

# ANNUAL REPORT 2009





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## **HOGEBRUG CLASSIQUE, MAARSSEN**

In 2009 we completed this large-scale housing development, thus finishing various types of homes in a green living environment with splendid water features.



# FINANCIAL AGENDA

<b>22 April</b>	Registration date for General Meeting of Shareholders
<b>7 May</b>	Quarterly report
<b>7 May</b>	General Meeting of Shareholders
<b>10 May</b>	Ex-dividend listing
<b>12 May</b>	Record date for dividend entitlement (after close of trading)
<b>18 May</b>	Dividend available for payment
<b>16 July</b>	Publication of half-year figures for 2010
<b>22 October</b>	Quarterly report

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



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## LEXKESVEER RIVER WIDENING

The river Nederrijn is being widened and natural assets developed along its banks. The measures will provide greater protection against flooding and restore the natural balance. The new bridge at Lexkesveer has largely replaced the ferry causeway. We partially excavated the river forelands. We also created a flood channel, lowered the existing summer dikes and added a new one. We used prefabricated bridge piers, which reduced the construction time of the 250-metre bridge by four weeks. Here you see a detail of the prefabricated elements, on the cover of this report the whole design and construct project is pictured.

# FOREWORD

**2009 was a challenging year for Ballast Nedam in many respects. Declining market volumes intensified the competition and depressed the margins. However, the years ahead will inevitably be even more difficult for the construction industry, which operates at the tail-end of the economic cycle.**

Despite all this market turbulence, we persevered through the past year in unfolding our strategy. We have accordingly adapted some parts of our organization and our range of products to the market developments. The strategy is oriented on the supply of sustainable total solutions in the built environment. For instance, contrary to the market, we expanded our development potential appreciably, we successfully acquired design & construct projects, we qualified for all four national government PPP projects that came on the market in the Netherlands, and we succeeded in growing the Ballast Nedam Beheer order book. We have also enjoyed project successes in our niche segments of offshore wind farms, industrial construction, international projects, hospitals and natural gas filling stations. The raw material extraction positions have been expanded, and two new specialized companies, Ballast Nedam Sustainability Services and Ballast Nedam Prefab, were launched in October 2009.

The profit achieved was in line with the October 2009 forecast. Although the result fell short of our outlook of early last year, it was a creditable performance from our employees in view of the rapidly deteriorating market conditions in 2009. I also speak on behalf of my two colleagues in expressing my gratitude.

Sustainability has steadily gained in prominence in our actions, products and services in recent years. The sustainability report is accordingly now an integral part of this Annual Report.

In the short term we expect a good volume on the larger infrastructure projects, but no improvement on the property market. In the medium term the housing market in particular is set to revive. The pressure that may be imposed by reduced government spending will present ample opportunities for public-private partnership projects. We intend to grasp these opportunities, in both property and infrastructure.

Times will not be easy in the construction industry in the next few years. Ballast Nedam is in a relatively good starting position because of its healthy order book, prominent position on the Dutch PPP market, solid financial position and broad range of activities. We have operations in both construction and infrastructure, ranging from development, implementation and management to recycling, and from raw material extraction, prefabricated concrete production and specialized companies to building. Despite the sombre short-term prospects, I look forward to the future with confidence.

**Theo Bruijninx**  
CEO

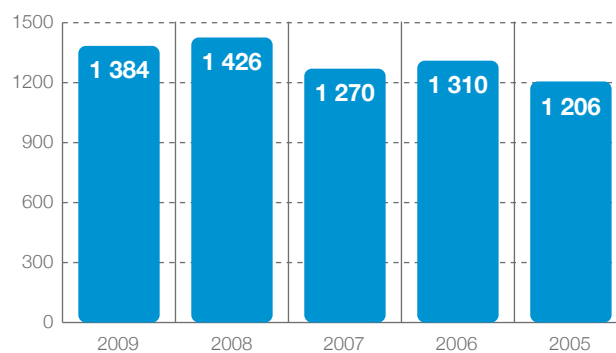


# TEN-YEAR SUMMARY

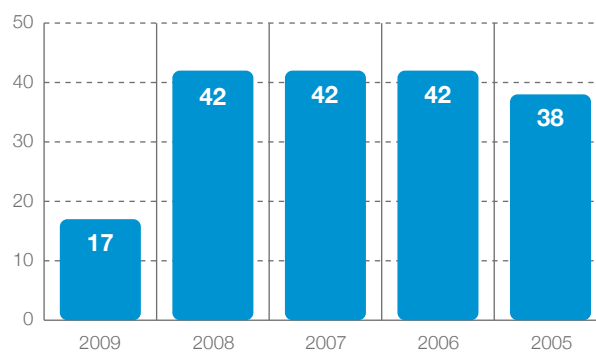
x € 1 million	NL GAAP						
	2009	2008	2007	2006	2005	2004	2004
<b>Revenue and profit</b>							
Revenue	1 384	1 426	1 270	1 310	1 206	1 164	1 164
the Netherlands	1 272	1 348	1 157	1 206	1 105	1 042	1 042
international	112	78	113	104	101	122	122
Order book	1 818	1 667	1 438	1 093	1 064	971	971
Earnings before interest, taxes, depreciation and amortization EBITDA	42	67	63	63	58	63	45
Impairment	-	-	-	-	-	(8)	(7)
Depreciation	(23)	(24)	(20)	( 19)	(18)	(19)	(17)
Earnings before interest, taxes and amortization EBITA	19	43	43	44	40	36	21
Amortization	(2)	(1)	(1)	( 2)	(2)	(1)	(2)
Earnings before interest and taxes EBIT	17	42	42	42	38	35	19
Profit before income tax	8	31	38	38	28	24	15
Profit for the period before amortization	8	25	28	46	22	14	10
Profit for the period	6	24	27	44	20	13	8
<b>Investments</b>							
Investments	102	64	37	67	32	20	17
Disposals	6	22	7	12	67	20	20
Net investments	96	42	30	55	(35)	-	( 3)
<b>Balance sheet data</b>							
Non-current assets	352	274	242	253	211	268	179
Current assets	682	730	656	541	636	556	352
Assets	1 034	1 004	898	794	847	824	531
Current liabilities	(644)	(660)	(590)	(555)	(644)	( 586)	( 327)
<b>Capital structure</b>							
Capital employed	279	252	256	177	74	78	( 11)
Shareholders' equity	162	168	172	158	124	101	109
Interest-bearing non-current liabilities	197	126	97	36	54	99	39
Net cash	111	92	52	62	129	160	160
Net financing position	(92)	(41)	(63)	23	68	56	116
<b>Ratios</b>							
Earnings before interest and taxes / revenue	1%	3%	3%	3%	3%	3%	2%
Profit for the period / revenue	-	2%	2%	3%	2%	1%	1%
Profit for the period / average shareholders' equity	4%	14%	16%	31%	18%	14%	8%
Shareholders' equity / assets	16%	17%	19%	20%	15%	12%	20%
<b>Average number of employees</b>							
	3 947	3 941	3 838	3 701	3 721	4 022	4 022
<b>Shares</b>							
Number of ordinary shares (x 1 000)	10 000	10 000	10 000	10 000	10 000	10 000	10 000
Number of ordinary shares issued (x 1 000)	9 702	9 870	9 900	9 924	9 847	9 861	9 861
Market capitalization at year-end	147	137	280	328	327	123	123
Dividend paid	12	14	13	10	-	-	-
<b>Per average share in issue of € 6 nominal value</b>							
Shareholders' equity	16.62	17.05	17.31	15.98	12.54	10.26	11.02
Dividend paid	1.24	1.38	1.34	1.02	-	-	-
Profit for the period	0.62	2.46	2.75	4.44	2.05	1.36	0.80

NL GAAP			
2003	2002	2001	2000
1 619	2 307	2 326	2 098
1 132	1 242	1 267	1 083
487	1 065	1 059	1 015
1 046	1 833	2 489	2 660
33	(70)	23	91
(6)			
(23)	(46)	(44)	(43)
4	(116)	(21)	48
(4)	(6)	(2)	-
-	(122)	(23)	48
(6)	(135)	(32)	34
50	(137)	(48)	22
46	(143)	(50)	22
19	67	345	123
26	218	226	14
(7)	(151)	119	109
213	224	427	354
342	402	542	643
555	626	969	997
(362)	(484)	(589)	(547)
( 2)	( 16)	205	378
102	56	215	276
27	39	93	120
136	116	110	18
104	72	12	(106)
0%	-5%	-1%	2%
3%	-6%	-2%	1%
58%	-106%	-20%	8%
18%	9%	22%	28%
4 957	6 549	7 264	7 607
10 000	10 000	10 000	10 000
9 879	9 886	9 898	9 911
47	48	158	216
-	11	11	11
10.33	5.62	21.71	27.84
-	1.14	1.15	1.14
4.67	(14.46)	(5.06)	2.26

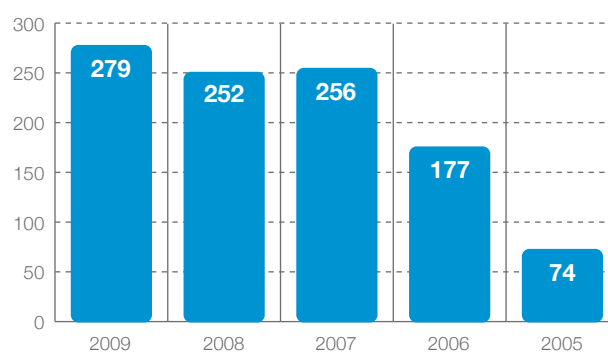
## Revenue



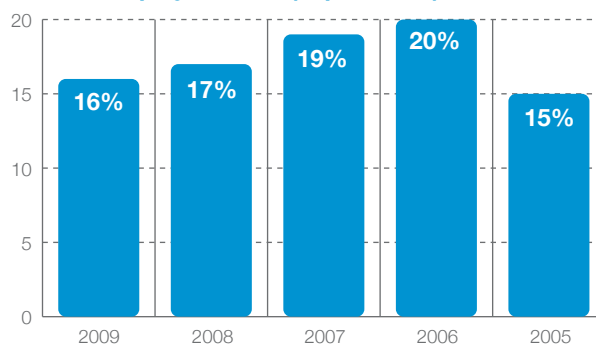
## Earnings before interest and taxes



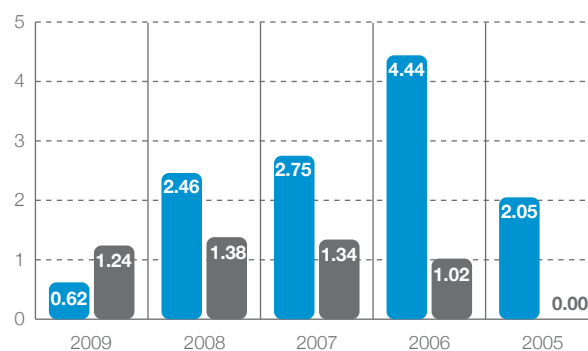
## Capital employed



## Shareholders' equity / assets (capital ratio)



## Profit per share in € / Dividend per share in €





# ABOUT BALLAST NEDAM

## PROFILE

Ballast Nedam N.V. 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 formed 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 the best sustainable total solutions in the built environment. With this in mind, we provide our clients with commitment, quality, reliability, flexibility and expertise in the infrastructure and property fields. Ballast Nedam aims to contribute to the quality of the living environment. We also aspire to being a model employer by offering our employees a challenging, inspiring and safe working environment. Our activities and approach are designed to optimize our Group's shareholder value.

