the general performance of the company and its business, and supports the Board of Management with advice. In performing its tasks, the Supervisory Board focuses on the interests of the company and the associated business, taking into consideration the relevant interests of the stakeholders. The Supervisory Board currently has four members. All supervisory directors are independent within the meaning of the Code.

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 persons for nomination as supervisory directors to the Supervisory Board. The Supervisory Board will nominate persons recommended by the Central Works Council for one third of its membership, unless the Supervisory Board objects on the grounds that the recommended person is not expected to be suitable to perform the tasks of a supervisory director, or that the composition of the Supervisory Board would not be appropriate following an appointment in accordance with the recommendation. 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.

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.

In view of its size (there are four members), the Supervisory Board jointly performs the functions of a remuneration committee and selection and appointments committee. The Supervisory Board has had an Audit Committee since 13 December 2007. Within its field of responsibilities, this 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 the Ballast Nedam website.

No transactions took place in 2008 of material significance for the company or the person concerned and involving a conflict of interest between supervisory directors, managing directors or natural or legal persons holding at least 10% of the Ballast Nedam shares.

The Supervisory Board Regulations contain further 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 Regulations are posted on the Ballast Nedam website. Personal details of the Supervisory Board members are presented on page 66 of the Annual Report.

Board of Management

The Board of Management is responsible for the management of the company and for drawing up and achieving the company's objectives, strategy and policy and the consequent movements in profits. The Board of Management currently consists of 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.

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 2008, the Board of Management was authorized until 7 November 2009, 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% of the capital in issue;
- issue shares and/or grant rights to acquire shares, to a maximum of 10% of the capital in issue, plus an additional 10% of the capital in issue if the issue coincides with an acquisition or merger;
- restrict or exclude preferential rights to shares to be issued.

The Board of Management Regulations contain further rules on the allocation of tasks and working methods of the Board of Management, and on its dealings with the Supervisory Board, the General Meeting of Shareholders, the Central Works Council and the external auditors. These Regulations are posted on the Ballast Nedam website. Personal details of the Board of Management members are presented on page 67 of the Annual Report.

Management of the divisions and subsidiaries

The Board of Management supervises the management of the divisions, and the divisional management, in turn, supervises the management of the subsidiaries. The management of the divisions and of each subsidiary have clearly defined terms of reference regulating their powers. The Board of Management must give approval for projects in excess of a certain value or with a particular risk profile before Ballast Nedam can conclude a contract. The same system applies at the divisional level for projects with a lower value and lower risk profile. This is explained in greater detail in the section headed 'Risk management and risk profile' on page 57 of this Annual Report.

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% of the capital in issue may also convene meetings.

The agenda for the Annual General Meeting of Shareholders includes discussion of the Annual Report, approval of the financial statements, the request to ratify the actions of the Board of Management and the Supervisory Board, the appointment of the external auditors, and the appropriation of profit. Shareholders and/or holders of depositary receipts for shares solely or jointly representing at least 1% of the capital in issue, or who represent a value of 50 million euros according to the Official List, have the right to propose agenda items. The company will accept requests of this kind unless there are compelling reasons for not doing so. Requests must be submitted at least sixty days prior to the date of the meeting of shareholders.

Each shareholder and holder of depositary receipts for shares has the right to attend and address the General Meeting of Shareholders, and to exercise voting rights at that meeting. In order to exercise such meeting rights, shareholders and holders of depositary receipts for shares must comply with the conditions stated in the notice convening the relevant 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.



The harbour of St. Maarten in the Netherlands Antilles is to have a new jetty, alongside the one completed by Ballast Nedam in 2001. A harbour area is being created for passengers from the large cruise liners. The existing quay wall will be extended for cargo and container ships, with a special breakwater construction to protect the harbour area.

The results of votes cast for each agenda item at a General Meeting of Shareholders shall be posted on the company's website within 15 days of the meeting. The draft Minutes shall be posted on Ballast Nedam's website within three months of a General Meeting of Shareholders. Shareholders and holders of depositary receipts for shares may respond to the draft Minutes in the following three months. The Chairman and Secretary of the General Meeting of Shareholders will then adopt the Minutes.

Depositary receipts for shares

In exercising its voting rights for the shares, the Ballast Nedam Administration Office 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. The Board of the Administration Office appoints the Board members. The meeting of holders of depositary receipts may recommend specific people for appointment.

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 and are not, therefore, used as an anti-takeover measure. The present system of issuing depositary receipts for shares is used solely as a means of preventing a (chance) minority of shareholders from controlling the decision-making process as a result of absenteeism at a General Meeting of Shareholders.

The report of the Board of the Ballast Nedam Administration Office, which covers the activities of the administration office in 2007, is presented on page 125 of the Annual Report. The report also gives personal details of the Board members.

Auditors

The external auditors are responsible for auditing the financial statements. The General Meeting of Shareholders has the right to appoint the external auditors. The Annual General Meeting of Shareholders in 2008 resolved to engage KPMG Accountants N.V. to audit the financial statements for 2008. The external auditors attend the Annual General Meeting of Shareholders in order to answer any questions on the auditors' opinion as to whether the financial statements present a true and fair view.

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

The Board of Management and the Audit Committee thoroughly assess the performance of the external auditors in their various capacities 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.



Culture Campus, Vleuterweide

The campus is designed to combine the various functions, with culture as the binding element. Besides 60 rented apartments, there is also space for a school, sports hall, auditorium-cum-reception hall, arts centre, library, welfare organization and church centre.



Culture Campus, Vleuterweide

Remuneration report

The Supervisory Board hereby presents the remuneration report for 2008, a summary account of Ballast Nedam's remuneration policy. Because of its limited size, the Supervisory Board as a whole constitutes the Remuneration Committee.

Principles of remuneration policy

The remuneration of the members of the Board of Management is determined by the Supervisory Board within the parameters of the policy approved by the General Meeting of Shareholders in 2005.

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

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

Variable remuneration in the short term: bonus payments

Under the current remuneration system, a bonus may be paid in addition to the fixed salary, up to a maximum of 1/3 of the fixed salary. Any bonus payment is made after the end of the financial year to which it relates. A bonus is paid only when certain predetermined targets have been achieved or exceeded. Two-thirds of the bonus is determined by reference to financial criteria based on the business plan approved by the Supervisory Board. One third of the bonus is determined by reference to nonfinancial criteria, as laid down and assessed by the Supervisory Board. These criteria relate to leadership attributes, quality of relationships with the various stakeholders of the company, and the quality of the management of specific important issues arising during the year in question.

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

Variable remuneration in the long term: options

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

The Supervisory Board is authorized to grant options to members of the Board of Management. The Board decides each year on the award of options on the basis of the following criteria:

- the managing director in question has a proven high personal significance for the company;
- the Supervisory Board wishes to secure the loyalty of the managing director for the longer term, in the interests of the continuity of the business;
- the managing director in question met the bonus performance criteria in the preceding financial year.

Under this scheme, the aggregate maximum option rights that the Board may grant to the members each year is 2% of the total number of shares in issue. The members may exercise these rights only after three years, for up to six years from the date on which they are granted. The exercise price is equal to the average closing price of depositary receipts for shares of Ballast Nedam N.V. on NYSE Euronext Amsterdam in the five trading days prior to the award of the options, including the date on which they are awarded. Any options are awarded on the date on which Ballast Nedam publishes its annual figures.

Remuneration policy for 2009

The Supervisory Board takes the view that the current scale of, and criteria for, the remuneration package properly reflect the administrative and management priorities. The Board supports a limited variable remuneration component linked to feasible targets, setting the required priorities. The option scheme commits the managing directors for the longer term. The Board intends to continue the current remuneration policy in 2009.

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 of the members of the Board of Management as at 1 January 2009 were as follows:

• T.A.C.M. Bruijninx	€ 472 000 (€ 457 000 on 1 January 2008)
• R.L.M. Jacobs	€ 346 000 (€ 335 000 on 1 January 2008)
• R. Malizia	€ 346 000 (€ 335 000 on 1 January 2008)

Bonus

The Supervisory Board has decided to grant the Board of Management members the following bonuses in 2009 for the 2008 financial year:

• T.A.C.M. Bruijninx	€ 131 000
• R.L.M. Jacobs	€ 96 000
• R. Malizia	€ 96 000

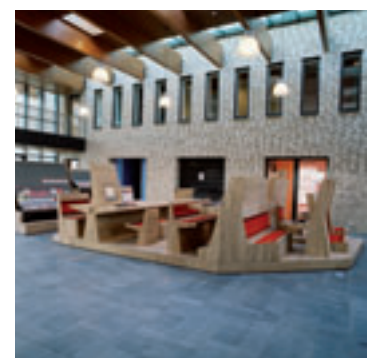
The Board of Management members met the quantitative targets they were set. This was examined and confirmed by the external auditors. These targets determine two-thirds of the bonus payments. As the Annual Report shows, the Board of Management also showed skilled management of exceptional and important issues for the company. Assessment in terms of the nonfinancial criteria, which determine one third of the bonus, leads in the Supervisory Board's opinion to the award of one half of this portion of the bonus. The Board has therefore decided to pay a bonus of five-sixths of the maximum to the Board of Management members.

Options

In 2008, the following options were granted to Board of Management members for the 2007 financial year:

• T.A.C.M. Bruijninx	40 000 options
• R.L.M. Jacobs	30 000 options
• R. Malizia	30 000 options

The options mature in six years, from 14 March 2008, and can be exercised after three years from that date. The exercise price is € 25.11.



Culture Campus, Vleuterweide

As noted in the 2007 Annual Report, the Board of Management members complied with the bonus performance criteria in 2007. The Supervisory Board has confidence in the members of the Board of Management and is keen to retain them at Ballast Nedam for a longer period. Granting options also mirrors the interests of the shareholders to some extent in the personal interests of the managers, as Board of Management members must buy and retain shares in Ballast Nedam, as described above.

Pensions

Board of Management members take part in the Ballast Nedam pension fund on the same terms as other employees.

Other

Board of Management members receive a fixed allowance and use of a company car.

Contract term, notice period and severance pay

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

Remuneration of Supervisory Board members

Supervisory Board members receive a fixed fee that is not dependent on the results of the company. The General Meeting of Shareholders fixed the remuneration of the Supervisory Board in 2005. As of 1 January 2009, the annual fees for supervisory directors were as follows:

• A.N.A.M. Smits	€ 45 000
• H.C. Broeksma	€ 30 000
• R.M.M. Boelen	€ 30 000
• J.C. Huis in 't Veld	€ 30 000

Supervisory directors also receive an allowance for expenses incurred.

The Supervisory Board has an Audit Committee. The General Meeting of Shareholders fixed the remuneration of the Audit Committee in 2008. As of 1 January 2009, the annual fees for Audit Committee members were as follows:

• H.C. Broeksma	€ 5 000
• De heer R.M.M. Boelen	€ 5 000



FINANCIAL STATEMENTS 2008

One-stop primary care centre, Amsterdam

We renovated a former girls' school in Amsterdam East to create a one-stop primary care centre for OLVG Hospital. Besides GPs, the centre also has room for a dentist, a physiotherapist, midwives, psychologists, a pharmacy and Amsterdam home care services.

Consolidated balance sheet

x € 1 million	Note	31 December 2008	31 December 2007
Non-current assets			
Intangible assets	1	25	22
Property, plant and equipment	2	176	158
Financial assets	3	36	23
Investment in associates	4	-	1
Deferred tax assets	5	37	38
		274	242
Current assets			
Inventories	6	199	179
Work in progress	7	127	105
Receivables	8	295	285
Cash and cash equivalents	9	109	87
		730	656
Current liabilities			
Bank loans	9	(17)	(35)
Current portion of long-term loans	11	(7)	(18)
Inventories	6	(29)	(15)
Work in progress	7	(141)	(130)
Trade payables		(300)	(211)
Income tax payable		-	(1)
Other liabilities	10	(145)	(156)
Current portion of provisions	14	(21)	(24)
		(660)	(590)
Working capital		70	66
		344	308
Non-current liabilities			
Loans	11	126	97
Derivatives		15	-
Deferred tax liability	12	3	4
Employee benefits	13	4	5
Provisions	14	28	30
		176	136
Total shareholders' equity			
Equity attributable to shareholders	15	168	158
Minority interest		-	-
		168	172
		344	308

See Notes to the consolidated balance sheet and income statement on pp. 93-114.

Consolidated income statement

x € 1 million	Note	2008	2007
Revenue		1 426	1 270
Raw materials and subcontractors		(1 077)	(923)
Employee benefits	16	(267)	(260)
Other operating expenses		(15)	(25)
		(1 359)	(1 208)
Share in results of associates	4	-	1
EBITDA		67	63
Depreciation and amortisation of property, plant and equipment and intangible assets	1,2	(25)	(21)
EBIT		42	42
Finance income	17	2	4
Finance expense	17	(13)	(8)
Net finance income and expense		(11)	(4)
Result before taxation		31	38
Income tax expense	18	(7)	(11)
Net result		24	27
Attributable to:			
Shareholders		24	27
Minority interests		-	-
Net result		24	27
Attributable to shareholders:			
Basic earnings per share (€)	19	2,46	2,75
Diluted net result per share (€)	19	2,46	2,75

■ See Notes to the consolidated balance sheet and income statement on pp 93 - 114.

Consolidated statement of movement in equity

x € 1 million

	Issued share capital	Share premium	Repurchased own shares	Exchange differences reserves	Associates reserves	Hedging reserve	Other reserves	Result	Equity attributable to shareholders	Minority interests	Total shareholders' equity
31 December 2006	60	52	(1)	-	2	-	1	44	158	-	158
Exchange differences	-	-	-	-	-	-	-	-	-	-	-
Results recognized directly in equity	-	-	-	-	-	-	-	-	-	-	-
Net result for the year	-	-	-	-	-	-	-	27	27	-	27
Total result	-	-	-	-	-	-	-	27	27	-	27
Appropriation of 2006 result	-	-	-	-	-	-	44	(44)	-	-	-
Dividend paid	-	-	-	-	-	-	(13)	-	(13)	-	(13)
Option scheme	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	(1)	-	14	-	(13)	-	-	-	-
31 December 2007	60	52	(2)	-	16	-	19	27	172	-	172
Exchange differences	-	-	-	(3)	-	-	-	-	(3)	-	(3)
Hedging reserve	-	-	-	-	-	(11)	-	-	(11)	-	(11)
Results recognized directly in equity	-	-	-	(3)	-	(11)	-	-	(14)	-	(14)
Net result for the year	-	-	-	-	-	-	-	24	24	-	24
Total result	-	-	-	(3)	-	(11)	-	24	10	-	10
Appropriation of 2007 result	-	-	-	-	-	-	27	(27)	-	-	-
Dividend paid	-	-	-	-	-	-	(14)	-	(14)	-	(14)
Option scheme	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	10	-	(10)	-	-	-	-
31 December 2008	60	52	(2)	(3)	26	(11)	22	24	168	-	168

See Notes to the consolidated balance sheet and income statement on pp. 93 - 114.

Consolidated cash flow statement

x € 1 million	Note	2008	2007
Net cash, 1 January	9	52	62
Net result		24	27
Depreciation	2	24	20
Amortisation	1	1	1
Impairments		-	-
Finance expense	17	13	8
Finance income	17	(2)	(4)
Share-based payments		-	-
Income tax expense	18	7	11
Share in results of associates	4	-	(1)
Result on disposed property, plant and equipment		-	(1)
Movement in other investments	3.2	(1)	(3)
Movement in other receivables	3.3	(1)	2
Movement in work in progress	7	(11)	(23)
Movement in inventories	6	(6)	(33)
Movement in provisions and employee benefits	13,14	(7)	(10)
Interest paid	17	(10)	(8)
Interest received	17	1	1
Income taxes paid	18	(2)	(4)
Movement in other working capital		36	(9)
Net cash flows from operating activities		66	(26)
Intangible assets			
investments	1	(2)	(2)
disposals	1	-	-
Property, plant and equipment			
investments	2	(44)	(29)
disposals	2	3	3
Financial assets			
investments	3.1	(14)	(6)
disposals	3.1	18	4
dividend received	4	1	1
Acquisition of subsidiary		(4)	-
Cash from acquisition		-	-
Net cash flows from investing activities		(42)	(29)
Proceeds from long-term loans	11	43	71
Repayment of long-term loans	11	(14)	(10)
Dividend paid		(14)	(13)
Proceeds from repurchase of own shares		-	(1)
Net cash flows from financing activities		15	47
Effect of foreign exchange rate fluctuations on cash held		1	(2)
Net cash, 31 December	9	92	52

The net cash consists of the balance of cash and cash equivalents and bank loans that cannot be offset against one another. Of the total net cash, € 75 million (2007: € 40 million) is at the free disposal of the company.

Notes to the consolidated balance sheet and income statement

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 financial year 2008 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 Section 402 of Book 2 of the Netherlands Civil Code.

The Board of Management drew up the financial statements on 12 March 2009 and approved them for release. The financial statements drawn up by the Board of Management and set out in this report are subject to adoption by the General Meeting of Shareholders. The General Meeting of Shareholders will be held on 6 May 2009.

Statement of compliance

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

Accounting policies used in the consolidated financial statements

The consolidated financial statements are presented in millions of euros. Any items with a value less than € 0.5 million are shown as '-'. The financial statements have been drawn up 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 which affect the amounts and results presented in the financial statements. The actual results may differ from these estimates and assumptions.

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

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

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 profiting from the activities of the entities. These subsidiaries are consolidated in full, and minority interests, where applicable, are separately disclosed.

These entities are included in the consolidated financial statements from the date on which control commences until the date that such 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 such 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 balance sheet 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 joint ventures, where Ballast Nedam does not have a controlling interest but policy can be influenced by the company to the same degree as each of the other partners, including contracting consortiums, are proportionately consolidated from the date when joint control is first exercised until the date that such joint 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 balance sheet date, 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 such foreign activities, including semi-permanent financing, and the differences between results translated at the average exchange rate during the year and the exchange rate prevailing on the balance sheet date, are taken directly to a separate reserve in shareholders' equity.

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

Intangible assets

Goodwill

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

Goodwill is carried at cost less accumulated impairment. Goodwill is allocated to cash-generating units and is not amortized. An annual assessment is made for indications of impairment. In the case of associates, the carrying amount of goodwill is included in the carrying amount of the investment in associates.

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

Other intangible assets

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

Amortisation

Amortisation 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, amortisation methods and estimated useful lives are assessed annually.

The expected useful lives are as follows.

Concessions	1 - 30 years
Software	3 years

Goodwill and intangible assets with an indefinite life are systematically assessed for impairment at each year-end.

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.

Leased assets

Lease agreements under which Ballast Nedam assumes virtually all the risks and rewards of ownership are classified as finance 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 taken to the income statement as a charge 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 Partnership (PPP) agreements 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 recognized 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 directly in equity 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 measured, valuation at cost minus impairment is 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 principles. 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 which 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 disposal or, if earlier, when the operation meets the criteria for classification as an asset held for sale. A disposal group which ceases to be classified as such can also meet these criteria.

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 does not hold any derivatives for trading purposes, nor does it issue such derivatives. 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 shareholders' equity with allowance for the deferred taxation effect. The movement in the hedging reserve may comprise the fair value of new hedging transactions, 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 fair value less costs to sell. In principle these holdings are not 'in production' and development costs are consequently not capitalized. Interest is not included. Interest is likewise not capitalized, all such costs being expensed. Planning permissions and building permits are included in landholdings.

Land and buildings for sale are also included in inventories. These are land and buildings that have reached the practical completion stage but have not been yet sold to third parties. The stocks of land and buildings available for sale are carried at the lower of cost, including directly attributable indirect costs, and fair value less costs to sell.

Housing projects where the transfer of significant risks and rewards takes place upon signature of the sale/building contract and where there is still a substantial level of involvement beyond this point are included in inventories. This element of inventories is recognized in the same way as work in progress.

Finished goods are carried at the lower of cost and fair value less costs to sell. The cost of finished goods is based on the first-in, first-out principle (FIFO). Interest costs are not included. The cost of finished goods includes directly attributable indirect costs on the basis of normal production capacity. Raw materials are stated at the lower of cost and fair value less costs to sell.

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 not included. The cost of work in progress includes directly attributable indirect costs on the basis of normal production capacity.

As soon as a reliable estimate can be made of the result on 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. Tender costs expensed in the period to which they relate are not subsequently capitalized if the project is won.

Receivables

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 cash flow statement.

Impairment

Except for inventories and the deferred tax asset of Ballast Nedam, the carrying amount of assets is reviewed on the balance sheet date 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 each balance sheet date. The recoverable amount is equal to the higher of fair value less costs to sell, and value in use. In measuring the value in use, the present value of the estimated future cash flows is calculated using a pre-tax discount rate which reflects both the current market estimates of the time value of money and the specific risks inherent in the asset in question.

In the case of an asset which only generates income that is highly dependent on that of other assets, the recoverable amount is measured for the cash-generating unit to which the asset belongs.

Impairment losses are recognized in the income statement.

Repurchase of own shares

For purchased own shares included in equity in the balance sheet, 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 plan enables the Board of Management to acquire depositary receipts for shares in Ballast Nedam. The options become exercisable if the person to whom they have been awarded remains in the service of the company for an uninterrupted period of three years after the 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 period during which the rights become vested. 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 qualifies as a defined contribution plan, and is primarily 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 does not have access to all the pension data on defined benefit pension plans administered by industry pension funds or pension insurers, which means that Ballast Nedam is not always able to calculate its share in the surplus or deficit of the pension plan for inclusion in the balance sheet. Consequently, these pension plans are recognized as defined contribution plans.

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 obligation is discounted.

Provisions

A provision is recognized in the balance sheet 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

Trade payables and other payable items are stated 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 and services rendered

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. For housing projects where the transfer of significant risks and rewards takes place upon signature of the sale/building contract and where substantial involvement is still expected, sales and results are not recognized until these activities have been performed.

Income from services rendered is recognized in the income statement in proportion to the percentage of completion of the transaction on the balance sheet date. 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 contractual income 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. During the operating phase, the income from PPP projects comprises the fair value of the delivery of contractually agreed services and the interest income related to the investment in the project. Income is recognized at the moment that the services to which it relates are delivered.

Government grants

Government grants 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.

Expenses

Costs are allocated to the period to which they relate.

Lease instalments on operating leases

Lease instalments on operating leases are recognized in the 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 charges on borrowings calculated using the effective interest method. The interest component of the finance 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 EBIT. Results on interest rate swaps are recognized as finance income or charges.

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 directly in equity.

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, the initial recognition of assets and liabilities affecting neither the reported profit nor the profit for tax purposes, and differences in relation to subsidiaries and associates that will not be settled in the near future.

Cash flow statement

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 exchange differences, acquisitions, finance 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 cash flow statement.

Earnings per share

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

Segmented information

Additional financial information is provided for each division and geographical segment. 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 the basis of reasonableness. Unallocated items consist primarily of deferred taxes, income-generating assets and proceeds, interest-bearing loans, borrowings and costs as well as general assets and overheads. The category 'Other' includes the operating profit and the assets and liabilities of Ballast Nedam N.V. and of the international activities currently being scaled down, as well as the elimination of intersegment accounts.

With respect to the presentation of information on the basis of geographical segments, the income of the segment is based on the geographical location of the customers. The assets of the segments are based on the geographical location of those assets.

New standards and interpretations not yet applied

A number of new standards, changes to existing standards and interpretations had not come into effect in 2008 and are therefore not applied in the consolidated financial statements. The most important of these for Ballast Nedam are as follows.

- **IAS 1 Presentation of Financial Statements (revised)**
One of the IASB's projects is concerned with improving presentation in the financial statements and main statements. The impact will be limited to modifying the statement of changes in shareholders' equity.
- **IFRS 3 Business Combinations (revised) en IAS 27 Consolidated and Separate Financial Statements (revised)**
The IASB has issued a new standard for 'business combinations' (IFRS 3), and made consequent changes in IAS 27. The changes are concerned mainly with the valuation of minority interests on acquisition date, the recognition of movements in the outside interests and the determination of results for the acquisition and disposal of interests. The new standard also precludes the capitalization of transaction costs, which in future will have to be charged directly to the result.
- **IAS 23 Borrowing Costs (revised)**
IAS 23 removes the option of recognizing finance expense relating to the construction or acquisition of an asset as an expense as and when incurred. Instead, finance expense has to be capitalized. Ballast Nedam will apply this standard with effect from the 2009 financial year.
This new standard could have a material impact on Ballast Nedam's financial reporting.
- **IFRS 8 Operating Segments**
IFRS 8 replaces IAS 14 Segment Reporting, and requires the same segmentation to be used as that used by management for internal reporting purposes. Ballast Nedam will apply this standard with effect from the 2009 financial year.