Our core values coincide with Ballast Nedam's ambitions:

**Professionalism** We operate in compliance with applicable laws and regulations. We deliver high-quality products and services to our customers. We document transactions in accordance with applicable procedures and handle information with care. We are committed to the business and refrain from conduct that may damage Ballast Nedam's reputation.

### Sustainability

For our customers, clients and ourselves, we always seek environmentally sound and energy-efficient solutions. We translate our entrepreneurship into innovative and sustainable solutions. We are aware of our responsibilities for the environment and respect people and organizations in our surroundings.

### Teamwork

Our teamwork is based on a mutually open and unprejudiced approach. We endeavour to utilize each other's qualities and to cooperate successfully internally. This aim requires us to draw on the knowledge of others and to involve other Ballast Nedam companies at an early stage in a project.

### Transparency

We have an open and accessible style and communicate transparently and clearly. We present commercial transactions and considerations in a comprehensible way.

### Integrity

We separate business and personal matters and avoid all suspicion of conflicts of interest. Presents and gifts are never allowed to influence decisions. We act honourably and in good faith and never abuse our power.

### Safety

We observe applicable safety instructions and health and safety rules, we have regard for our own safety and that of others, and we do all in our power to eliminate dangerous situations.

### Respect

We create a working environment that is pleasant for everyone and where we approach all concerned with fairness and respect. Everyone in our working environment is accepted as they are.

## Products and services

Ballast Nedam has a broad range of products. We develop, implement, manage, finance and operate the built environment, and do so in residential and nonresidential construction and infrastructure.

### Residential and nonresidential construction

- Housing (area development, urban development, housing concepts, high-rise building)
- Work (offices, schools, hospitals, high-rise building)
- Leisure (stadiums, sports accommodation, shops, leisure centres)

### Infrastructure

- Mobility (parking, wet and dry infrastructure, public transport)
- Spatial development and redevelopment (nature conservation, area development)
- Water management (river widening, pumping plants, water purification plants, dredging)
- Energy (geothermal, natural gas/biogas, wind)
- Industrial construction (power stations, quays and jetties, transformer stations)

Products, services and clients	Public sector	Semi-public sector	Companies	Individual consumer
Housing		■		■
Work	■	■	■	
Leisure	■	■	■	
Mobility	■	■	■	■
Spatial development and redevelopment	■	■	■	
Water management	■	■	■	
Energy	■	■	■	■
Industrial construction		■	■	



# STRATEGY AND POLICY

Ballast Nedam is a developer and builder that delivers sustainable total solutions in the built environment. We identify, develop, design, build, manage, maintain and operate our products and services. We are able to perform our processes both individually and as an integrated whole.

Our strategy is oriented to activities that cover both the horizontal chain, from development, implementation and management to recycling, and the vertical chain.

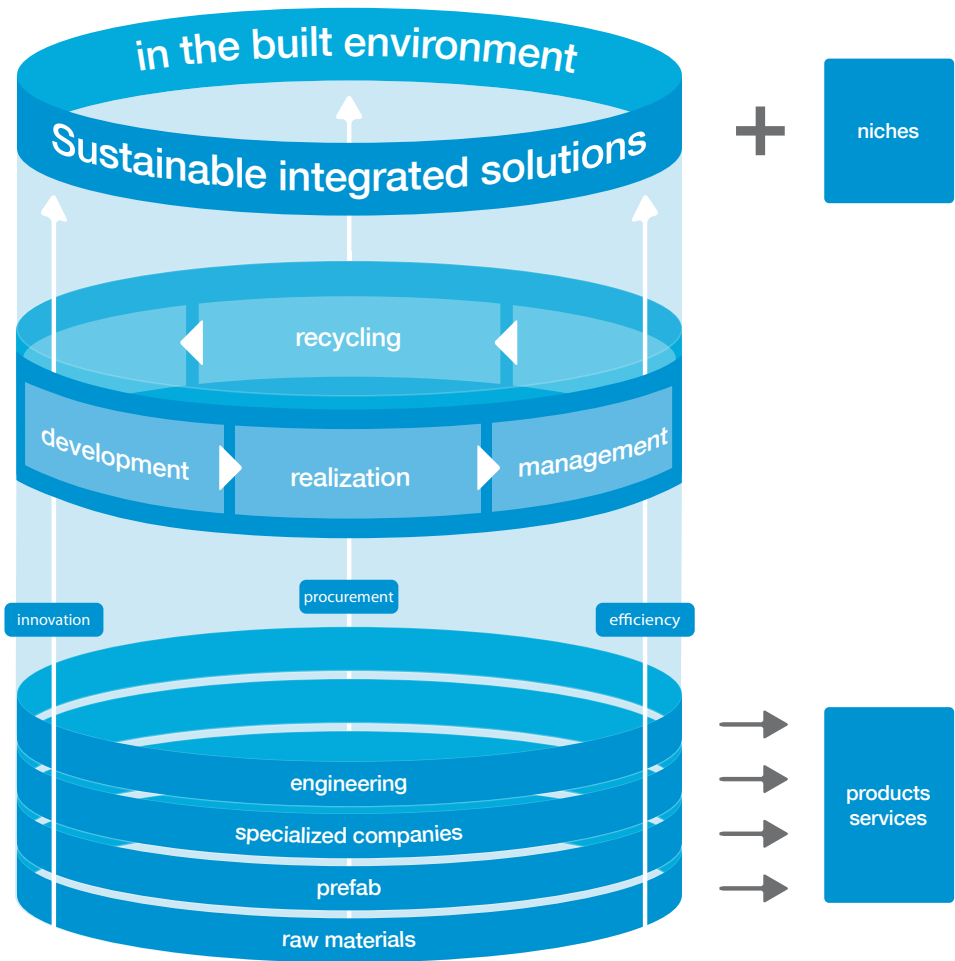
## Horizontal value chain

Our aim is to do more than implement projects to client specification, but also to start contributing in the preliminary stages and to continue our project involvement for a longer period. With a view to aligning better with customer wishes in the horizontal value chain, we are focusing increasingly

on specific clients and their activities. This trend has repercussions for our products and service categories, with a growing number of product-market combinations in the horizontal value chain, such as those concerned with parking and the care sector.

## Vertical value chain

The specialized and supply companies in the vertical chain support the companies that operate in the horizontal chain in providing sustainable total solutions. These companies serve as procurement specialists for the rest of the organization, and distinguish themselves through high quality, innovation and cost leadership. The product range of the specialized companies will be made more complete, and their position enhanced. We are constantly on the lookout on behalf of the raw material companies for opportunities for expanding the existing concessions.



## Value enhancement

We aim to enhance the value of the business by improving the structural margin, which we seek to achieve with the following four strategic actions.

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

The activities we choose to include in our portfolio depend on various decision criteria. We are sensitive to how well an activity matches our core activity: providing sustainable and advanced total solutions in the built environment. We can add value to these total solutions in both the horizontal and vertical chains. It goes without saying that we also uphold our distinctive profile through innovation and efficiency benefits, sustainability, the need for investment, the risk profile, and timing. An important criterion is the potential return of the activities. 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.

Our portfolio management ensures added value within our company. The niche segments that we focus on and our specialized companies that are involved all contribute to achieving our objectives.

## GROUP STRUCTURE

Ballast Nedam consists of two divisions: Building and Development and Infrastructure. The basic principle of the organization is decentralized entrepreneurship in the business units of these divisions. 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 founded Ballast Nedam Sustainability Services in February 2009 in order to give sustainability a firm footing in the company.

### 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 in the Netherlands;
- Ballast Nedam Bouw Speciale Projecten, 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 internal and external residential and nonresidential 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 development, construction and management of maintenance, and operations. These activities are performed in the following business units:

- Ballast Nedam Infra Projecten, 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 numerous operating companies that operate in the vertical value chain:

- Ballast Nedam Engineering is a multidisciplinary engineering firm that provides consulting and design services in all construction phases for both real estate and infrastructure projects;
- eleven specialized companies focus solely on specific products, such as foundations and excavations, where innovation, cost leadership and purchasing know-how are key themes;
- 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 manages the maintenance and operation of infrastructure items and construction and real estate projects alike;
- in the vertical chain, Ballast Nedam Bouwmaterieel focuses on the management and operation of general construction equipment.

Since November 2009 the new business unit Ballast Nedam Prefab has been handling all prefabricated concrete applications from tendering, through engineering, to assembly.