This new standard is expected to have no material impact on Ballast Nedam's financial reporting.

- *IFRIC 15 Agreements for the Construction of Real Estate*

IFRIC 15 was issued in early July 2008, and determines that residential building projects often do not meet the definition of a construction contract because of a lack of specific negotiation with the buyer about the design and the specifications of the major elements of the homes concerned. IFRIC 15 therefore determines that the income from most residential building projects will have to be accounted for under IAS 18.

This new interpretation is expected to have no material impact on Ballast Nedam's financial reporting.



New floating bulldozer

Ballast Nedam Specialistisch Grondverzet has a new floating bulldozer. The vessel was developed and used for levelling the new bed of the Nedereindse Plas, a former sand winning pit near IJsselstein. It was used when constructing the A2 motorway, and is being adapted for recreational use.

Traditional floating bulldozers are too large for transport by road. The height of the load with this vessel is 3.60 metres including the low-loading trailer. It fits under any viaduct and can be deployed rapidly. Global Positioning System (GPS) technology is used to keep the bulldozer blade in contact with the bed, and automatically control the winches. It is a multifunctional vessel that can also be used without the blade for various purposes.

Primary segmentation 2008

x € 1 million	Infrastructure	Building and Development	Other	Total
Revenue of segment	708	735	24	1 467
Intersegment revenue	(16)	(11)	(14)	(41)
Revenue	692	724	10	1 426
Operating costs	(655)	(691)	(13)	(1 359)
Share in results of associates	-	-	-	-
EBITDA	37	33	(3)	67
Impairment	-	-	-	-
Depreciation	(16)	(4)	(4)	(24)
EBITA	21	29	(7)	43
Amortisation	(1)	-	-	(1)
EBIT	20	29	(7)	42
Finance income and expense				(11)
Income tax expense				(7)
Net result				24
Margin	2.8%	3.9%	-	2.9%
Order book	705	1 005	(43)	1 667
Capital employed	133	71	48	252
Assets	482	488	34	1 004
Investments in non-current assets				
intangible	4	-	-	4
property, plant and equipment	36	8	3	47
financial	7	7	-	14
associates	(1)	-	-	(1)
Associates	-	-	-	-
Liabilities	382	420	34	836
Cash flow				
operating	46	26	(6)	66
investments	(39)	(6)	3	(42)
financing	(5)	(1)	21	15
effect of exchange rate differences on cash held	-	-	1	1
Net cash flow	2	18	19	40
Employees				
temporary employment	204	192	17	413
permanent employment	1 927	1 514	87	3 528
Average number of employees	2 131	1 706	104	3 941

The number of employees posted abroad was 146 (2007: 151).

Primary segmentation 2007

x € 1 million

	Infrastructure	Building and Development	Other	Total
Revenue of segment	675	601	23	1 299
Intersegment revenue	(8)	(9)	(12)	(29)
Revenue	667	592	11	1 270
Operating costs	(635)	(556)	(17)	(1 208)
Share in results of associates	1	-	-	1
EBITDA	33	36	(6)	63
Impairment	-	-	-	-
Depreciation	(14)	(3)	(3)	(20)
EBITA	19	33	(9)	43
Amortisation	(1)	-	-	(1)
EBIT	18	33	(9)	42
Finance income and expense	-	-	-	(4)
Income tax expense	-	-	-	(11)
Net result				27
Margin	2.7%	5.5%		3.3%
Order book	541	916	(19)	1 438
Capital employed	127	69	60	256
Assets	426	441	31	898
Investments in non-current assets				
intangible	2	-	-	2
property, plant and equipment	24	5	-	29
financial	2	3	-	5
associates	1	-	-	1
Associates	1	-	-	1
Liabilities	319	362	45	726
Cash flow				
operating	20	(31)	(15)	(26)
investments	(22)	(7)	-	(29)
financing	4	10	33	47
effect of exchange rate differences on cash held	(1)	-	(1)	(2)
Net cash flow	1	(28)	17	(10)
Employees				
temporary employment	209	144	16	369
permanent employment	1 889	1 490	90	3 469
Average number of employees	2 098	1 634	106	3 838

Secondary segmentation

x € 1 million

	Revenue		Assets		Investments in non-current assets	
	2008	2007	2008	2007	2008	2007
The Netherlands	1 348	1 157	919	796	61	34
Other Europe	44	57	31	35	2	2
Other	34	56	54	67	1	1
Total	1 426	1 270	1 004	898	64	37

95% of revenues (2007: 91%) were generated in the Netherlands.

Acquisition of subsidiaries

In December 2007, agreement was reached on the acquisition of Hamstra B.V. by Ballast Nedam. The transfer of shares in Hamstra B.V. (8 April 2008) to Gebr. Van Leeuwen B.V., and the purchase of Antwerp Stone Terminal N.V. (19 March 2008) and Lugo N.V. (4 February 2008) were effected by Ballast Nedam in 2008. Hamstra B.V. operates in the field of drilling and ramming technology for underground infrastructure. Antwerp Stone Terminal is a concession holder and licensee of a terminal in the Port of Antwerp. Lugo N.V. is a gravel extraction firm.

The purchase price was € 4 million, less than € 1 million of which is outstanding in 2009. In the period up to 31 December 2008, the contribution of the acquisitions to the consolidated revenue was € 2 million and profit before taxation was nil. If the acquisition had taken place on 1 January 2008, the effect on revenue and results would not have been substantially different.

The effect of the acquisitions on the assets and liabilities of Ballast Nedam is as follows:

x € 1 million	Initially recognized amounts	Fair value adjustments 2008	Carrying amounts
Effect on assets and liabilities			
Property, plant and equipment	3	2	1
Other assets	2	-	2
Other liabilities	(3)	-	(3)
Balance of identifiable assets and liabilities	2	2	-
Goodwill in acquisition	2		
Purchase price	4		
Cash acquired	-		
Outflow of cash and cash equivalents	4		

Notes to the balance sheet

1 Intangible assets

x € 1 million	Goodwill	Concessions	Other	Total
Cost				
31 December 2006	12	17	2	31
Investments	-	2	-	2
Acquisitions	-	-	-	-
31 December 2007	12	19	2	33
Investments	-	2	-	2
Acquisitions	2	-	-	2
Disposals	-	-	-	-
31 December 2008	14	21	2	37
Amortisation and impairment				
31 December 2006	1	8	1	10
Amortisation	-	1	-	1
Impairment	-	-	-	-
31 December 2007	1	9	1	11
Amortisation	-	1	-	1
Impairment	-	-	-	-
Disposals	-	-	-	-
31 December 2008	1	10	1	12
Carrying amount				
Infrastructure	6	10	1	17
Building and Development	5	-	-	5
Other	-	-	-	-
31 December 2007	11	10	1	22
Infrastructure	8	11	1	20
Building and Development	5	-	-	5
Other	-	-	-	-
31 December 2008	13	11	1	25

Goodwill

An impairment test is carried out each year. The present value of estimated future cash flows is calculated using a discount rate before taxation (9% – 11%). The business plan is used as a basis for projections for the period 2008–2010. The residual value is calculated for the infinite cash flow with no growth rate. No impaired assets were identified in the impairment test.

x € 1 million	31 December 2008	31 December 2007
Bontrup Beheer BV	2	2
Verkaik BV	2	2
Spankern BV	3	3
Zomers bouwbedrijf BV	3	3
Gebr. Van Leeuwen	1	-
Other	2	1
Total	13	11

Concessions

Ballast Nedam owns concessions for high-grade primary raw materials in Belgium, Norway, Germany and the Netherlands.

In 2007, our Norwegian associate Bremanger Quarry, in which we have a 30% interest, acquired the entire share capital of a new sandstone quarry, also with deep-water access. Also in 2007, the owners of this concession acquired a 23% minority interest in Bremanger Quarry.

Amortisation takes place in proportion to extraction. The remaining weighted average amortisation period for concessions as at year-end was 22 years (2007: 22 years).

Purchase commitments

As at the balance sheet date, Ballast Nedam had no material outstanding purchase commitments relating to intangible assets.

2 Property, plant and equipment

x € 1 million

	Land and buildings	Equipment and fixtures and fittings	Other operating assets	Total
Cost				
31 December 2006	96	198	33	327
Investments	4	23	1	28
Acquisitions			1	1
Disposals	(1)	(9)	(4)	(14)
Exchange rate differences	1	-	1	2
31 December 2007	100	212	32	344
Investments	4	35	5	44
Acquisitions		1	1	3
Disposals	-	(10)	(2)	(12)
Exchange rate differences	(3)	-	(1)	(4)
31 December 2008	102	238	35	375
Depreciation and impairment				
31 December 2006	29	127	20	176
Depreciation	3	14	3	20
Disposals	-	(7)	(4)	(11)
Exchange rate differences	-	-	1	1
31 December 2007	32	134	20	186
Depreciation	3	18	3	24
Disposals	-	(7)	(2)	(9)
Exchange rate differences	(1)	-	(1)	(2)
31 December 2008	34	145	20	199
Carrying amount				
Infrastructure	34	62	5	101
Building and Development	11	10	1	22
Other	23	6	6	35
31 December 2007	68	78	12	158
Infrastructure	35	75	6	116
Building and Development	11	13	2	26
Other	22	5	7	34
31 December 2008	68	93	15	176

The investments in land and buildings and in plant and equipment, in both 2008 and 2007, related mainly to investments by Infrastructure. The investments in other assets, in both 2008 and 2007, related primarily to IT and communications equipment. In 2008, there were no material disposals (2007: ditto).

Purchase commitments

As at the balance sheet date, Ballast Nedam was committed to purchasing property, plant and equipment worth € 3 million (2007: 4 million).

3 Financial assets

x € 1 million		31 December 2008	31 December 2007
PPP receivables	3.1	24	13
Other fair value investments	3.2	8	7
Other receivables	3.3	4	3
Total		36	23

3.1 PPP receivables

x € 1 million	2008	2007
1 January	30	27
Recognized receivables	14	2
Unwinding of discount on receivables	1	3
Repayments received	(18)	(2)
31 December	27	30
of which:		
Non-current	24	13
Current	3	17

The Public Private Partnership (PPP) receivables related to the concession fees receivable from public bodies in connection with the rights to sections of the Dutch N31 and N11 motorways, and the provision of accommodation by the consortia DC16, DUO² en Komfort. The concessions have a remaining duration of 13 and 2 years, and between 23 and 27 years, respectively. The interest income on the PPP receivables and the interest charges on the PPP loans are presented as interest income and charges in the income statement. The current portion of the PPP receivables is included in receivables. The PPP receivables have been pledged as security for the related loans from ING, Sumitomo Mitsui Banking Corporation, NIBC, and Bank Nederlandse Gemeenten, which are included in non-current and current liabilities.

3.2 Other fair value investments

x € 1 million	Proportion owned	Country	31 December 2008	31 December 2007
Name				
CV GEM Vleuterweide	13.4%	The Netherlands	7	6
Other			1	1
Fair value			8	7

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

3.3 Other receivables

Other receivables include receivables from third parties falling due more than one year after the balance sheet date. At year-end 2008 these amounted to € 4 million (2007: € 3 million). At balance sheet date, Ballast Nedam had made loans totalling less than € 1 million (2007: less than € 1 million) to several associates.

4 Investment in associates

x € 1 million	Country	31 December 2008	31 December 2007
Other	The Netherlands	-	1
Total		-	1

Ballast Nedam has various smaller investments in a number of associates. No detailed disclosures are made, owing to the limited size of the individual companies.

5 Deferred tax asset

x € 1 million	2008	2007
Tax basis deferred tax asset		
1 January	38	45
Movement via balance sheet	4	-
Movement via result	(5)	(7)
31 December	37	38

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

The movement in the deferred tax assets was € 1 million negative in 2008 (2007: € 7 million negative). The utilization of carry-forward losses was € 8 million (2007: € 7 million). The value of additional carry-forward losses recognized in 2008 was € 3 million (2007: none). The deferred taxation of the portion of fair value changes of derivatives where the hedge relationship was effective, was € 4 million. A substantial proportion of the carry-forward losses of the Dutch fiscal unity were recognized as at year-end 2008. Ballast Nedam has recognized no deferred taxation for the outstanding tax-deductible losses in Canada because of the impracticability of reliably estimating the timing of settlement. Ballast Nedam intends to liquidate several more foreign companies in the next few years. The size of the possible liquidation losses cannot yet be estimated reliably.

There is a limitation on the utilization of these tax losses in the Netherlands. The average remaining carry-forward period is less than six years (2007: less than 6 years). Utilization of the tax losses depends on the existence of future taxable profits.

6 Inventories

x € 1 million	31 December 2008	31 December 2007
Land positions	142	131
Projects under construction, unsold	7	7
Projects completed, unsold	3	2
Residential building projects	12	12
Finished product	20	12
Raw material & semi-finished goods	15	15
Total	199	179

The cumulative impairment losses for obsolete inventories, deducted from finished goods, amount to nil (2007: nil).

A number of the inventory positions were revalued in 2008. The adjustment of a number of land positions to historical cost amounted to € 8 million (2007: less than € 1 million negative) and is recognized as income in the income statement.

The inventories included in current liabilities, amounting to € 29 million (2007: € 15 million), related to housing projects on which the value of the work performed is lower than the amount of the instalments invoiced.

The cost of finished goods and raw materials & semi-manufactured goods sold amounted to € 94 million (2007: € 89 million).

7 Work in progress

x € 1 million	31 December 2008	31 December 2007
Work in progress under current assets	127	105
Work in progress under current liabilities	(141)	(130)
Total	(14)	(25)
Project costs including recognized results	1 243	1 226
Instalments	(1 257)	(1 251)
Total	(14)	(25)
Instalments received	1 114	1 111
Instalments outstanding	142	139
Retained from instalments	1	1
Instalments	1 257	1 251

8 Receivables

x € 1 million	31 December 2008	31 December 2007
Instalments	165	160
Trade receivables	121	102
PPP receivables	3	17
Prepaid expenses	6	6
Total	295	285

As at 31 December 2008, instalments included an amount of € 1 million (2007: € 1 million) by way of retentions related to construction contracts in progress. Retentions are recognized at present value.

The PPP receivables represent the current portion of the Public Private Partnership (PPP) receivables arising from concession fees receivable from public bodies (public authorities) in connection with PPP projects in the Netherlands.

Aging analysis of instalments and trade receivables

x € 1 million	31 December 2008	31 December 2007
0 - 30 days	190	194
31 - 60 days	49	32
61 - 90 days	18	9
91 - 365 days	16	28
older than 1 year	20	6
	293	269
Impairment on bad debtors	(7)	(7)
Total	286	262

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 for bad debts amounted to € 7 million (2007: € 7 million) and have been deducted from trade receivables. The movements in the provision were as follows.

Impairment on bad debtors

x € 1 million	31 December 2008	31 December 2007
1 January	7	12
Addition	1	5
Reversals	-	(2)
Utilization	(1)	(8)
31 December	7	7

Part of the allocation of € 1 million in 2008 for unrecoverable receivables related to receivables that are currently the subject of arbitration.

As at the balance sheet date, there were no known garnishments of receivables (2007: ditto).

9 Cash and cash equivalents

x € 1 million	31 December 2008	31 December 2007
Cash and cash equivalents	109	87
Bank loans	(17)	(35)
	92	52
Unrestricted cash balances	75	40
Proportionately consolidated	17	12
Total	92	52

Cash and cash equivalents (€ 109 million) consisted of credit balances (2007: € 87 million).

In 2007, Ballast Nedam contracted credit facilities with three banks, to a maximum of € 60 million. Ballast Nedam made use of this facility in the course of the year under review. None of the facility was taken up at year-end 2008 (2007: ditto).

10 Other liabilities

x € 1 million	31 December 2008	31 December 2007
VAT, payroll tax and social security contributions	19	21
Pension contributions	1	1
Charges relating to work in progress	59	43
Derivatives	-	1
Other	66	90
Total	145	156

Other liabilities, in the amount of € 66 million (2007: € 90 million) included liabilities for vacation pay, untaken vacations, accruals, debts to joint venture partners and various other liabilities that cannot be allocated to the other items.

11 Loans

x € 1 million	2008	2007
1 January	115	39
Loans drawn	43	71
Repayments	(14)	(10)
Movement in current portion	(11)	15
31 December	133	115
Long-term	126	97
Current	7	18
31 December	133	115
Long-term		
PPP loans	24	14
Land bank financing	34	19
Business loan	50	50
Finance leases	2	1
Other loans	16	13
31 December	126	97
Current		
PPP loans	3	17
Land bank financing	-	-
Business loan	-	-
Finance leases	1	-
Other loans	3	1
31 December	7	18

x € 1 million	Currency	Maturity period	Interest	Facility	31 dec. 2008	31 dec. 2007
BC Transportation Financing Authority	CAD	2020	7.2% + 0.5%	3	3	3
CBT Golden Peaks Development Corp.	CAD	2009	8% + 7%	3	3	4
NIBC / Bank Nederlandse Gemeenten (PPP)	EUR	2021	Euribor 3 month + supplement	24	9	24
Bank Nederlandse Gemeenten (PPP)	EUR	2009	Euribor 1 month + supplement	63	12	7
ING Bank (PPP)	EUR	2035	Euribor 1 month + supplement	32	3	-
Sumitomo Mitsui Banking Corp (PPP)	EUR	2035	Euribor 1 month + supplement	15	3	-
FGH Bank	EUR	2012	Euribor 1 month + 1%	36	34	19
Rabobank	EUR	2012	4.63%	50	50	50
ABN AMRO	EUR	2012	Euribor 1 month + 1.45%	10	2	-
Other	EUR				14	8
Total					133	115

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 supplement on the variable interest rate on the PPP loans amounts to 1% maximum.

The total of the above facilities (except 'Other') was € 236 million, of which € 119 million was drawn as at the balance sheet date.

11.2 PPP loans per project

x € 1 million	31 December 2008	31 December 2007
Long-term		
Waldwei	9	11
N11	-	3
Komfort	4	-
DUO ²	5	-
DC16	6	-
Other	-	-
31 December	24	14
Current		
Waldwei	-	13
N11	3	4
Komfort	-	-
DUO ²	-	-
DC16	-	-
Other	-	-
31 December	3	17

BC Transportation Financing Authority

This loan is for the construction and development of a main road to the Canadian ski resort, Kicking Horse Mountain Resort (KHMR). The loan is being repaid through the payment of royalties based on prescribed amounts per visitor. The unpaid amount for any year (interest and/or principal) is added to the remaining principal. The remaining amount of the loan can be repaid without penalty. KHMR is to continue paying the royalties until the residual debt has been repaid. If, at the end of the period, any residual debt remaining when KHMR has made all royalty payments will be waived. A minimum interest rate of 7.2% + 0.5% is required to have been paid over the entire period.

CBT Golden Peaks Development Corporation

The original amount of the CBT loan of CAD 5 million plus unpaid interest must be repaid on 8 December 2009. The basic interest rate is 8% per annum payable quarterly. The additional variable interest rate is 7% per annum, amounts to a maximum of 30% of the cash flows from operating activities, and is paid annually. Certain project assets of ski resort Kicking Horse Mountain Resort have been pledged as collateral. In 2008 the variable interest paid was nil (2007: nil).

Bank Nederlandse Gemeenten (PPP project N11)

This loan represents Ballast Nedam's 16.67% proportional share of project finance for the N11 consortium. Bank Nederlandse Gemeenten concluded a deed of assignment with the consortium on 1 October 2003 under which the consortium assigned to the Bank all claims (with associated rights) against the provincial government of South Holland concerning the instalment payments under the DBM agreement of 22 May 2001. Repayment is in accordance with the assigned instalments and runs until 1 February 2009.

Other PPP loans

The loans represent Ballast Nedam's proportional share of project finance for the DBFM contracts of the PPP projects. The shares of the limited companies (B.V.s) that are responsible for these projects, and all other receivables and assets of these B.V.s, have been pledged as collateral.

FGH Bank

Ballast Nedam has financing facilities of € 36 million earmarked 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 rate equal to the 1 month Euribor rate plus 1%. The loan will be (partially) redeemed on the sale of the land positions. At year-end 2008, € 33 million of this facility had been drawn.

FGH Bank also provided financing for various company buildings. At year-end 2008, approximately € 1 million of this amount was still outstanding (2007: ditto).

Rabobank

Rabobank granted a loan of € 50 million on 1 April 2007.

The loan matures on 1 April 2012, has a fixed interest rate of 4.63%, and includes no financial covenants. As security for the loan, mortgages were taken out on a number of registered properties in use by Ballast Nedam with a carrying amount of € 31 million.

Other

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

12 Deferred tax liability

x € 1 million	2008	2007
Intangible assets	3	3
Other differences	1	1
1 January	4	4
Movement via balance sheet	(1)	-
Movement via result	-	-
31 December	3	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 following items.

13 Other long term employee benefits

x € 1 million	Long-term illness	Long-service bonuses	Other benefits	Total employee benefits	
				2008	2007
1 January	1	2	3	6	6
Addition	-	1	-	1	1
Unwinding of discount	-	-	-	-	-
Reversals	-	-	-	-	-
Contributions received	-	-	-	-	-
Effect of amendments to pension scheme	-	-	-	-	-
Utilization	-	-	(2)	(2)	(1)
31 December	1	3	1	5	6
of which included in current liabilities			(1)	(1)	(1)
			-	4	5

Long-term illness and long-service bonuses

The discount rate of the provision for long-term illness and long-service bonuses was 5% (2007: 5%).

Other employee benefits

Other employee benefits involve pension premiums to be 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 does not have sufficient information on these pension schemes to treat the pension scheme as a defined benefit scheme. 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.

14 Provisions

x € 1 million	Reorganization	Guarantee liabilities	Other	Total
31 December 2006	18	19	27	64
Addition	-	3	6	9
Unwinding of discount	-	-	-	-
Reversals	-	(4)	(5)	(9)
Utilization	(4)	(3)	(3)	(10)
31 December 2007	14	15	25	54
Addition	1	5	5	11
Unwinding of discount	-	-	2	2
Reversals	(1)	(4)	(3)	(8)
Utilization	(4)	(4)	(2)	(10)
31 December 2008	10	12	27	49
Current (< 1 year)				
31 December 2007	6	7	11	24
31 December 2008	4	6	11	21

The provision for reorganization included € 7 million (2007: € 11 million) for the settlement of guarantees in respect of the former Ballast Plc. The release from this provision consisted of € 3 million applied for exchange differences, € 1 million in connection with claims that are no longer considered realistic, and payments of € 1 million (2007: € 2 million).

Much of the other release from the reorganization provision (less than € 1 million) was for costs incurred in winding down the international activities of the former Construction International division.

The additions comprised various individual severance arrangements.

The provision for warranties relates to work which has been delivered. Of the addition to the provision, € 2 million (2007: € 2 million) was charged to income and the remaining € 3 million (2007: € 1 million) was charged to work in progress and inventories related thereto. Provisions no longer needed, in the amount of € 4 million (2007: € 4 million), were released to income and € 4 million (2007: € 3 million) was utilized to settle warranty claims received.

Other provisions include € 15 million (2007: € 15 million) for the consequences of infringements of competition rules to the end of 2002. Settlement will be delayed by several years by the appeal proceedings commenced in 2006. The remaining amounts of the provisions and additions relate to claims against Ballast Nedam in connection with construction projects. The release of € 3 million (2007: 5 million) related to several provisions no longer needed for potential claims. The release of € 2 million consisted of withdrawals for the settlement of claims.

The financing 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 6% (2007: 5%). In 2008 the unwinding of discount amounted to € 2 million (2007: less than € 1 million).

15 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. For tax purposes, € 25 million of the share premium account is freely distributable.