## Other

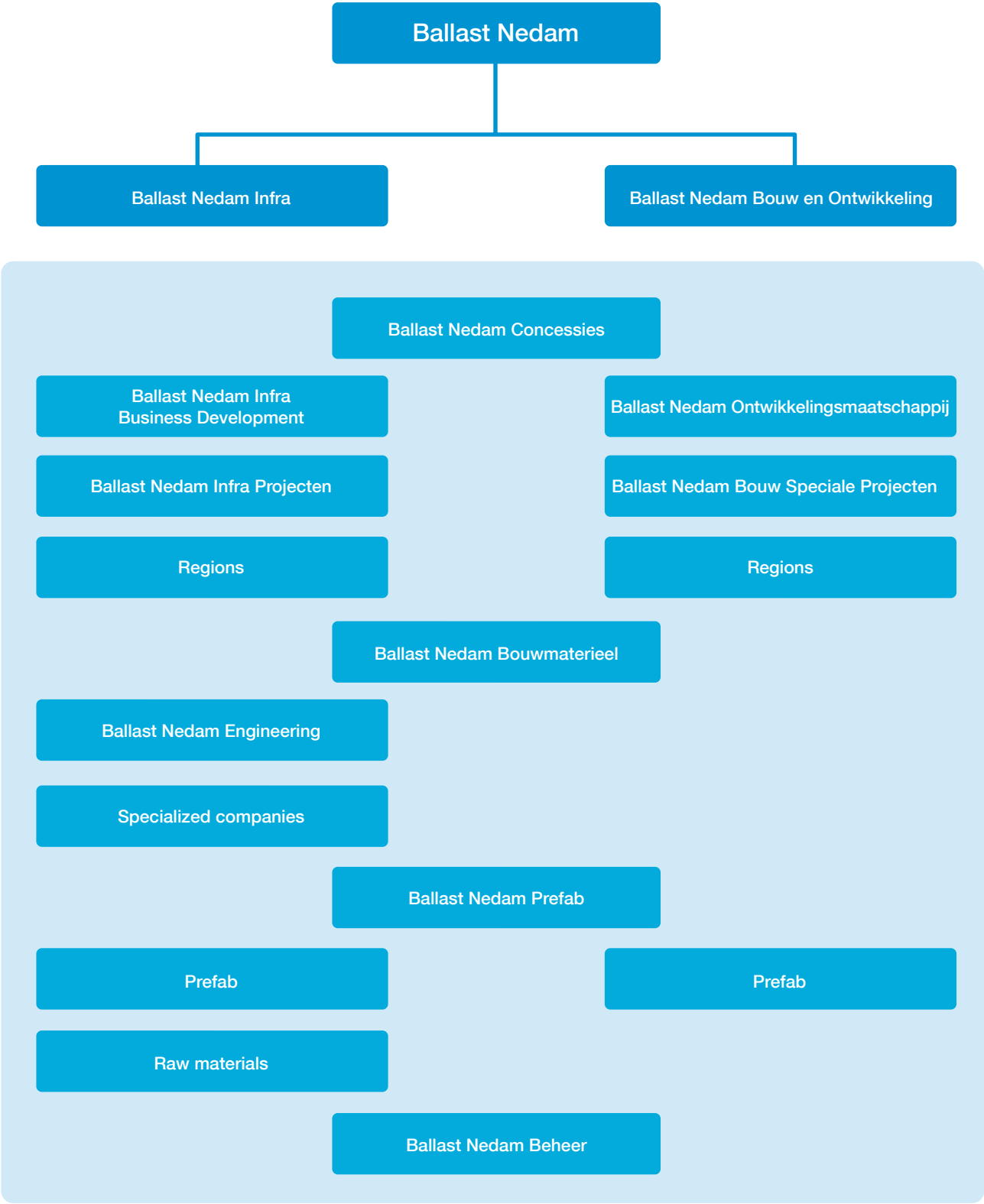
The International division was disbanded in 2005. New international projects and the administration of ongoing international projects are managed by the Infrastructure division. The operation of a ski resort in Canada is reported under Other activities.

## BALLAST NEDAM PREFAB LAUNCHED

Ballast Nedam decided in 2009 to found Ballast Nedam Prefab. This subsidiary will form the link between all Ballast Nedam contracting companies and the four prefabricated concrete companies Haitsma Beton, Waco Lingen, Omnia Plaatvoer and Hoco Beton. We will handle all activities, from tendering, through engineering, to assembly, that are now scattered among the contracting companies and the prefabricated concrete companies. This centralization will create competitive and synergy benefits. The new working method is consistent with Ballast Nedam's strategy of progressively drawing together activities and products into specialized units that we can engage on projects at an early stage.



Organization chart



## MARKET CONDITIONS

The credit crisis took the world by surprise in 2008, and the recession that followed in its wake has been felt around the globe. The first signs of economic recovery are now visible. The industrial production sector is exhibiting modest growth, which is expected to continue in 2010 and later years. The Netherlands Bureau for Economic Policy Analysis predicts tentative economic growth of 1.5 per cent in 2010. It will be some considerable time before the forecast 4 per cent contraction in 2009 will be eliminated.

The construction sector is showing a delayed response to the recovery. It is expected that it will be 2011 before the crisis in the construction sector bottoms out. Recovery will then set in from 2012, and the general expectation is that total building volume will return to 2008 levels only towards the end of 2014. However, there are substantial differences between the property and infrastructure sectors.

### Repercussions of the crisis on the property sector

Our customers' investments are lagging behind the economic recovery at this stage. Despite the modest recovery being experienced by many companies, 2008 revenue levels have not yet returned. Overcapacity and underutilization

are making companies cautious with investments in items such as accommodation. For companies that are willing to invest, it is now more difficult and more expensive to finance new development projects, which consequently are often postponed.

The public are currently hesitant to buy new homes, or are having problems arranging the financing, and the demand for new homes is falling accordingly. Where demand for new homes does exist, the composition has changed, with demand relatively high for homes in the less expensive segment, and with specific features, such as a high level of energy efficiency.

The alteration and maintenance market is responding less drastically to the economic situation. The need for property maintenance is unchanged, and in some cases alteration is a good alternative to new building. We therefore expect the market for alteration and maintenance to increase slightly in the next few years.

### Infrastructure market trends

The government is and will remain the most important player in the infrastructure market. Central government will be investing more heavily in infrastructure in the years ahead by bringing forward projects to eliminate several major

## BALLAST NEDAM SOLE SHAREHOLDER OF ABL2

ABL2 has been operational for almost four years. ABL2 was founded to coordinate all aspects of complex projects on the interface between infrastructure and property. ABL2 endeavours as a public-private contractor to play a meaningful role in the development and construction of complex comprehensive area developments. ABL2 creates the agreements between public and private parties, prudently manages budgets, ensures project compliance with applicable laws and regulations and incorporates sufficient scope for public decision points.

ABL2 started as a partnership between Ballast Nedam and the property company TCN, with both companies having a 50 per cent interest. Ballast Nedam increased its share in ABL2 to one hundred per cent in 2009.





infrastructure obstacles. These additional investments will largely counterbalance the decline in investments from the private market and local government. The total infrastructure market is expected to be at approximately the same level in 2010 as in 2008.

A shift will occur in the short term, as an increasing supply of major comprehensive projects prompted by central government and other incentive schemes coincides with a restricted supply of smaller civil engineering projects, partly because fewer areas need to be cleared for building or paved and landscaped prior to occupation.

In the longer term we foresee declining volumes in the infrastructure market. Current additional government investments aimed at bringing forward project execution will be matched by economy measures in several years' time. Furthermore, the substantial quantity of work in response to the Emergency Act will come to an end in a few years. This decline will have to be compensated by infrastructure work resulting from raising private investment in housing and property. Another source of compensation will be the acquisition of more projects in PPPs for both the infrastructure and property markets.

The management market is expanding slowly within the infrastructure market. The main cause of growth is new major PPP and other contracts that incorporate management periods of between 20 and 25 years. We foresee the management of existing infrastructure also to be put on the market in the future.

## **Influence of trends on our market**

Ballast Nedam is adjusting its products and services to the following trends that are influencing its markets.

### **A greater emphasis on sustainability**

A significant change in the next few years will be a greater emphasis on sustainability. The world has limited resources, which we have to use sparingly. A life-cycle approach is also becoming increasingly common. Many tools are available to enable us to achieve this aim by working ever more sustainably. ICT presents a variety of opportunities for implementing processes more efficiently, such as through Building Information Models (BIM).

### **Demographic changes: the impact of population ageing**

The changing composition of the population is another trend that will have an impact on both our workforce and our market in the next few years. A relatively large group of experienced employees is about to leave our company. This outflow can be compensated only partly by the intake of new employees. Retaining knowledge and capacity is therefore a personnel policy priority. On the other hand, demographic trends also have an impact on the market. The population is becoming older, and also better off later in life. There is consequently an increasing demand for housing concepts that meet the needs of an older public, with related changes in buildings, such as in the layout and lift installations, as well as new services.

### **The government is retreating**

The government is shedding ever more duties. A few years ago, the bonds between the energy sector and the government were loosened, and now the care sector is being privatized. Organizations themselves are therefore responsible for the overall operation of their property, for which they are relying increasingly on market parties. We expect trends of this kind to cause an increase in the management of the built environment in various sectors. The role that market parties are able to play is encouraging a trend towards service-oriented organizations, which can engage with and unburden the customer at an earlier stage. The services and products that customers need are then recorded in concessions and service level agreements. Customers can continue to focus on their own core activities with no concern for a multitude of extraneous matters.

### **Globalization**

The world's borders are fading, and the influence on the Netherlands of the world around us is increasing. Because of this globalization products and services can be moved across national borders more readily, as international competition increases and contracts that comply with international standards become more commonplace. The use of workers from other countries is also on the rise, making contact with other cultures more frequent. Although construction is still a local activity, internationalization is bound to have an impact on our way of working, and therefore on the knowledge and skills that are needed.

# RISK MANAGEMENT AND RISK PROFILE

The Ballast Nedam Board of Management is responsible for our internal risk management and control systems and for their satisfactory performance. These systems are designed to manage significant risks and to help achieve operational and financial objectives.

Effective risk management involves the timely identification of risks, and management of the risks that may affect our activities in the long term. The most important principles of risk management are as follows.

- It is responsible to run business risks only if the probability of the risks materializing and the possible consequences do not imperil business continuity. Ballast Nedam generally adopts a prudent attitude to accepting risks.
- The divisional and other managers, under the responsibility of the Board of Management, identify, analyse and manage the risks as appropriate to their specific level. They manage the risks within acceptable limits.
- Compliance with all relevant laws and regulations and internal codes of conduct is taken for granted.

- Ballast Nedam deems the management of risks to be a core competency. It is embedded in our governance structure and, in line with generally accepted standards, it is in balance with our objectives and strategy.