The total number of repurchased own shares at year-end 2008 was 129 751 (2007: 100 000) and is stated at acquisition price. 29 751 of the company's own shares were repurchased in 2008 (2007: 24 401) and no repurchased shares were sold (2007: none). Foreign exchange differences arise on the translation 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 balance sheet date.

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 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 consortiums where distribution is restricted by influence of the partners.

Share-based transactions relate to the allocation to shareholders' equity as a result of the personnel costs incurred for the options granted. The addition to in 2008 was € 553 000 (2007: € 250 000).

The dividend distributed in 2007 was charged to the Other Reserves.

The Board of Management, with the approval of the Supervisory Board, proposes to distribute a dividend of € 1.24 per ordinary share in issue (2007: € 1.38) up to a maximum of € 12 million (2007: € 14 million). Declared dividend is not yet recorded and will not have an impact on the company's tax position.

Share capital	2008	2007
Shares in issue as at 1 January	9 900 000	9 924 401
Shares issued	-	-
Movement in repurchased shares	(29 751)	(24 401)
Shares in issue at 31 December	9 870 249	9 900 000

The movement of the repurchased shares was made up entirely of purchases (2007: ditto). The total number of repurchased shares at year-end 2008 was 129 751 (2007: 100 000). Ballast Nedam's policy is to avoid potential dilution through option rights granted by buying back a proportional number of its own shares.

The minority interest is concerned with the Kicking Horse Mountain Resort and amounted to less than € 1 million (2007: ditto).

Notes to the income statement

16 Employee benefits

x € 1 million	2008	2007
Wages and salaries	221	215
Social security costs	26	25
Pension charges	20	20
Total	267	260
x € 1 million	2008	2007
Charges in respect of defined-contribution scheme	20	20
Pension charges	20	20

17 Finance income and expense

x € 1 million	2008	2007
Interest on bank deposits	1	1
Interest on hedging instruments	-	-
Capitalized interest on PPP receivables	1	3
Finance income	2	4
Unwinding of discount on provisions	(2)	(1)
Interest charge on hedging instruments	(1)	-
Interest charges	(10)	(7)
Finance expense	(13)	(8)

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.

18 Income tax expense

There was a tax charge in 2008 of € 10 million (2007: benefit of € 11 million), of which € 8 million (2007: benefit of € 7 million) relates to the Dutch fiscal unity. Ballast Nedam has carry-forward tax losses amounting to € 130 million (2007: € 149 million) in the Netherlands. A substantial proportion of the carry-forward losses of the Dutch fiscal unity were recognized as at year-end 2008. Ballast Nedam has recognized no deferred taxation for the outstanding tax-deductible losses in Canada because of the impracticability of reliably estimating the timing of settlement. Ballast Nedam intends to liquidate several more foreign companies in the next few years. The size of the possible liquidation losses cannot yet be estimated reliably.

The average remaining carry-forward period was less than 6 years (2007: less than 6 years). Utilization of the tax losses depends on the existence of future taxable profits. A total of € 8 million (2007: € 7 million) of the deferred tax asset was realized in 2008. The liquidation of Ballast Nedam Bau und Bagger GmbH was completed in 2006. The liquidation loss was determined with reasonable certainty in 2008, and recognized as a deferred tax asset (€ 3 million). Losses incurred outside the fiscal unity amounting to € 10 million (2007: € 7 million) related mainly to foreign activities that have not been recognized.

x € 1 million	2008	2007
Reconciliation of standard and effective tax rates		
Result before taxation	31	38
Nominal taxes (25.5%)	25.5% 8	25.5% 10
Additional tax-deductible losses	-9.8% (3)	0.0%
Deferred results not included in the fiscal unity	6.4% 2	5.2% 2
Tax-exempt results	0.0% -	-2.7% (1)
Under/(over) provided in earlier years	0.0% -	0.0% -
Non-deductible expenses	0.7% -	0.2% -
Effective tax rate	22.8% 7	28.2% 11

x € 1 million	2008	2007
Specification effective tax rate		
<i>Current taxation</i>		
Taxation outside the fiscal unity	2	4
Under/(over) provided in earlier years	-	-
	2	4
<i>Deferred taxation</i>		
Use of tax losses	8	7
Capitalized unused tax losses	(3)	-
Movement in provision for deferred taxation	-	-
	5	7
Effective tax rate	7	11

x € 1 million	2008	2007
Deferred taxes recognized directly in equity		
Derivatives	4	-
Total	4	-

19 Result per share

	2008	2007
Issued shares at 1 January	10 000 000	10 000 000
Issued this year		
Repurchased own shares	(129 751)	(100 000)
Shares in issue at 31 December	9 870 249	9 900 000
Maximum shares issued on options	-	-
Number of shares diluted	9 870 249	9 900 000
Average number of shares in issue	9 885 125	9 912 201
Average number of shares in issue (diluted)	9 885 125	9 912 201
Net result	24	27
Net result per share in €	2.46	2.75
Net result per share (diluted) in €	2.46	2.75

The option scheme did not give rise to any potential share issues in 2008. The average price of the shares was less than the exercise price of the options and therefore did not dilute the earnings per share.

Financial risks and risk management

General

Ballast Nedam makes use of financial instruments, including derivatives, in its normal business operations. These are financial instruments concluded in order to hedge future transactions and cash flows and shown in the balance sheet. Ballast Nedam does not trade these financial derivatives.

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

Cash management

Ballast Nedam's cash management activities are organized centrally. To this end, the bank accounts of the associates are held at a limited number of banks, in cash pool arrangements.

Surplus cash assets are transferred to the money market on a daily basis, by contracting call funds and short-term deposits.

Interest risk

Ballast Nedam hedges the exposure to interest risk on financing the long-term PPP loans. Hedge accounting is applied to the derivative financial instruments where the hedge relationship is effective.

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.

Exchange risk

The company is exposed to foreign exchange risk on revenue, project operating costs, loans and investments in associates, held in currencies other than the group's functional currency. Most transactions of this kind are in USD and CAD. Forward exchange contracts with top class banks are contracted to hedge the transaction risk on cash flows generated by ordinary business activities. At year-end 2008, Ballast Nedam contracted several forward exchange contracts, the fair value of which was recognized in the balance sheet. 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.

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.

Exchange risk

The company runs the following foreign exchange risks in nominal amounts:

	31 December 2008		31 December 2007	
	USD	CAD	USD	CAD
x € 1 million				
Receivables	5	3	5	-
Loans	-	(11)	-	(11)
Bank loans	-	-	-	-
Trade payables	(6)	(7)	(1)	(2)
Other liabilities	(2)	(3)	(4)	(2)
Exchange rate risk on balance sheet items	(3)	(18)	-	(15)
Expected sales	-	13	-	15
Expected purchases	-	(16)	(12)	(14)
Future exchange rate risks	-	(3)	(12)	1
Hedging with foreign exchange contracts	-	-	12	-
Net exchange rate risk	(3)	(21)	-	(14)

	2008		2007	
	Average exchange rate	Exchange rate at 31/12	Average exchange rate	Exchange rate at 31/12
EUR / foreign currency				
Exchange rates				
USD	1.468	1.400	1.371	1.474
CAD	1.554	1.708	1.469	1.442

Sensitivity to exchange risk

A 10% increase in the exchange rate of the euro against the USD and CAD would have affected the shareholders' equity and income statement as follows. It is assumed here that all other variables, including interest rates, remain unchanged.

x € 1 million	Shareholders' equity	Result
31 December 2007		
USD	-	-
CAD	-	1
31 December 2008		
USD	-	-
CAD	-	1

Interest risk

The interest risk is limited to potential movements in the market value of the loans taken up and issued, and of positive cash balances. During the year under review, the positive cash positions fluctuated, but no effect of these on the results is shown in 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 balance sheet date was as follows.

x € 1 million	31 December 2008	31 December 2007
PPP receivables	27	30
Rabobank loans	(50)	(50)
Other	(1)	-
Fixed interest	(24)	(20)
Cash and cash equivalents	109	87
Bank loans	(17)	(35)
Loans	(82)	(65)
Variable interest	10	(13)
Effect of changes in variable interest on the income statement:		
Interest rise of 100 basis points	-	-
Interest fall of 100 basis points	-	-

The interest risk on the variable interest rate PPP project loans has been 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 4.5% 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 € 7 million.

Credit risk

Ballast Nedam actively pursues a policy designed to minimize credit risks. Credit risks consist of the risk that other parties will not be able to meet contractual obligations relating to a financial instrument. Creditworthiness assessments are performed for all other clients requiring credit. Ballast Nedam employs prepayments, guarantees and collateral on projects under construction in order to limit the credit risk on instalments and trade receivables. At year-end 2008, there was no concentration of credit risks of any substantial amount in trade receivables.

x € 1 million	31 December 2008	31 December 2007
PPP receivables	24	13
Other fair value investments	8	7
Other receivables	4	3
Receivables	295	285
Cash and cash equivalents	109	87
Total	440	395
Infrastructure	247	221
Building and Development	206	181
Other	(13)	(7)
Total	440	395

Derivatives held for hedging the cash flow risk on variable interest rate PPP loans are obtained from the same financial institutions as the underlying loans.

Liquidity risk

The liquidity risk is the risk that Ballast Nedam will be unable to meet its financial obligations by the due dates. Ballast Nedam manages this risk by preparing regular cash flow forecasts and using the credit facilities that the company has available.

x € 1 million	Carrying amount	Contractual cash flows	<1 year	1-5 years	> 5 years
Loans	115	(140)	(25)	(99)	(16)
Bank loans	35	(39)	(27)	(8)	(4)
Trade payables	211	(211)	(211)		
Income tax expense	1	(1)	(1)		
Work in progress under current liabilities	130	(130)	(130)		
Inventories	15	(15)	(15)		
Other debts	155	(155)	(155)		
Derivatives	1	(1)	(1)		
Liquidity risk liabilities 31 December 2007	663	(692)	(565)	(107)	(20)

x € 1 million	Carrying amount	Contractual cash flows	<1 year	1-5 years	> 5 years
Loans	133	(152)	(12)	(127)	(13)
Bank loans	17	(21)	(6)	(9)	(6)
Trade payables	300	(300)	(300)		
Income tax expense	-	-	-		
Work in progress under current liabilities	141	(141)	(141)		
Inventories	29	(29)	(29)		
Other debts	145	(145)	(145)		
Derivatives	15	(20)	(1)	(9)	(10)
Liquidity risk liabilities 31 December 2008	780	(808)	(634)	(145)	(29)

The company holds derivatives in order to hedge exposure to cash flow risks. The table below shows the periods in which cash flows that are related to these derivatives are expected to occur:

x € 1 million	Carrying amount	Contractual cash flows	< 1 year	1-5 years	> 5 years
Forward exchange contracts	(1)	(1)	(1)	-	-
Market risk instruments	-	-	-	-	-
Interest rate swaps	-	-	-	-	-
Cash flow hedges 31 December 2007	(1)	(1)	(1)	-	-

x € 1 million	Carrying amount	Contractual cash flows	< 1 year	1-5 years	> 5 years
Forward exchange contracts	-	-	-	-	-
Market risk instruments	3	5	-	-	5
Interest rate swaps	(18)	(25)	(1)	(9)	(15)
Cash flow hedges 31 December 2008	(15)	(20)	(1)	(9)	(10)

Where derivative financial instruments qualify for hedge accounting, the movement in the fair value is recognized in shareholders' equity (2008: € 11 million), taking account of deferred taxes (€ 4 million).

Fair value

As at 31 December 2008, Ballast Nedam had a number of derivatives that are shown 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 long-term loans is equal to the amortized cost, as these loans carry variable-rate interest liabilities. The fair value of the Rabobank loan is lower than the carrying amount, since the interest rates for loans of this kind were higher at the balance sheet date. Ballast Nedam's risk profile has not changed significantly.