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

## RISK MANAGEMENT AND ORGANIZATION

The Ballast Nedam organization consists of two divisions and numerous 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. Prior Board of Management approval is required for all projects regarded as high risk. Approval is accordingly required for projects with a production value of more than 25 million euros and for foreign contracts, investments in land positions and in property, plant and equipment, and non-current liabilities.

## SUCCESSFUL SALVAGE OF MSC NAPOLI

The new invention of Gebr. Van Leeuwen and Disa Maritime has been used successfully in salvaging the container ship MSC Napoli, which had been beached off the English coast.

The section of the wreck was partly buried in the sea bed in Lyme Bay off the south coast of England. The newly designed underwater anchor drill was deployed on the sea bed, where it drilled beneath the wreck to allow twelve lifting chains to be attached.



We manage risks in the development of projects that are for our own account by setting limits. Managers at unit level have clearly defined terms of reference that determine their powers. Management periodically reports on and assesses the risks. Each year, managers at unit level account for the policy pursued by producing an internal management statement.

Instruments for effective risk control include ensuring the quality of management, the corporate governance policy, the code of conduct, the reporting principles and accounting policies, and our management information system. Ballast Nedam has a handbook for financial reporting and financial procedures, which we update on a continuous basis in response to changing regulations and insights. An important control measure is risk management by means of insurance. Insurance policies are taken out centrally in the organization. The department concerned ensures that insurable risks and our liability are satisfactorily covered.

## **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 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 a similar dialogue with the management of the operating companies.

## **Supervisory Board and Audit Committee**

Ballast Nedam's risk profile and the internal risk management and control systems are on the agenda of all meetings with the Supervisory Board and Audit Committee. The achievement of the corporate objectives in the light of acceptable risks is a factor in determining the remuneration of members of the Board of Management. There are three Audit Committee meetings a year attended by the CEO, the Ballast Nedam financial director and the external auditors. The meetings are to discuss the financial course of events, the findings of internal audits, and risk management in the company. The activities are covered in the Report of the Supervisory Board on page 62.

## **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 at the end of the reporting period. The annual report describes the principal risks that Ballast Nedam faces.

Ballast Nedam's risk management and control systems are regularly analysed and evaluated. The 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 are on the agenda of every meeting with the Supervisory Board. There are no signs that the existing systems were not properly designed. It goes without saying that we are aware that the internal risk management and monitoring systems are no guarantee that we will always achieve our objectives. Likewise, we cannot hope with these systems to prevent all material errors, loss, fraud and infringements of laws and rules.



There were no transactions in 2009 that involved conflicting interests of material significance for the managing directors, and there were likewise no transactions in 2009 that involved conflicting interests of material significance between the company and natural persons or legal entities holding more than 10 per cent of the shares. Corporate Governance Code best practice provisions II.3.2, II.3.3 and II.3.4. have been complied with.

There were no material changes in 2009 in the operation and structure of the risk management and control systems.

## TYPES OF RISK

Ballast Nedam is exposed to a variety of risks. This section explains the background of strategic risks, market risks, financial and operational risks, liquidity and treasury risks, social risks, ICT risks and other risks.

### Strategic risks

Our business strategy is supported by two important pillars. The first is our wish to strengthen the front and back ends of the horizontal chain by playing an earlier part in projects, and remaining involved for longer. The second has to do with strengthening the supply companies in the vertical chain by enhancing the product range and the specialized companies; we perform active portfolio management. The market for infrastructure will remain reasonably stable for the next few years, which, combined with our presence in niche segments, means the risk profile is relatively favourable. The market for construction and property development, conversely, is much more sensitive to the economic cycle. Although the recession will have repercussions for several years, our business strategy means that sensitivity to the business cycle is now gradually ebbing. Part of our strategy is to invest in activities with long-term, predictable cash flows, including management and maintenance and PPPs, besides which we also have activities within the company that perform differently in various stages of the economic cycle.

### Market risk

Ballast Nedam operates primarily in the Dutch market. The results are substantially determined by the economic situation and by government expenditure. Some 70 to 80 per cent of the revenue comes from public and semi-public clients,

which is beneficial to continuity and security of payment in times of recession. The Infrastructure division in the current market conditions has risks of overcapacity, in particular with respect to the general procurement projects and the standard prefabricated concrete products. The revenue of Building and Development depends substantially on house buyers' and other consumers' confidence in the future. However, this confidence depends in turn on the availability of funds, continued employment, the interest rate, confidence in future government policy regarding the tax deductibility of mortgage interest, and the economic climate. Consumer confidence would appear to be at a low point at present. Housing normally represents about 25 per cent of annual revenue.

In order to be in a position in the future to increase our share of own development, strategic land positions have been acquired for a total of 157 million euros in recent years. The land positions are valued at historical cost.

An impairment test is performed each year on each separate position. We start construction on projects under our own control only once we can be sure that at least 60 per cent of the homes or 100 per cent of the commercial property is sold or leased. The land positions are a good basis from which to benefit from an economic recovery.



Ballast Nedam built a cycle tunnel known as 'The Cathedral' under the new exit ramp as part of the reconstruction of the Zoetermeer-Gouda section of the A12. The Cathedral has a closed arch construction comprising corrugated steel panels. The cycle tunnel has a span of over 16 metres, which makes it one of the largest corrugated steel tunnels in west Europe. The blue floodlighting reinforces the spatial effect in the tunnel, helping make the cycle route a safe and pleasant place.

## Financial and operating risks

The highest-risk elements of the primary process are the design, preliminary estimates, the tendering process, procurement, project planning and particularly the transfer between these phases. A second opinion may be required on key sections, depending on the size and complexity of the project concerned. Where operating risks are uninsurable, they are included in the budget as a risk premium. Should a risk materialize, despite the controls, it will often have a considerable impact on a project's margin.

The risks in the construction phase are mainly technical. Ballast Nedam concentrates on continuous process improvement, quality assurance and systematic analysis of rectification costs. Normal insurance is taken out to cover risks during the design phase and construction. Building Information Models (BIM) are another tool for rapidly identifying and controlling process risks. Where possible we avoid credit risk in the course of projects by arranging for contractual payment instalments in line with progress.

## Liquidity and treasury risks

The Infrastructure and Building and Development divisions have their own financing facilities. No undertakings of liability have been filed for these divisions. It is normal in the building industry for current liabilities to exceed current assets, as companies receive prepayments on projects. A liquidity risk may arise for the total entity 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 overdraft 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 foreign currency translation risks are hedged for each project. In Canada, Ballast Nedam is involved in the development and operation of the Kicking Horse Mountain Resort. The foreign currency translation risk on the long-term financing of this Canadian activity is not hedged.

The interest risk is determined by the combination of long-term loans and the positive cash position. The main long-term loans have been contracted at fixed interest rates for lengthy periods. The interest risk, other than for the financing of a number of PPP contracts, is not hedged. For an explanation and sensitivity analysis of the financial risks, see page 108.

## Social risks

Employees are an important component of the value of a company. Ballast Nedam's success depends heavily on recruiting and retaining good employees. Traditionally, working conditions in the construction industry have been hard, and the sector has had to contend with a relatively high rate of absence through illness (see the additional information on page 43). Ballast Nedam works with a relatively high proportion of flexible labour, mainly through subcontractors, which renders the operational margin less sensitive to a decline in revenue. Any strikes, work interruptions and integrity issues can lead to a substantial loss of revenue.

## ICT risks

Both the preparation and implementation of our projects depend heavily on our ICT systems. We spend a substantial amount on hardware and software each year to improve our ICT systems. Ballast Nedam also has several relatively mature systems, which generally speaking are very reliable. Whenever new systems are introduced, we bear in mind the systems we already use, and select proven technology. Lengthy ICT system breakdowns can interfere with our work to some extent. However, we consider this to be an unlikely situation because of the effective security arrangements we have in place, including back-up systems, firewalls and virus scanners.

## Other risks

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 is not liable.

In Canada, the tax authorities have re-opened a tax return by a Ballast Nedam subsidiary, dating back to 1996. Ballast Nedam wholly repudiates the resulting tax demand and sees no need to make any additional provision. The tax demand 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. A provision has been formed for ongoing lease obligations. The UK Office of Fair Trading fined Ballast Nedam N.V. approximately € 9 million for infringements of UK competition rules by Ballast Plc in January and February 2001. An appeal has been lodged against this penalty. It is uncertain whether payment of the fine can be enforced in the Netherlands. 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 2009 an interlocutory award of approximately € 20 million was given in favour of Ballast Nedam for a part of the claims. An appeal has been lodged against the interlocutory judgment. In view of the uncertain outcome of both claims, neither has been included in the financial statements.

## RISK PROFILE

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

## Financing risk

The risk of the Ballast Nedam's financing coming under pressure has been reduced considerably through agreements reached with Rabobank and FGH bank in March 2010 about the most important loans due to mature in 2012. The loans have been extended by two and three years, respectively. The risk is also limited through the absence of covenants.

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

The financing risk on Public-Private Partnership (PPP) projects has increased. Larger guarantees are currently being demanded on PPP projects in the tendering stage, and in most cases the banks are expecting a higher equity contribution from the participating parties. Recognition of the PPP loans in the statement of financial position can create the impression that the capital ratio is under pressure. This point generally calls for explanation to interested parties.

## 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, which encompasses the competition rules. The scale of the consequences of any infringement is hard to quantify, but Ballast Nedam is aware that it may threaten the company's viability. The internal code of conduct was updated in 2010 and an accompanying compliance programme was rolled out (for details see page 47).

## 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. We are aiming in due course for a margin of between 3 and 5 per cent. However, this level will not be feasible in 2010 in the current economic climate.

## Operating risk

The highest-risk elements of the primary process are the design, preliminary estimates, the tendering process, procurement, project planning and particularly the transfer between these phases. Conversely, the order book is spread over more than 800 projects, none of which contributes more than 7 per cent to annual revenue. The potentially substantial risks in the preliminary stages hamper a quantitative sensitivity analysis. If setbacks of this nature were to occur on multiple projects simultaneously, the current operating result could fall sharply, and the more so in view of the relatively low profit margins. Thanks to a broad spread in the order book and our risk management policy, we consider this scenario to be unlikely.

## Housing market risk

The risk that sales of the homes developed by Ballast Nedam would come under heavy pressure materialized in 2009 because of the recession and the associated evaporation of consumer confidence. Our corrective measures vary from cost reduction, scaling down projects, intensifying partnerships with housing associations and the industrial manufacture of homes, to the development of less expensive housing. Although the recession will have repercussions for some considerable time, long-term housing market prospects are good. For this reason, together with the underlying high quality and the valuation method, we consider the risk of material impairment on the land positions to be limited.

## SWOT ANALYSIS

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

STRENGTHS	OPPORTUNITIES
<ul style="list-style-type: none"><li>• A broad spread of activities with a focus on the Netherlands.</li><li>• A strategically well distributed land bank with substantial development potential.</li><li>• A strong image and a solid financial position.</li><li>• Good portfolio of companies in the vertical value chain, distinguishing themselves through high quality, innovation and cost leadership.</li></ul>	<ul style="list-style-type: none"><li>• A growing public-private partnership market in the Netherlands.</li><li>• A structural shortage of homes.</li><li>• Market niches such as offshore wind farms, natural gas filling stations, hospitals and industrial construction.</li><li>• An increasing share of project development and management of maintenance and operation.</li></ul>
WEAKNESSES	THREATS
<ul style="list-style-type: none"><li>• Modest group size relative to public-private partnership projects and large infrastructure projects.</li><li>• Utilization of the synergy between the various activities can be improved.</li><li>• Relative overdependence on the Dutch market.</li><li>• A relatively long land bank turnaround time.</li></ul>	<ul style="list-style-type: none"><li>• No recovery of the property market.</li><li>• Risk of suppliers' bankruptcy.</li><li>• A shortage of qualified employees in the long term.</li><li>• Increasing tendering costs.</li></ul>



# THE SHARE AND DIVIDEND PROPOSAL

## Shares and stock exchange listing

The number of shares in issue at year-end 2009 was 10 million and the number of shares outstanding was 9 701 918. The number of repurchased shares at 31 December 2009 was 298 082 (2008: 129 751). 168 331 shares and depositary receipts for shares were repurchased in 2009, with an additional 1 918 repurchased in January 2010. A total of 300 000 shares and depositary receipts for shares have now been repurchased in order to cover the liabilities arising from the current management option scheme.

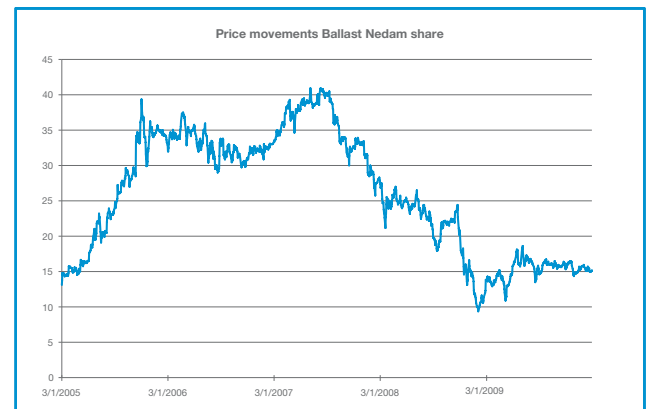
Ballast Nedam's Administration Office issues depositary receipts for shares and administers the underlying shares. The depositary receipts are fully exchangeable. At year-end 2008, depositary receipts had been granted for 97.4% of the capital in issue. Ballast Nedam depositary receipts for shares are listed on NYSE Euronext Amsterdam. Ballast Nedam has been included in Euronext's Amsterdam Small Cap Index (AScX) since 2006. ABN AMRO Bank, ING Bank and Kempen & Co act as liquidity providers for Ballast Nedam shares.



The Nuon Magnum power station has a capacity of 1 300 megawatts and will provide enough energy for over two million homes. Ballast Nedam's contributions were the temporary facilities, the foundation work, the steel structures, the buildings and the design & construct of the complete cooling water circuit. We have also developed an innovative muffled pile driving method that limits noise to a minimum.

## Price movements

The Ballast Nedam share price quoted at the end of 2009 on NYSE Euronext was 15.20 euros. The closing price on 31 December 2008 was 13.83 euros. The highest closing price of 18.62 euros was reached on 7 May 2009. The lowest closing price of 10.89 euros was quoted on 9 March 2009. The Ballast Nedam share price rose 9.9 per cent in 2009, while the AMS Small Cap Index (AScX) rose by 45 per cent.



## Revenue volume

The liquidity of Ballast Nedam shares declined in 2009. An average of 11 820 shares were traded per trading day in 2009, compared with 27 452 in 2008.

## Dividend distribution

The underlying principle of the dividend policy is that 50% of the profit for the period is placed at the disposal of shareholders for distribution as dividend. The Board of Management, with the approval of the Supervisory Board, proposes to distribute a cash dividend for 2009 of 0.31 euro per ordinary share in issue.

In 2009 Ballast Nedam paid a dividend of 1.24 euros for 2008. In 2008 a dividend of 1.38 euros was paid for 2007.

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

		2009	2008	2007	2006	2005
Shareholders' equity	€	16.62	17.05	17.31	15.98	12.54
Dividend paid	€	1.24	1.38	1.34	1.02	–
Profit for the period	€	0.62	2.46	2.75	4.44	2.05

### Shareholders with an interest of 5 per cent or more

As at 13 March 2010, 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.



■	Navitas B.V.	15.4%
■	Hurks Groep B.V.	15.4%
■	Delta Lloyd Levensverzekering N.V.	6.8%
■	Delta Deelnemingen Fonds N.V.	5.8%
■	Menor Investments B.V.	5.1%
■	Bibiana Beheer B.V.	5.0%
■	Other	46.5%

### General Meeting of Shareholders

The Annual General Meeting of Shareholders of Ballast Nedam will be held on 7 May 2010 at the Artis Conference Centre, Plantage Middenlaan 41a-43, Amsterdam. The meeting will commence at 1.30 pm. Prior to the meeting, the Ballast Nedam Administration Office will convene a meeting at noon of holders of depositary receipts for shares. The agendas for these meetings will be available to interested parties on request from the company, or can be downloaded from the Ballast Nedam website.



The original Genhooes fortified farm dates from the sixteenth century and has a rich history. Laudy restored this farmstead in Schin op Geul and converted it into an imposing complex of six luxury homes.

# STAKEHOLDER ANALYSIS

Ballast Nedam maintains good relations with its stakeholders through sustained dialogue. The most important categories of stakeholder with whom we exchange ideas about varied socially relevant subjects are identified in this section.

## Clients and customers

Ballast Nedam endeavours to be of service to clients in achieving their objectives efficiently, safely and sustainably. Most operating companies have long-term relationships with their clients. The execution of projects involves intensive cooperation with clients, such as in formulating clear objectives for the project concerned. Sustainability criteria are also receiving increasing attention. One of Ballast Nedam's ambitions is to propose sustainable alternatives and solutions, whether or not this is specifically requested in a tender. On project completion we evaluate the execution with the client in order that we may improve our services. For us, sustainable, long-term relationships with clients are key.

## Employees

Ballast Nedam consults with its employees in all parts of the company. We consider open and permanent dialogue with all the distributed employee representative bodies, which are represented in the Central Works Council, to be crucial. The Central Works Council had nine meetings in 2009 to discuss routine matters, five of which were for consultation with the Chairman of the Board of Management. A member of the Supervisory Board also attended one of these meetings. Among the subjects discussed were the overall state of affairs, including strategy, employment, annual and half-yearly figures, special projects and tenders and internal cooperation. The Central Works Council approved the Ballast Nedam Internal Whistleblower scheme in 2009. The Central Works Council advised the director in 2009 about changes to the organization of the prefabricated concrete companies and the acquisition of the shares in ABL2 and Libella Nederland B.V.

The board of the company met five times with a delegation of trade unions in 2009. A social package for 2008-2009 was agreed with the trade unions with a view to mitigating the unfavourable consequences for employees of any reorganizations for economic reasons. This social package covered loss of work and income.

Ballast Nedam conducted an employee satisfaction survey in 2009 among employees of the Infrastructure division and the holding company (there is additional information in the 'Employees' chapter on page 40). Ballast Nedam also engages in active dialogue with employees through internal communication channels. We have our own intranet, and we distribute staff newsletters with news and information about the organization, projects, safety, training courses and environmental topics.

## Shareholders

As a publicly listed company, Ballast Nedam attaches great importance to good relations with all its shareholders. Investors' interest is expressed in the large number of contacts through bilateral meetings, tours, roadshows, participation in seminars and presentations given by the Board of Management. We also keep investors informed of our policy and give interested parties an opportunity to ask questions by issuing regular press releases, keeping our website up-to-date and holding press conferences and the Annual General Meeting of Shareholders.

The Board of Management seeks a constructive dialogue with shareholders also outside the formal framework of the Annual General Meeting of Shareholders. The Board of Management visits the larger shareholders individually in order to provide background information and to discuss the company's strategy. Visits were again paid to numerous investors in 2009. To that end, sixteen roadshows were held in various cities in Europe, the US and Canada, and several individual presentations were given in the Netherlands.

In total, personal contact was made with 75 institutional investors and shareholders. The dates, venues, arranging banks and presentations on the basis of which the meetings took place are posted on our website, [www.ballast-nedam.nl](http://www.ballast-nedam.nl).

### Suppliers and subcontractors

Purchasing plays an important part in the chain of design, development, construction and management of building projects. A purchasing strategy study performed in 2008 confirmed that Ballast Nedam's effort was at a high level across the breadth of the chain. We endeavour to create bonds with suppliers and subcontractors in order to make a joint contribution to the permanent process of improvement and optimization. Safety and sustainability are important points for attention in this endeavour. The section on 'Chain responsibility' on page 39 addresses our approach to increasing our partnership with suppliers.

### People who live near our projects

Work that is performed close to where people live, work and relax will often be a cause of nuisance. It is therefore often worthwhile to consult with the community around our places of work. Who we consult, and how often, depend on

the project concerned. Consultation often occurs indirectly through the client. As Ballast Nedam is now becoming involved in projects at an earlier stage, we are starting to communicate more often directly with the people and organizations in the surroundings. Local residents, the client and ourselves all experience this as a positive development. The introduction of the Bewuste Bouwers (Aware Builders) quality mark is a direct consequence.