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. Ballast Nedam's policy is to avoid potential dilution through option rights granted by buying back 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 liabilities

x € 1 million	31 December 2008	31 December 2007
Guarantees		
Guarantees	259	215
Total	259	215

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 recognized in 'Guarantees'.

x € 1 million	31 December 2008			31 December 2007		
	< 1 year	1 - 5 years	> 5 years	< 1 year	1 - 5 years	> 5 years
Lease obligations						
Other operating assets	11	29	1	9	22	1
Rental obligations						
Offices	7	26	14	7	27	15
Purchase commitments						
Land purchases	-	16	-	15	17	-
Other	3	-	-	3	2	-

Ballast Nedam has provisional obligations concerning the acquisition of land for a sum of € 168 million (2007: € 190 million). It is not yet certain that Ballast Nedam will make these acquisitions.

Operational lease costs in 2008 amounted to € 13 million (2007: € 13 million).

Liabilities

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

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

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

Other

Final contractual settlement of the projects of the former Ballast Nedam International division is now almost complete. Provisions were made in earlier years for the settlement of these projects. Possible claims by Ballast Nedam on third parties in respect of these projects have not been recognized in the annual accounts, unless there is reasonable certainty that such claims will be met.

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

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

Ballast Plc (United Kingdom) was liquidated in 2006. Provisions have been formed for the remaining guarantees. The UK Office of Fair Trading served notice on Ballast Nedam N.V. in connection with an inquiry into suspected infringements of UK competition rules by Ballast Plc between 2000 and 2003. It is uncertain whether a fine may be imposed, and how large it might be. It is also uncertain whether Ballast Nedam N.V. can be held liable, or whether any valid claim can be made against Ballast Nedam N.V.. For this reason, no provision has been made.

In 2007, Ballast Nedam brought civil proceedings against a former director, and a number of persons associated with this director, in connection with fraud. Ballast Nedam received a counterclaim from the defendants. In view of the uncertain outcome of both claims, neither has been included in the financial statements.

Transactions with associated parties

The parties associated with Ballast Nedam are the company's key management (Board of Management and Supervisory Board), its subsidiaries, associates, joint ventures, the Stichting Pensioenfonds Ballast Nedam, and the directors and senior officials of these entities. The main task of the Ballast Nedam Pension Fund is to implement the pension scheme for the Ballast Nedam employees. The Ballast Nedam Pension Fund uses the services of Ballast Nedam companies. The actual costs are charged on. Ballast Nedam buys and sells goods and services to various associated 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 128 and 129. Ballast Nedam has recognized the following interests in joint ventures in the consolidated balance sheet.

x € 1 million	31 December 2008	31 December 2007
Non-current assets	43	31
Current assets	126	109
Non-current liabilities	(32)	(20)
Current liabilities	(110)	(104)
Balance of assets and liabilities	27	16

The proportionately consolidated revenue and the cost of sales amounted to about 13% (2007: 10%) 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 € 417 million at year-end 2008 (2007: € 387 million), of which Ballast Nedam's share of € 142 million (2007: € 124 million) is recognized in the consolidated balance sheet.

Board of Management and Supervisory Board

x € 1 thousand	2008			2007		
	Gross salary	Bonus	Pension & social security costs	Gross salary	Bonus	Pension & social security costs
Board of Management						
T.A.C.M. Bruijninx ¹⁾	465	131	93	370	152	60
R.L.M. Jacobs ²⁾	362	96	69	118	43	16
R. Malizia ²⁾	377	96	65	118	43	16
R.H.P.W. Kottman ³⁾	-	-	-	394	106	313
	1 204	323	227	1 000	344	405
Supervisory Board						
A.N.A.M. Smits	45	-	-	45		
H.C. Broeksma	35	-	-	30		
R.M.M. Boelen	35	-	-	30		
J.C. Huis in 't Veld	30	-	-	30		
	145	-	-	135	-	-
Total	1 349	323	227	1 135	344	405

¹⁾ Appointed CEO with effect from 13 August 2007

²⁾ As of 13 August 2007

³⁾ Until 1 October 2007

The bonuses of the directors relate to the relevant years and are proportionate to their term of office in the Board of Management. R. Malizia (€ 39 800) and R.L.M. Jacobs (€ 25 400) received pay for holidays in 2008. T.A.C.M. Bruijninx's employer's social insurance contribution amounted to € 10 000 (2007: € 13 000), and that of both R.L.M. Jacobs and R. Malizia was € 7 000 (2007: € 4 000). Board of Management members receive a fixed allowance of € 5 300 a year and either have the use of a company car or receive a car expenses allowance. Supervisory directors were granted a fixed expense allowance of € 2 300 per year. No loans were issued to managing directors or supervisory directors.

Option scheme

Year granted	2008	2007
Value in €	891 000	945 000
Number	100 000	100 000
Exercise price in €	25.11	35.85
Date granted	14/03/2008	16/03/2007
Share price at time of grant in €	24.40	36.10
Exercise period from	14/03/2011	16/03/2010
through	13/03/2014	15/03/2013
Volatility	2-year 30%	1-year 29%
Risk-free rate	4%	4%
Conditions	employed at the time of grant	employed at the time of grant
Minimum holding	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 option rights

	Depositary receipts for shares		Options granted in year	
	31 December 2008	31 December 2007	2008	2007
T.A.C.M. Bruijninx	12 000	5 060	40 000	40 000
R.L.M. Jacobs	3 000	3 000	30 000	30 000
R. Malizia	4 502	2 802	30 000	30 000
Number	19 502	10 862	100 000	100 000

Costs of option scheme

The following costs are charged to the result in connection with options granted to the end of 2008.

x € 1 000	2008	2007
T.A.C.M. Bruijninx	221	100
R.L.M. Jacobs	166	36
R. Malizia	166	36
Total	553	172

The fair value of the options granted is included, in the period in which the options are conditional, in employee benefits with simultaneous recognition of a corresponding amount added to equity. Premature departure of one or more Board of Management members was not taken into account. As call options for Ballast Nedam shares are not traded on the stock exchange, the fair value was determined with the aid of an option valuation model.

Accounting estimates and judgements by management

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 as at 31 December 2007.

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.

Recognition of income tax

At the close of the financial year, Ballast Nedam makes an assessment of the income tax position of all fiscal entities. This involves estimating the actual short-term tax charges and income, and the temporary differences between the accounting carrying amounts and tax base of assets and liabilities. A decision is taken on the balance sheet date 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 introduce, capitalized unused deferred tax assets that have been recognized may not be realized, thus affecting the financial position and results of Ballast Nedam.

Provisions

Provisions relating to actual 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 actual obligation. Actual obligations are disclosed if it is likely that an obligation will arise and its size can be reasonably estimated. In the case of the provision made for restructuring in respect of the liquidation of Ballast Plc, the estimate is based on the anticipated cost of settling potential claims under guarantees issued. If the actual outcome differs from the assumptions as to anticipated costs, the estimated provisions will be revised, and this could have an effect on the financial position and results of Ballast Nedam.

Post-balance sheet events

No noteworthy events that could affect the 2008 financial statements occurred after the balance sheet date.

Consolidated capital employed, assets and liabilities, financing position

x € 1 million	2008	2007
Non-current assets	274	242
Working capital	70	66
Less: Cash and cash equivalents	(109)	(87)
Plus: Bank loans	17	35
Capital employed	252	256
Non-current assets	274	242
Current assets	730	656
Assets	1 004	898
Current liabilities	660	590
Non-current liabilities	176	136
Liabilities	836	726
Net cash	92	52
Current portion of long-term loans	(7)	(18)
Long-term loans	(126)	(9)
Net financing position	(41)	(63)

Company balance sheet (before appropriation of profit)

x € 1 million	Note	31 December 2008	31 December 2007
Financial assets			
Subsidiaries	20	186	51
Long-term receivables from subsidiaries		7	144
Deferred tax asset	21	33	38
		226	233
Current assets			
Receivables		3	4
Receivables from subsidiaries		11	10
Cash and cash equivalents		1	1
		15	15
Current liabilities			
Trade payables		(2)	(1)
Other liabilities		(3)	(3)
Debts to subsidiaries		(45)	(46)
		(50)	(50)
Working capital		(35)	(35)
		191	198
Non-current liabilities			
Provisions	22	23	26
		23	26
Shareholders' equity			
	23		
Issued share capital		60	60
Share premium		52	52
Repurchased own shares		(2)	(2)
Exchange rate differences reserves		(3)	-
Associates reserves		26	16
Hedging reserve		(11)	-
Other reserves		22	19
Result for the year		24	27
Shareholders' equity		168	172
		191	198

Company balance sheet and income statement

x € 1 million	2008	2007
Result of subsidiaries after taxation	27	36
Other results after taxation	(3)	(9)
Net result	24	27

The result from subsidiaries after taxation represents Ballast Nedam's share of the net result after taxation of its subsidiaries.

Notes to the company balance sheet and income statement

Significant accounting policies

The company financial statements of Ballast Nedam N.V. form part of the consolidated financial statements 2008 of Ballast Nedam N.V. and have been prepared in accordance with the option provided in Section 362 subsection 8 of Book 2 of the Netherlands Civil Code. The same accounting policies were used in preparing these company financial statements as were used for the consolidated financial statements. The valuation of assets and liabilities, the translation of foreign currencies and the determination of the net result are in accordance with the financial reporting policies as set out on pages 82 to 89 of the consolidated financial statements. Group companies are stated 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 balance sheet and only the portion of any further losses for which Ballast Nedam N.V. has a legal or constructive obligation will be recognized.

In order to simplify the legal structure, Ballast Nedam Nederland B.V. was wound up on 22 October 2007 through a legal merger with Ballast Nedam N.V. All assets and liabilities were transferred to Ballast Nedam N.V.

20 Group companies

x € 1 million	Interests in subsidiaries	Long-term receivables from subsidiaries	Total
31 December 2006	75	151	226
Result	36	-	36
Investments	-	-	-
Disposals	(24)	(7)	(31)
Dividend received	(36)	-	(36)
Movement in hedging reserve	-	-	-
Exchange rate differences	-	-	-
31 December 2007	51	144	195
Result	27	-	27
Investments	-	23	23
Disposals	-	-	-
Dividend received	(38)	-	(38)
Movement in hedging reserve	(11)	-	(11)
Exchange rate differences	(2)	(1)	(3)
31 December 2008	27	166	193
Reclassification of negative shareholders' equity of subsidiaries	159	(159)	-
Total	186	7	193
Carrying amount as at 31 December 2007	51	144	195
Carrying amount as at 31 December 2008	186	7	193

Ballast Nedam N.V. merged in 2007 with the intermediate holding company Ballast Nedam Nederland B.V.. As a result of the merger, the associates of the former Ballast Nedam Nederland B.V., i.e. Ballast Nedam Bouw en Ontwikkeling B.V., Ballast Nedam Infra B.V. and Ballast Nedam Asset Management B.V., became associates of Ballast Nedam N.V. These changes are recognized in 'Disposals'.

The interests in subsidiaries are direct interests, of which the main ones are shown in the organization chart on pages 128 and 129. Some subsidiaries have negative shareholders' equity totalling € 159 million (2007: 153 million). This negative shareholders' equity was deducted from the intercompany loan issued to these subsidiaries.

Other receivables relate to long-term receivables from group companies with a permanent character.

21 Deferred tax asset

x € 1 million	2008	2007
Tax basis deferred tax asset		
1 januari	38	45
Movement via balance sheet	-	-
Movement via result	(5)	(7)
31 december	33	38

The movement in the deferred tax asset was € 5 million negative in 2008 (2007: € 7 million negative). The utilization of carry-forward losses was € 8 million (2007: € 7 million). The value of additional carry-forward losses recognized in 2008 was € 3 million (2007: none). A substantial proportion of the carry-forward losses of the Dutch fiscal unity were recognized as at year-end 2008. Ballast Nedam intends to liquidate several more foreign companies in the next few years. The size of the possible liquidation losses cannot yet be estimated reliably. There is a limitation on the utilization of these tax losses in the Netherlands. The average remaining carry-forward period is less than six years (2007: less than 6 years). The utilization of carry-forward losses depends on future taxable profits.

Non-current intercompany debts

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

22 Provisions

x € 1 million	Reorganization	Other	Total
31 December 2006	14	15	29
Addition	-	-	-
Unwinding of discount	-	-	-
Reversals	-	-	-
Utilization	(3)	-	(3)
31 December 2007	11	15	26
Addition	1	-	1
Unwinding of discount	-	1	1
Reversals	(1)	(1)	(2)
Utilization	(3)	-	(3)
31 December 2008	8	15	23
Current (< 1 year)			
31 December 2007	4	2	6
31 December 2008	3	2	5

The provision for reorganization included € 7 million (2007: € 11 million) for the settlement of guarantees in respect of the former Ballast Plc. The release from this provision consisted of € 3 million applied for exchange differences, € 1 million in connection with claims that are no longer considered realistic, and payments of € 1 million (2007: € 2 million).