### Public authorities

National, provincial and municipal public authorities play different roles for Ballast Nedam operating companies. On the one hand they create and enforce a legislative and regulatory framework, while on the other they are clients for projects or partners in area development. Intensive discussions take place, depending on the role, in permit application procedures and construction team meetings (client role), or joint development companies (partner role). Ballast Nedam engages in dialogue with government and public organizations by actively supporting numerous government initiatives and contributing to bodies such as Agentschap NL. Within Europe we are engaged in dialogue through the EC Liaison Office.

## BEWUSTE BOUWERS QUALITY MARK

The organization behind the Bewuste Bouwers quality mark aims to promote contact between building sites and their neighbours. The quality mark encourages effective communication with the communities around building sites and makes the professional approach there visible. The exchange of sound and practical solutions between large and small building sites will increase their average quality.





## Non-governmental organizations and the community

Ballast Nedam aims to do justice to the interests of the environment in which it operates. Our mission is to make a positive contribution through commitment to the community. We study NGO assessment reports and endeavour to address the topics raised, which is reflected in our membership of the Confederation of Netherlands Industry and Employers and the Dutch Construction and Infrastructure Federation.

Our open and constructive stance also underpins the role we play in surveying new markets and products. For instance, Ballast Nedam supplies a board member of the European Wind Energy Association (EWEA). We are also part of Aardgas Mobiel, an independent alliance that promotes natural gas and green gas as vehicle fuels in the Netherlands. We contribute through the Dutch Green Building Council (DGBC) to tangible applications of sustainability in the built environment. Our membership of the European Network of Construction Companies for Research and Development (ENCORD), which has some 25 members, gives us access to the larger European research projects. This topic is explained in more detail in the innovation section on page 37.

## Knowledge and educational institutions

Ballast Nedam maintains intensive links with knowledge institutes and research and professional universities, both inside and outside the industry, and both nationally and regionally. We must permanently invest in fostering productive relationships with relevant knowledge institutes to assure ourselves of a continued supply of well-trained employees in the future. Many Ballast Nedam employees have roles in joint undertakings with learning organizations, such as Fundeon, TU Delft and the Human Capital Water programme run by the Netherlands Water Partnership. Ballast Nedam has representatives on the boards of all four Betonvereniging study associations, and contributes five knowledge workers and a board member to Building Brains, an ambitious research programme led by the Netherlands Organization for Applied Scientific Research (TNO). The development of the A2 school is a good example of this partnership. On accepting the project Avenue2, Ballast Nedam and project partner Strukton promised the city of Maastricht to provide 75 work experience places.

## THEORY AND PRACTICE COMBINE IN BUILDING BRAINS

The credit crisis has hit the construction sector hard, and the result has been loss of revenue. There is then a considerable risk that important knowledge and experience will be lost. The Ministry of Economic Affairs responded with the knowledge worker scheme for the construction sector.

Ballast Nedam contributes five knowledge workers to the scheme, and has a seat on the Management Board of Building Brains. The Building Brains participants have drawn up a project plan in which scientific and practical research will lead jointly to recommendations. This is a timely initiative, because there is a great need for comprehensive sustainable solutions in the fields of energy reduction and energy-producing buildings and districts. These solutions demand a consistent approach and partnership, preferably together with new parties from the energy sector.



The Oasis of the Seas has room for 5 400 passengers, making it one of the largest cruise liners in the world. On its maiden voyage in late 2009 the ship called at the brand new harbour of St. Maarten.

This was made possible by the new cruise liner megapier that Ballast Nedam had completed a couple of months earlier. The 450-metre long and 21-metre wide pier makes the island one of the three most important Caribbean destinations for ships of this size. The Oasis of the Seas is 360 metres in length and 65 metres high, making it one-and-a-half times the size of the Queen Mary 2, which was the largest liner until recently.

The first pier in Sint Maarten was built by Ballast Nedam in 1999. Up to four ships moor there daily. The second pier expands the capacity to six of the largest ships a day.



The Waalkade flood defences were no longer up to the required standard, which put Nijmegen city centre at risk. Ballast Nedam accordingly built new primary flood defences. The water retaining quay is 1.3 kilometres long. In the course of our work we stumbled on an old, 250-meter quay wall. In order to eliminate the risk of damage to nearby historic buildings, we demolished this and other underground obstacles using zero-vibration methods.

## BELWIND OFFSHORE WIND FARM

The Belwind Offshore Wind Farm is off the Belgian coast near Zeebrugge. When at full capacity, 110 wind turbines will provide up to 350 000 homes with green energy, saving 540 000 tons of CO<sub>2</sub> emission a year. The wind farm is situated on the Bligh Bank sands 46 kilometres off the coast in waters 37 metres deep. Our heavy lift vessel Svanen has everything needed to operate under these conditions. Ballast Nedam installed the 56 steel tubular piles for the foundations in the first construction phase.



# OBJECTIVES

We set out in this section our objectives for 2009 and the extent to which they were achieved. We then formulate our objectives for 2010.

## OBJECTIVES FOR 2009

### Objective 1

To adapt the organization 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.

### Achievement

There have been workforce adjustments in the development company, the prefabricated concrete plants and the regional companies in the north and the east. Some projects have been redeveloped as homes for first-time buyers, or divided into smaller plan sections. We also introduced the IQwoning, an advanced home produced in a factory.

We adopted a prudent stance in 2009 to the acquisition of land positions, but nonetheless acquired positions for area developments such as A2 Maastricht and Overstad Alkmaar, and for smaller projects on which housing production is imminent.

### Objective 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.

### Achievement

We were among the final three in the four PPP projects on which we bid in 2009. These were two building projects and two infrastructure projects. At least one of these selections must lead to preferred bidder status.

Several engineer and build projects were acquired in 2009. The most noteworthy example is the award of the A2 Maastricht. The Erasmus Medical Centre in Rotterdam and the N322 from Beneden Leeuwen to Druten were also awarded on quality grounds. The process of bundling project development activities has intensified.

Of the PPP contracts that Ballast Nedam has in portfolio, the Komfort contract in Utrecht was extended substantially in 2009, with the accommodation capacity for the Ministry of Defence increasing by 50 per cent to 3 000. The consortium duly arranged financing of 90 million euros.

### Objective 3

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

### Achievement

Alongside the acquisition of multiyear management contracts on the PPP projects, the management organization set up in 2008 also succeeded in winning several other contracts in 2009. Ballast Nedam Beheer's long-term order book is now well filled. An example of a project with a multiyear management contract is the redevelopment of Van Beuningenplein in Amsterdam, which Ballast Nedam is to maintain for the next 10 years.

### Objective 4

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

### Achievement

The synergy between the two divisions and the partners in the vertical value chain was further strengthened in 2009. An increasing number of projects are involving multiple specialized companies from early in the tendering stage.

Ballast Nedam Prefab was founded to enhance the cooperation between our concrete companies and our project organizations. The new specialized company Ballast Nedam Prefab was launched in 2009 in order to offer customers optimum solutions, and will ensure effective cooperation between the project organizations and the prefabricated concrete companies as well as between the individual prefabricated concrete companies.

#### Objective 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 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.
- Ballast Nedam will emphasize innovation, which must lead to at least two innovative initiatives.

#### Achievement

- The specialized companies have invested in new products, such as the Hailight hollow pile, and a concrete foundation pile for offshore wind turbines.
- The raw material extraction positions have been strengthened by the acquisition of Plegt Vos Zandwinning B.V. by Ballast Van Oord Grondstoffen B.V., which consequently now has a 47.5% interest in a sand winning operation in Drenthe. Land purchases in Limburg represent a start on a concession for gravel extraction in the Lus van Linne, to replace a concession, expiring in due course.
- Besides the IQwoning introduction, other important innovations arose from the application of Building Information Models (BIM) in 2009. The increasing use of BIM is linked with the growing number of large and, more in particular, comprehensive projects. More innovations are presented on page 37.



The viaduct over the A12 at Zevenhuizen: a new link between the N219 and A12. Haitsma Beton produced the prefabricated viaduct elements and assembled and installed them in November 2009. The central beams of the viaduct are 46.5 metres long and weigh 130 tons. We transported these enormous concrete beams on special dollies. The beams were then installed over the A12 in a single operation.



### Objective 6

To improve the performance of the primary business processes (operational excellence). All regional companies will achieve operating profits in 2009.

### Achievement

The results of the regional companies of both divisions improved on last year, despite the economic climate and reorganizations. Not all regional companies were able to conclude 2009 in a better position.

### Objective 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 CO<sub>2</sub> emission reference measurement in 2009.

### Achievement

The company-wide embedding of sustainability in the organization and of the Global Reporting Initiative guidelines has started. Ballast Nedam Sustainability Services was duly founded in 2009. The initial CO<sub>2</sub> emission reference measurement of 2008 was completed in 2009, and an energy policy has been drafted.

### Objective 8

To achieve an operating profit of approximately 25 million euros.

- Ballast Nedam expects for 2009 a lower operating profit 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%).

### Achievement

Ballast Nedam operated under difficult market conditions in the reporting year. The profit is below our earlier forecast of March 2009. Ballast Nedam achieved an operating profit of 17 million euros, on a 3% lower revenue of 1 384 million euros, which produced a margin of 1.2 per cent.

## STRATEGY OBJECTIVES FOR 2010

1. To continue adapting to poor market conditions and prospects: lowering costs, stepping up the factory production of homes, increasing the land bank turnaround rate, scaling down projects, and increasing production of homes for the lower price segment. A prudent approach will be taken in 2010 regarding investment in land 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). To be in the final three for participation in PPP projects for at least 3 of the 4 selections.
  - When Ballast Nedam is among the top three bidders, at least one of the three qualifying procedures must lead to preferred bidder status.
  - In 2010 we will also increase our area development efforts.
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 the vertical value chain:
  - broaden and extend the specialized companies' range of products;
  - replace and expand the concessions for raw material production;
  - emphasize innovation, which must lead to at least two innovative initiatives.
6. To achieve an improvement in the operational performance of the regional companies as a major priority again for 2010. The regional companies will achieve operating profits in 2010.
7. To achieve or exceed the measurable, ambitious objectives formulated in nine areas of sustainability (see page 31).
8. To achieve an operating profit of between 10 million and 15 million euros.

## SUSTAINABILITY OBJECTIVES FOR 2010

We have defined the following sustainability policy objectives for 2010. The page numbers refer to the descriptions elsewhere in the report.