The Other provisions include € 15 million (2007: € 15 million) for the consequences of infringement of the competition regulations up to and including 2002. Due to the start of appeal procedures in 2006, settlement will take several years.

23 Shareholders' equity

x € 1 million

	Issued share capital	Share premium	Repur- chased own shares	Currency translation reserve	Associates reserves	Hedging reserve	Other reserves	Result	Equity attributable to share- holders	Minority interests	Total share- holders' equity
31 December 2006	60	52	(1)	-	2	-	1	44	158	-	158
Foreign exchange differences				-					-		-
Results recognized directly in equity	-	-	-	-	-	-	-	-	-	-	-
Net result for the year								27	27		27
Total income recognised in equity	-	-	-	-	-	-	-	27	27	-	27
Appropriation of 2006 result							44	(44)	-		-
Dividend paid							(13)		(13)		(13)
Option scheme							-		-		-
Other	-	-	(1)		14	-	(13)		-	-	-
31 December 2007	60	52	(2)	-	16	-	19	27	172	-	172
Foreign exchange differences				(3)					(3)		(3)
Hedging reserve						(11)			(11)		(11)
Results recognized directly in equity	-	-	-	(3)	-	(11)	-	-	(14)	-	(14)
Net result for the year								24	24		24
Total income recognised in equity	-	-	-	(3)	-	(11)	-	24	10	-	10
Appropriation of 2007 result							27	(27)	-		-
Dividend paid							(14)		(14)		(14)
Option scheme							-		-		-
Other	-	-	-		10		(10)		-	-	-
31 December 2008	60	52	(2)	(3)	26	(11)	22	24	168	-	168

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. For tax purposes, € 25 million of the share premium account is freely distributable.

The total number of repurchased own shares at year-end 2008 was 129 751 (2007: 100 000) and is stated at acquisition price. 29 751 of the company's own shares were repurchased in 2008 (2007: 24 401) and no repurchased shares were sold (2007: none). Foreign exchange differences arise on the translation 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 balance sheet date.

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 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 consortiums where distribution is restricted by influence of the partners.

Share-based transactions for the option scheme relate to the addition to equity because of the employee benefits recognized in respect of options granted. Consolidated statement of movement in equity € 553,000 (2007: € 250,000).

The dividend distributed in 2007 was charged to Other Reserves.

The Board of Management, with the approval of the Supervisory Board, proposes to distribute a dividend of € 1.24 per ordinary share in issue (2007: € 1.38) up to a maximum of € 12 million (2007: € 14 million). No provision has been made for the dividend proposal, which has no consequences for the company's tax position.

Off-balance sheet liabilities

Guarantees

x € 1 million	31 December 2008	31 December 2007
Guarantees	259	215
Total	259	215

Ballast Nedam N.V. has filed with the office of the Commercial Register of the Chamber of Commerce, a declaration in favour of ICT B.V. of joint and several liability as referred to in Section 403 subsection 1(f) of Book 2 of the Netherlands Civil Code. In connection with credit and guarantee facilities, Ballast Nedam N.V. has given undertakings not to furnish any security in the form of charges on fixed assets.

Ballast Nedam N.V. has issued guarantees for a number of subsidiaries' contracts, totalling more than € 2 billion (2007: more than € 1 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.

Other risks

The British Office of Fair Trading served notice on Ballast Nedam N.V. in connection with an inquiry into alleged infringements of British competition law by Ballast Plc. in the 2000 to 2003 period. It is not certain whether, and if so, to what extent penalties can be imposed, nor is it certain whether Ballast Nedam N.V. can be held liable or whether a valid claim can be filed against Ballast Nedam N.V. For these reasons, no provision was formed.

In 2007, Ballast Nedam opened civil proceedings against a former managing director and a number of persons associated with this managing director, in connection with fraud. Ballast Nedam has received a counter-claim from the defendants. In view of the uncertain outcome of both claims, neither is recognised in the financial statements.

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 Section 382a of Book 2 of the Netherlands Civil Code. The audit fee for of the 2008 financial statements was € 0.7 million (2007: € 0.6 million). The engagement fee concerning audit related service was € 0.3 million (2007: € 0.3 million). KPMG Meijburg also charged € 0.5 million (2007:€ 0.4 million) for tax-related services.

Employees

At year-end 2008, Ballast Nedam N.V. had 46 employees (2007: 42).

Managing directors and supervisory directors

For notes on the remuneration of supervisory directors and members of the Board of Management, see the section on transactions with associates in the Notes to the Balance Sheet and the Income Statement.

Signature

The supervisory directors signed the Annual Accounts in accordance with their legal obligation pursuant to Section 101 paragraph 2 of Book 2 of the Netherlands Civil Code and the managing directors signed the Annual Accounts in accordance with their legal obligation pursuant to Section 101 paragraph 2 of Book 2 of the Netherlands Civil Code and Section 5:25c paragraph 2 under c of the Financial Supervision Act (Wft) (see page 52).

Nieuwegein, 12 March 2009

Board of Management,
T.A.C.M. Bruijninx
R.L.M. Jacobs
R. Malizia

Supervisory Board,
A.N.A.M. Smits
H.C. Broeksma
R.M.M. Boelen
J.C. Huis in 't Veld



N210 reconstruction and replacement, Bergambacht

The construction of roundabouts, viaducts, tunnels and covered sections along the N210 will improve access to the Krimpenerwaard and increase road safety. Haitsma hollow piles (Hailights) were used as viaduct foundations for the first time in the Netherlands.

Other information

To: The General Meeting of Shareholders of Ballast Nedam N.V.

Auditor's report

Report on the financial statements

We have audited the accompanying financial statements 2008 of Ballast Nedam N.V., Nieuwegein as set out on pages 78 to 119 of this report. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2008, the consolidated income statement, the consolidated statement of changes in equity and the consolidated statement of cash flow statement for the year 2008, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at 31 December 2008, the company income statement for the year 2008 and the notes.

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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Ballast Nedam N.V. as at 31 December 2008, and of its result and its cash flows for the year 2008 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 2008, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Utrecht, 12 March 2009

KPMG ACCOUNTANTS N.V.
J.C.M. van Rooijen RA

Definitions

Cost of revenue

Raw materials and subcontractors plus employee benefits and other operating expenses.

EBITDA

Earnings Before Interest, Taxation, Depreciation and Amortisation.

EBITA

Earnings Before Interest, Taxation and Amortisation.

EBIT

Earnings Before Interest and Taxation; operating result.

PPP receivables

Receivables from public-private partnerships (PPP).

Financial assets

PPP receivables plus other investments and other receivables (long-term).

Net cash

Cash and cash equivalents plus deposits less bank loans and short-term loans.

Capital employed

Non-current assets plus working capital excluding net cash.

Net financing position

Net cash plus the short-term element of long-term loans and the long-term loans.

IFRS: International Financial Reporting Standards

As from 1 January 2005 all listed companies in the European Union are required to prepare their consolidated financial statements in accordance with these new standards.

Profit appropriation and dividend proposal

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 profit remaining after the addition to the reserves is paid as dividend on the shares.
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 approval of the Supervisory Board, the Management Board may decide to distribute an interim dividend, on account of the expected dividend, subject to the provisions of paragraph 1 above, in so far as profit in the company is demonstrated in an interim statement of assets and liabilities as referred to in Section 105 paragraph 4 of Book 2 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.
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 proposal

The underlying principle of Ballast Nedam's dividend policy is that 50% of the net profit is placed at the disposal of shareholders for distribution as dividend. The Board of Management, with Supervisory Board approval, proposes to appropriate 12 million euros of the net result of 24 million euros to the other reserves. The remainder of the net result is at the disposal of the shareholders. A cash dividend of 1.24 euros per share in issue is proposed for 2008 (2007: 1.38 euros). The net result per ordinary share in issue was 2.46 euros.



Timber yard, Maastricht

The shell of the timber yard of the former De Sphinx ceramics factory has been completely restored. In its role as culture factory the building will play an important part in the development of the Maastricht Belvédère district.

Report of the Ballast Nedam Administration Office

In compliance with the provisions of Article 15 of the Terms of Administration of the Ballast Nedam Administration Office (Stichting Administratiekantoor van aandelen Ballast Nedam, hereafter: the Administration Office) and best practice provision IV.2.6 of the Dutch Corporate Governance Code ('the Code'), we report as follows to the holders of depositary receipts.

During 2008, the Administration Office performed the customary activities for the administration of the shares referred to below. The work associated with the administration of the shares was performed by the trust office of the administration office, N.V. Algemeen Nederlands Trustkantoor ANT (P.O. Box 11063, 1001 GB Amsterdam). The administration office is located at the address of the company.

The total costs of the activities of the Administration Office in 2008 were 38 392 euros (including the fees paid to the members of the Board). In accordance with the Terms of Administration of the Administration Office, these costs were borne by Ballast Nedam N.V..

Number of depositary receipts for shares

The nominal value of registered shares held in administration amounted to 58 459 140 euros as at 31 December 2008. In return for these shares, 9 743 190 bearer depositary receipts have been issued with the same nominal value. At year-end 2008, depositary receipts had been granted for 97.43% of the capital in issue.

The number of registered shares in the capital of Ballast Nedam N.V. held in administration increased in 2008 from 9 124 434 to 9 743 190. The increase resulted from the exchange of depositary receipts for shares issued by the Stichting Werknemersparticipatie Ballast Nedam for depositary receipts for shares that can be traded on the stock exchange (628 756 shares), and from the exchange of the listed depositary receipts for shares held by one shareholder for registered shares (10 000 shares).

Board

The members of the Board of the Administration Office during the year were:

W.P.M. van der Schoot (Chairman)
S.B. Braaksma
W. van Voorden

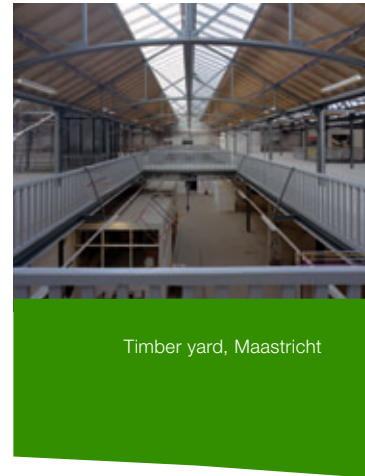
Other functions of the current members of the Board are reported in a separate annex. Each member of the Board is paid a fee of 7 000 euros (excluding VAT) per year.

Board meetings

In addition to administering the shares, the Board conducted talks with the company's Board of Management, in which it received information on the company's performance. Three Board meetings were held in 2007, two of which were attended by the company's Board of Management at the invitation of the Board. A Meeting of Holders of Depositary Receipts for Shares is held each year, prior to the General Meeting of Shareholders.

The first Board meeting, which was also attended by the company's Board of Management, was held on 21 April 2008. During this meeting, the general performance of Ballast Nedam N.V. was discussed, as were the company's annual figures for 2007, following their publication on 14 March 2008. The balance sheet and income statement for the 2007 financial year were adopted and the report of the Administration Office for 2007 was approved.

The second Board meeting took place on 7 May 2008, 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 24 October 2008 and was also attended by the company's Board of Management. The company's half-year figures for 2008 were discussed at this meeting.



Timber yard, Maastricht

Meeting of Holders of Depositary Receipts

The substantive agenda items for the Meeting of Holders of Depositary Receipts were as follows.

- I. Explanation from the Board regarding the 2007 report
- II. Announcement of the proposed votes of the Board of the Administration Office at the Annual General Meeting of Shareholders 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 7 May 2008, the Board took part in discussions on the matters raised. During the Meeting, the Board posed a number of critical questions. On behalf of the Administration Office, the Board cast its vote on the relevant agenda items and, in accordance with its statutory objectives, based its voting behaviour primarily on the interests of holders of depositary receipts for shares, bearing in mind the interests of the company and its affiliated entities. After careful consideration, the Board decided to support all proposals at the meeting.