Profit	Page
Chain responsibility:	39
<ul style="list-style-type: none"> <li>define sustainability criteria for two product groups.</li> </ul>	
Entrepreneurship and innovation:	37
<ul style="list-style-type: none"> <li>implement at least three sustainable innovations.</li> </ul>	
Employees	
Health:	43
<ul style="list-style-type: none"> <li>reduce the rate of absence through illness to less than 5%.</li> </ul>	
Safety:	44
<ul style="list-style-type: none"> <li>achieve fewer than 9.0 fatal and lost-time injuries involving Ballast Nedam employees for every million hours worked.</li> </ul>	
Training and development:	46
<ul style="list-style-type: none"> <li>conduct a two-yearly performance review with all employees covered by a collective agreement</li> <li>conduct an annual performance review with all employees with managerial, technical and administrative duties (UTA);</li> <li>have 10% of all employees attend an internal training course at least once a year.</li> </ul>	
People	
Community relations management:	47
<ul style="list-style-type: none"> <li>earn the Bewuste Bouwers quality mark for at least 15 projects.</li> </ul>	
Integrity:	47
<ul style="list-style-type: none"> <li>0 infringements of the Code of Conduct.</li> </ul>	
Planet	
Energy and CO <sub>2</sub> emission:	48
<ul style="list-style-type: none"> <li>achieve a 10% CO<sub>2</sub> emission reduction in 2010 relative to reference year 2008, related to revenue;</li> <li>produce CO<sub>2</sub> emission details of 50% of the equipment and leased fleet;</li> <li>achieve certificate level 4 or better on the ProRail CO<sub>2</sub> performance ladder for Infrastructure.</li> </ul>	
Air pollution:	51
<ul style="list-style-type: none"> <li>achieve 20% of new lease cars fuelled by CNG (Compressed Natural Gas);</li> <li>achieve 25% of new company vehicles fuelled by CNG.</li> </ul>	



In 2009 the municipality of Alkmaar entered into a collaboration agreement with four market parties, including Ballast Nedam Ontwikkelingsmaatschappij. We are developing the Overstad urban district, a lively and attractive 32-hectare area to the north of Alkmaar's historic centre. A city centre location with homes, offices and facilities to a high standard, and attractive public space. Overstad was once the site of heavy industry, and is now known for its scattered, but popular, shops. We are building 2 200 homes and 85 000 m<sup>2</sup> of shops and offices in the district, as well as improving the links with the historic centre.

# OPERATIONS IN 2009

We address in this chapter Ballast Nedam's performance in the market for property and infrastructure and its operations in sustainable entrepreneurship for the 2009 reporting year.

## PROFIT

The economic decline that became apparent in many sectors in the Netherlands in 2008, continued to have a significant influence on the construction sector in the reporting year. The total building production initially held firm in the first months of 2009, but a downward trend set in later in the year. The Economic Institute for the Construction Industry (EIB) estimates the decline in total building production to be 5 per cent in 2009. New residential and nonresidential construction showed the largest fall within the total building production. Civil engineering building production increased slightly because the government has brought forward several projects to eliminate infrastructure obstacles. An initial dip in purchase prices in the first half of 2009 was followed by a recovery for a number of product groups in later months. There is therefore no question of a long-term stabilization of lower purchase prices.

The government's target for some 80 thousand new homes annually was not achieved in 2009, as the demand for new homes dwindled because of declining consumer confidence. Factors such as falling house prices, job insecurity and problems selling existing property are causing consumer uncertainty. This trend started in the last months of 2008, leading to the fact that new building production in 2009 did not exceed 73 thousand homes. The sharply reduced demand for new owner-occupied homes will influence mainly new building production in the next few years. The EIB expects this number to fall in 2010 and 2011 to approximately 62 thousand new homes a year. Another sign of a pending contraction in new building production is the number of permits issued, which has fallen sharply compared with 2008, particularly since the second half of 2009.

The private sector was far less willing to invest in the nonresidential construction market in 2009. The willingness to invest within the public and semi-public sector was evidently unchanged. The number of permits issued in the nonresidential building sector also declined in the second half of 2009, in particular in the private sector market.

The infrastructure market presented a mixed picture in 2009. The number of projects across the board was approximately the same as in 2008, albeit with several differences. The many large comprehensive projects that had been put on the market by the public sector in 2009 placed a considerable burden on the available tendering capacity. The peak in the execution of these projects will come mainly in 2010 and 2011.



On the edge of Gorinchem's attractive town centre lies the Courtine Den Haan project. This comprehensive inner city redevelopment is being built on the site of the former Den Haan factory. Ballast Nedam Ontwikkelingsmaatschappij developed 134 apartments and 39 town houses with parking for 274 cars. Courtine Den Haan fits in perfectly with Gorinchem's existing urban pattern. The parking facilities are largely out of sight, creating a peaceful pedestrian area, adjacent to the town centre. Both the clean up of the industrial site and the construction were performed in three phases. The first homes in the final plan section were completed at the end of 2009. The entire plan area will have reached completion in the second quarter of 2010.

The market for smaller civil engineering projects contracted in the past year. There was a particular decline in the amount of site clearance and the laying of permanent roads and landscaping for building locations, as building projects were postponed in response to the crisis. The regional companies suffered most from this trend. The availability of concrete construction projects, including industrial construction and hydraulic engineering, was reasonably stable.

The EIB observes several regional differences. The market in western provinces increased by an average of 1 per cent, while there was a decline of over 2 per cent in the northern provinces. The amount of work in the other regions stayed roughly the same, as did the total size of the infrastructure market.

## Ballast Nedam

Ballast Nedam operated under difficult market conditions in the reporting year. The profit remained below our earlier forecast given in March 2009. Ballast Nedam achieved an operating profit of 17 million euros, on a 3% lower revenue of 1 384 million euros. There is a summary of the financial results on page 53. Most operating companies in both divisions were confronted with contracting markets, considerable price pressure and increasing competition on the procurement market.

The clearest manifestation of the strategy of covering the entire horizontal value chain, for both property and infrastructure projects, was in the award of the A2 Maastricht project. This project's innovative contract form gave both divisions a fine opportunity to mobilize all their knowledge and skills to produce an optimum total solution. The Groene Loper plan that we and Strukton submitted was selected as the best in the course of 2009.

Of the PPP contracts that Ballast Nedam has in portfolio, the Komfort Utrecht contract was extended substantially in 2009. The accommodation capacity for the Ministry of Defence was increased by 50% to 3 000. The consortium duly arranged financing of 90 million euros.

Ballast Nedam bid for four concession projects in 2009, and was among the top three bidders in each. At the back end of the chain, we are observing an increase in the number of projects with a multiyear management agreement attached. An example is the redevelopment of Van Beuningenplein in Amsterdam, which involves a 10-year maintenance contract.

## Building and Development division

The Building and Development division achieved an operating profit of 4 million euros in 2009 (2008: 29 million euros). The below-forecast results of the Building and Development division were caused by further delays in property sales, in both the residential and nonresidential markets, and an unfavourable claim settlement on a major project.

Building and Development's order book of 977 million euros provides a sufficient basis for healthy operations. The current employee numbers of the regional construction companies would appear to be consistent with the order volume in the regions concerned. We will be devoting additional attention in the years ahead to the sharing of best practices between the business units and a further reduction of failure costs.

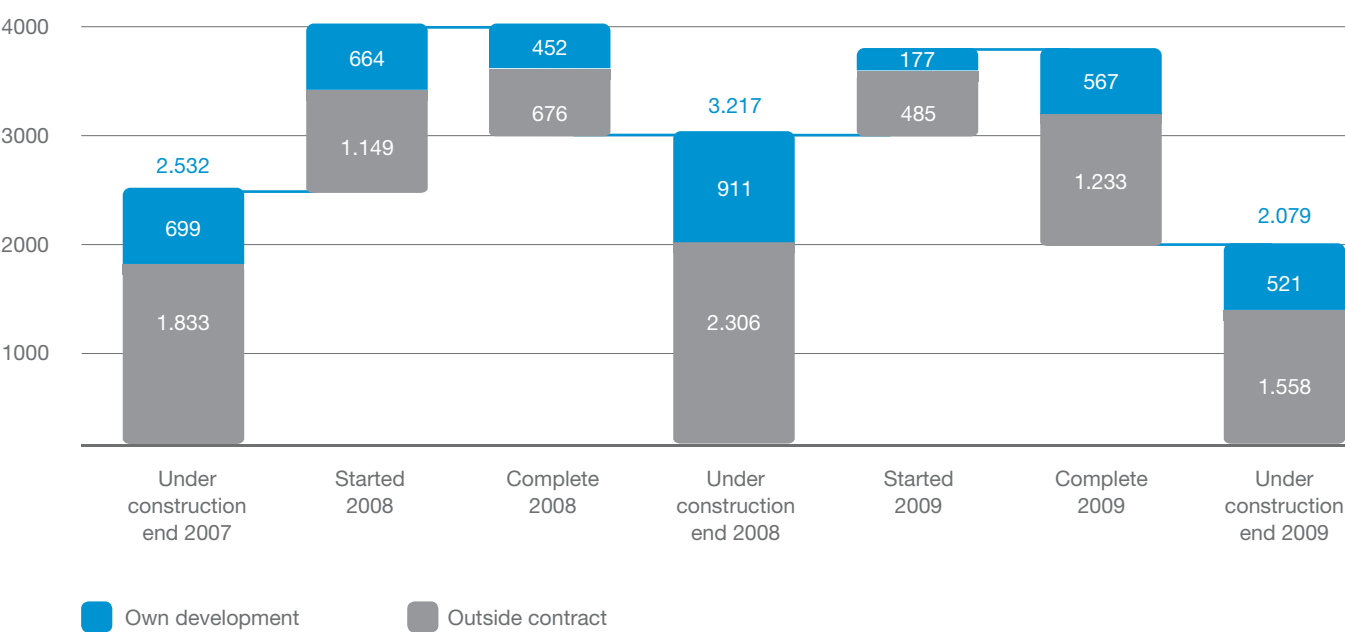
2010 started with a lower number of homes under construction than at the start of 2009. Fewer homes were taken into production in 2009 than in 2008, both from our own project development and contracts from outside clients. Housing production will be lower in 2010 than in 2009.