At the General Meeting of Shareholders on 7 May 2008, the Board of the Administration Office granted proxies for 4 494 674 depositary receipts for shares (45.40% of the issued share capital). The Board represented 46.42% of the issued share capital at this meeting.

Nieuwegein, March 2009

The Board

W.P.M. van der Schoot
S.B. Braaksma
W. van Voorden

Board Members of the Ballast Nedam Administration Office

W.P.M. van der Schoot

(Chairman)

Mr van der Schoot was born in 1946. He held various positions at Twijnstra Gudde N.V., ABN AMRO Bank N.V., Robeco Groep N.V., Boer & Croon Strategy and Management Group in Amsterdam (as Chairman from 2003 to 2008), and Nyenrode Business Universiteit (as President from 1 April 2008 to 1 January 2009). He was first appointed to the Board of the Administration Office on 2 April 2001. His current term of office expires on 2 April 2011.

S.B. Braaksma

Mr Braaksma was born in 1937. He held various management positions at Heidemij in Arnhem and various Board positions in the healthcare sector (including Chairman of the Board of Management of the Isala Clinics in Zwolle and member of the Care Insurance Supervisory Board).

He is currently Chairman of the Supervisory Board of the Prismant Foundation, the Dokter Wittenberg Foundation in Deventer and the Ronald McDonaldhuis Foundation in Zwolle. He is also a member of the Supervisory Board of the Triada Housing Foundation in Epe.

Mr Braaksma was first appointed to the Board of the Administration Office on 18 April 2000.

His current term of office expires on 8 April 2010.

W. van Voorden

Mr van Voorden was born in 1942. He has served as a Professor of Social Economics in Tilburg and Rotterdam, and has been Chairman of the Care Insurance Supervisory Board, and Chairman of the Supervisory Board of Batenburg Beheer N.V..

Mr van Voorden currently holds a number of supervisory directorships. He is Vice Chairman of the Supervisory Board of De Telegraaf Media Groep N.V., Chairman of the Supervisory Board of Panteia in Zoetermeer, and also holds a number of other advisory and management positions.

Mr van Voorden was first appointed to the Board of the Administration Office on 10 May 2006.

His current term of office expires on 10 May 2010.

Organisation chart 1 March 2009

This chart provides an overview of the most important group companies and associates. A list of associates as referred to in Sections 379 and 414 of Book 2 of the Netherlands Civil Code, has been filed with the office of the Commercial Register of the Chamber of Commerce in Utrecht.

Ballast Nedam N.V.

INFRASTRUCTURE

Ballast Nedam Infra B.V.

Development and realization

Ballast Nedam Infra B.V. 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 – Per Arsleff joint venture v.o.f. (50%)
- Ballast Nedam – PA Europe joint venture v.o.f. (50%)

Ballast Nedam Infra Noord West B.V.

Ballast Nedam Infra Noord Oost B.V.

Ballast Nedam Infra Midden B.V.

Ballast Nedam Infra Zuid West B.V.

Ballast Nedam Infra Zuid Oost B.V.

Engineering

Infra Consult + Engineering B.V.

Specialist companies

Ballast Nedam Infra Business Development B.V.

Ballast Nedam Funderingstechnieken B.V.

Ballast Nedam Specialistisch Grondverzet B.V.

Ballast Nedam Milieutechniek B.V.

Dibec B.V.

Ballast Nedam Infra Specialiteiten B.V.

Ingenieursbureau voor Systemen en

Octrooien Spanstaal B.V.

Ballast Nedam Asfalt B.V.

Ballast Nedam Offshore B.V.

Ballast Nedam Parking B.V.

Gebr. Van Leeuwen Harmelen B.V.

- MT Piling B.V. (50%)
- Samwoo-Anchortec B.V. (50%)
- Hamstra B.V.

Recycling Maatschappij “Feniks” B.V.

- Ballast Phoenix Ltd. (92,5%)

Ballast Nedam International Product Management B.V.

- Ballast Nedam Infra Participatie B.V.
- Nederlandse Frees Maatschappij B.V. (17%)
- Grانيت Import Benelux B.V. (9%)
- Traffic Service Van Strien B.V. (21%)
- Wind Invest B.V. (50%)
- Ballast Nedam Wabau GmbH
- Spankern GmbH
- Ballast Nedam Service Center v.o.f. (100%)
- Asfaltcentrales
- Ballast Nedam Infra B.V.

INFRASTRUCTURE

Ballast Nedam Infra B.V.

Prefab

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

- Großkunkel Rurkies GmbH (Duitsland)
- N.V. Immobiliën en Grindexploitiatiemaatschappij Bichterweerd (België)
- N.V. Algri (België)
- Société d'Exploitation des Carrieres d'Yvoir S.A. (België)
- N.V. Lugo (België)
- Beheersmaatschappij Fr. Bontrup B.V. (30%)
- Bremanger Quarry S.A. (77%) (Noorwegen)
- Grانيت Import Benelux B.V. (65%)

INTERNAL JOINT VENTURES

(Infrastructure & Building and Development)

Ballast Nedam Concessies B.V.

CNG Net B.V.

Public-Private Partnership (PPP)

Kromhout (50%)

- Bouwcombinatie Komfort v.o.f.
- Exploitatie Maatschappij Komfort B.V. DC16 (50%)
- Bouwcombinatie D.C. 16 v.o.f.
- Exploitatie Maatschappij DC 16 B.V. DUO (50%)
- Bouwcombinatie Duo² v.o.f.
- Wäldwei.com B.V. (33,33%)

Ballast Nedam Beheer B.V.

Ballast Nedam Bouwmaterieel B.V.

BUILDING AND DEVELOPMENT

Ballast Nedam Bouw en Ontwikkeling B.V. Development

Ballast Nedam Ontwikkelingsmaatschappij B.V.
Hollestelle Vastgoedontwikkeling B.V.

- Ballast Nedam Vleuterweide B.V.
- Ballast Nedam Euroborg B.V.
- Nieuw Vennep Zuid III B.V.
- Ballast Nedam Arena B.V.
- Getz B.V. (17%)
- V.o.f. De Geuzenbaan (50%)
- Ontwikkelingsmij. Centrumgebied Amsterdam Zuidoost B.V. (33%)
- V.o.f. Ontwikkelingscombinatie Laakhaven West (33%)
- Gebiedsontwikkeling Oud Beijerland Oost C.V. (49%)
- Ontwikkelingscombinatie Spoorzone Delft C.V. (49,5%)
- Amstelland Vastgoed B.V. (50%)
- De Vijfde Stad v.o.f. (50%)
- Coberco Kwartier Beheer B.V. (50%)

OTHER

Ballast Nedam Asset Management B.V.

- Ballast Nedam Canada Ltd. (Canada)
- Golden Peaks Resort Inc. (Canada)
- Kicking Horse Mountain Resort Trust (95%)

Ballast Nedam International B.V.

Ballast Nedam ICT B.V.

Abl2 B.V. (50%)

BUILDING AND DEVELOPMENT

Ballast Nedam Bouw en Ontwikkeling B.V. Realization and development

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.

- Bouwcombinatie IJsseloord 2 v.o.f. (50%)
- Onderhoudscombinatie Ahoy (50%)
- Bouwcombinatie Zoetermeer Oosterheem v.o.f. (25%)
- V.o.f. Lambertus Zijlplein (50%)
- Bouwcombinatie Euroborg v.o.f. (25 %)
- Bouwcombinatie Prinsenhof v.o.f. (50%)
- Bouwcombinatie Lounge 1 v.o.f. (50 %)
- Bouwcombinatie De Appelaar v.o.f. (50%)
- Bouwcombinatie Medical Park Sittard v.o.f. (25%)

- FiftyTwoDegrees beheer B.V. (51%)
- Bouwcombinatie Westraven v.o.f. (50%)
- Bouwcombinatie New Babylon v.o.f. (50%)
- Bouwcombinatie De Confiance v.o.f. (50%)
- Dijkzone v.o.f. (33%)
- V.o.f. Stramanweg (50%)
- Bouwcombinatie Avans Breda v.o.f. (50%)
- Bouwcombinatie Jeroen Bosch v.o.f. (33%)
- Bouwcombinatie Medisch Centrum Rijnmond Zuid v.o.f. (50%)
- Bouwcombinatie Intermezzo v.o.f. (33%)

Prefab

Hoco Beton B.V.
Omnia Plaatvloer B.V.

Management 1 March 2009

Ballast Nedam

- Board of Management

T.A.C.M. Bruijninckx, R.L.M. Jacobs, R. Malizia

- Corporate secretary
- Legal affairs, personnel and organization
- Finance and investor relations
- Communication
- ICT
- Assurance

O.P. Padberg
T.A.C.M. Bruijninckx
R.J. Feenstra
A.C. van Kessel
R.J. Kathmann
A.C.M. van Haastrecht

Ballast Nedam Infra

R. Malizia, P. van Zwieten

- Ballast Nedam Infra Business Development

S. de Jong

- Ballast Nedam Infra Projecten

R. van Schravendijk, A.C. de Geus,
R.P. de Keijser

- Ballast Nedam Infra Noord West
- Ballast Nedam Infra Noord Oost
- Ballast Nedam Infra Midden
- Ballast Nedam Infra Zuid West
- Ballast Nedam Infra Zuid Oost

J.T. Folkerts
H. Veenstra
H. Mos
H. Kuipers
A.J. Stoop

- Infra Consult + Engineering

W.M. 't Hart

- Ballast Nedam Funderingstechnieken
- Ballast Nedam Specialistisch Grondverzet
- Gebr van Leeuwen Harmelen
- Ballast Nedam Milieutechniek
- Dibec
- Recycling Maatschappij Feniks
- Ballast Nedam Asfalt
- Ballast Nedam Infra Participatie
- Ballast Nedam Infra Specialiteiten
- Ballast Nedam International Product Management
- Ingenieursbureau voor Systemen en Octrooien Spanstaal

J. Smeets
K. Roelfsema
M.T. van Leeuwen
W.E.R. Huntjens
P.G.M. Ballast
A.C.G. van Beurden
R. Bouwman
P.S. van der Bijl
H. Veerman
R. van Alphen
W.J.J. Smit, J.A.M. Spaan

- Haitsma Beton
- Waco Lingen Beton
- TBS Soest
- Rademakers Gieterij

K. Visser
J.K. Verhoeve
W. Ent
P.J. Woldendorp

- Ballast Nedam Grondstoffen
- Bichterweerd, Algri, Lugo, Yvoir en Amay (Belgium)
- Zand- en Grindhandel Verkaik
- Großkünel Rurkies (Germany)

H.P. van der Meer
H.P. van der Meer
H.M. Bronder
H.P. van der Meer

Ballast Nedam Bouw en Ontwikkeling

- Ballast Nedam Ontwikkelingsmaatschappij
- Hollestelle Vastgoed Ontwikkeling

- Ballast Nedam Bouw Speciale Projecten

- Ballast Nedam Bouw Noord
- Ballast Nedam Bouw Noordwest
- Ballast Nedam Bouw West
- Ballast Nedam Bouw Midden
- Ballast Nedam Bouw Zuid
- Ballast Nedam Bouw Oost
- Laudy Bouw en Ontwikkeling
- Zomers Bouwbedrijf
- Aannemingsbedrijf F.W. Onrust

- Hoco Beton
- Omnia Plaatvloer

Other

- Ballast Nedam Concessies
- Ballast Nedam Beheer
- Kicking Horse Mountain Resort
- Ballast Nedam Asset Management
- Abl2 (50%)

- Ballast Nedam Bouwmaterieel

R.L.M. Jacobs, R. Middelkoop,
R.M.A. van Dinther

C.G.J.W. Martens
J.H. Roewen

J.A.G. van Oostrum, A.M. de Backer

H.L. Tragter
P.F. Brittijn
P. van Dijk
J. van Rijn
R. Cornelisse
E.B.G. Velthuis
J.F.A.M. Corten
C.M.B. van Driel
R.M. Vonk

J.J.G. Holtackers, L.M.G.C. Peerlings
H. Sieben

H.C. van der Wildt
J.J.A. van Huijstee
R.L.M. Jacobs
A. Kok
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D. van Hoogstraten

H. Hertsenberg

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