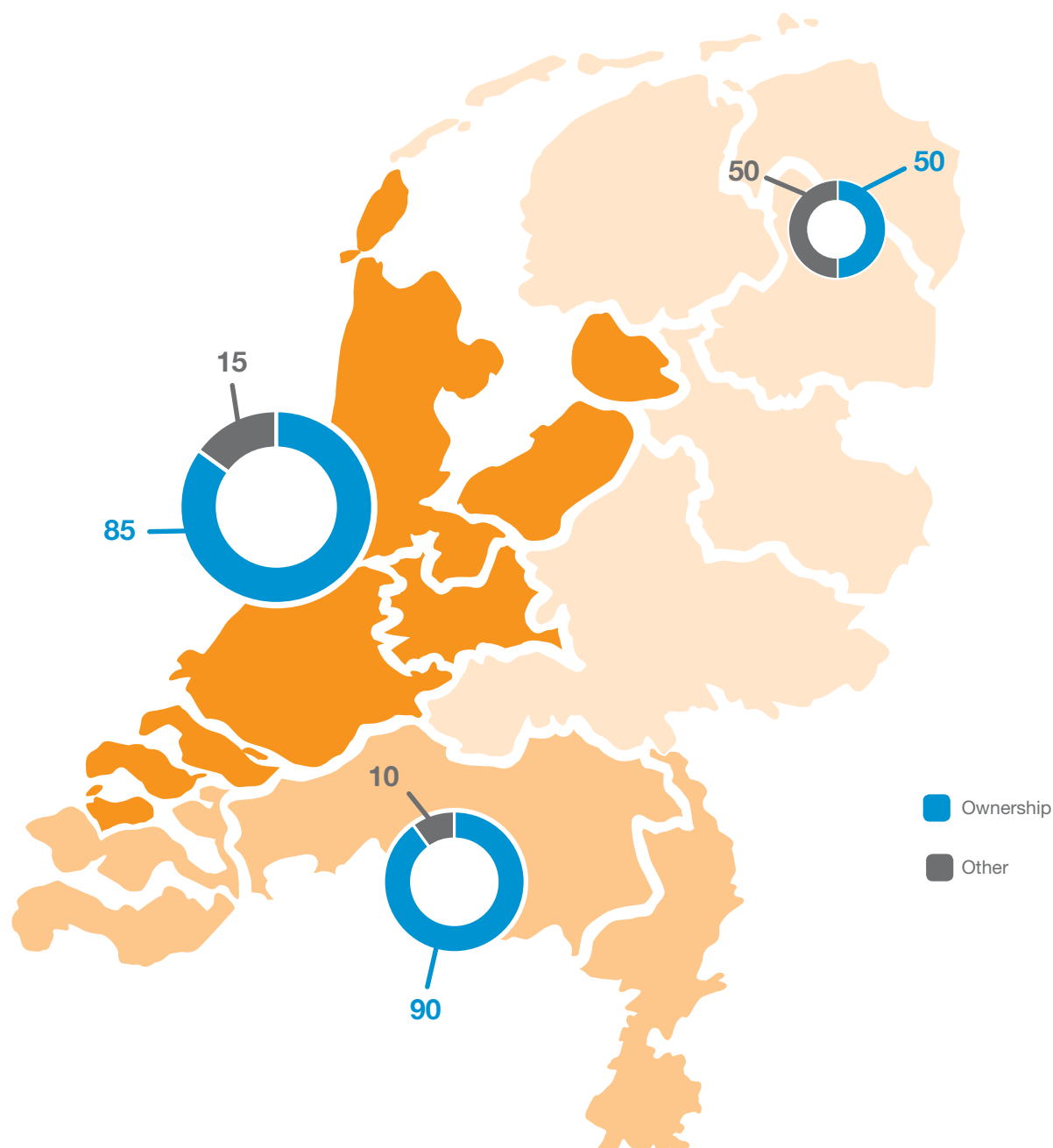
Housing

The drop in demand has caused cancellation or a partial start of construction on several residential building projects under own development. The main drop in demand was in the middle and more expensive segments of new homes. We have accordingly redesigned these projects as homes for first-time buyers, or divided them into smaller plan sections. This approach will enable us to achieve our required proportion of advance sales sooner, and to start construction.

Residential construction in figures



## Land bank distribution by size and ownership status



Ballast Nedam adopted a prudent stance in 2009 to the acquisition of land positions. Nonetheless, several land positions were acquired in the past year for large area developments and for smaller projects where housing production is imminent. The land bank increased from 580 hectares to 644 hectares. The development potential increased by 800 to approximately 15 600 homes. The carrying amount increased by 15 million euros to

157 million euros. The development potential of the land bank for commercial property consists of 325 thousand square metres of office space and 205 thousand square metres of other commercial space. Efforts will be redoubled in the years ahead on shortening the turnaround time and revitalizing the land bank, and on developing or swapping land positions with third parties.

### Commercial property

Investments in commercial property in the private sector are lagging behind the economic recovery, notably because of overcapacity and underutilization. Ballast Nedam has established a profile in recent years as a worthy partner for the public and semi-public sector. Our comprehensive approach to engineer & build projects leaves clients completely free to focus on their core operations. The need for this type of service has been translated mainly into projects for the national government, educational institutions and the care sector.

In 2009 a consortium including Ballast Nedam was awarded a contract for building the university medical centre Erasmus MC in Rotterdam, a building of 185 000 square metres to be constructed in phases until 2017. Other consortium projects under construction are the Jeroen Bosch Hospital in Den Bosch and the Maasstad Hospital and Zorgboulevard in Rotterdam. The projects for educational institutions tend to be for alterations. A sizeable example is the renovation of the Kohnstammhuis and the adjacent Mauritsgebouw in Amsterdam. This project is part of the Amstel campus construction on Wibautstraat for the Hogeschool van Amsterdam.

### Infrastructure division

Infrastructure achieved a similar operating profit of 20 million euros in 2009 as in 2008, on an approximately equal revenue of 707 million euros (2008: 708 million euros). The Infrastructure division performed well in a market where competition was largely only on price.

Ballast Nedam is an unwilling player on this price-cutting market, and, as our strategy dictates, we are adjusting the Infrastructure division's activity mix. Our organization is oriented to unburdening our customers and adding value in projects involving multiple specialized disciplines. With a selective tendering policy, we are focusing our bids on comprehensive contracts in specific market sectors. We are achieving a relatively large proportion of revenue and profit from niche markets, such as industrial construction, international projects and offshore wind energy. Furthermore, our proposals are being assessed more on aspects such as quality and sustainability, and less on price.



A new garden village with new homes in 1930s style. This is Berckelbosch in a nutshell, a new residential area with approximately 900 homes being built on the outskirts of Eindhoven centre.

Berckelbosch is an example of an area development in which several Ballast Nedam companies are working together. As well as development of the property, public space, sports accommodation and infrastructure, certain Ballast Nedam novelties are being applied in this project. Climate Green is implementing its first sustainable energy concept in Eindhoven's new Berckelbosch homes. Another example is the IQwoning. The first five IQwoning homes were erected in Berckelbosch in 2009.

Plan section 3 was completed in 2009, and comprises 25 detached homes, 18 semi-detached and 7 free plots. A start was also made on the building of plan section 4a, with 40 homes. These homes will be equipped with an individual heat pump system and balanced ventilation, plus underfloor heating, floor cooling, and excellent insulation. The homes will also qualify for the Dutch building energy label A++.

The companies that operate in the horizontal value chain are focusing on project and contract management of comprehensive projects. They form the point of contact for customers, and control all the various disciplines. The specialized and supply companies provide their specialized products and knowledge early in the preliminary stages, in order to propose and implement the best solution.

This shift has ensured a sustained improvement in the performance of the infrastructure companies in 2009. The order book grew to 888 million euros, a rise of 183 million euros relative to 2008. This growth is mainly attributable to the increase in projects awarded on criteria of plan quality. Examples include the A2 Maastricht and the N322 Druten – Beneden Leeuwen, the Nuon Magnum expansion and projects for TenneT and Gasunie (industrial construction), water projects in Ghana and the deployment of Svanen for offshore wind farms. The order book provides a sound basis for the years ahead and is a source of confidence in the future.

#### **Mobility (parking, wet and dry infrastructure, public transport)**

Ballast Nedam Parking gathers together knowledge about the customers, market and partners needed to provide the best parking solution for each situation. This new product-market combination focuses nationally on all issues related to parking.



Besides property development in the new Berckelbosch housing area, Ballast Nedam is also implementing the public space, sports accommodation and infrastructure.

The original football pitches have been relocated elsewhere in the plan area. The first part of the new accommodation, two artificial grass pitches and the canteen with changing rooms, was completed in 2009. The second and final part, the main pitch, is scheduled for completion in 2010.

#### **Spatial development and redevelopment (nature conservation, area development)**

Examples of developments in this category are Willemstad harbour front, the first phase of which is complete. Another initiative is for river widening through raw material extraction and town front development in Culemborg, as an alternative to raising the dikes.

#### **Water management (river widening, pumping plants, water purification plants, dredging)**

In the past year we and several partners have been working on a distributed water treatment system for removing pharmaceutical residues from hospital effluent. Removing pharmaceutical residues at source reduces the amount of waste water to be treated at the large purification plants.

#### **Energy (geothermal, natural gas/biogas, wind)**

Sustainable energy is a growth market. Several Ballast Nedam companies are becoming increasingly active in this market. Energy is being supplied directly to the customer or the grid through CNG Net, Climate Green and Wind Construct International. Various business units are engaged on producing systems of this kind, and Ballast Nedam Beheer then takes care of the management.

#### **Industrial construction (power stations, quays and jetties, transformer stations)**

For example, the past year saw completion of the steel slab terminal in the Port of Rotterdam, and a final start on work for the Nuon Magnum power station in Eemshaven. We have succeeded in adding several new assignments from Gasunie and TenneT to our portfolio.

#### **Innovation**

For Ballast Nedam, innovation means the actual application of knowledge that is new for the organization in the fields of products, materials, processes, markets, systems, and social and organizational change. As clients take a more hands-off approach, we have increasing scope to take an integrated approach to activities, covering the entire life cycle. System thinking of this kind will have an impact on the entire building process.



### Systematic approach on three levels

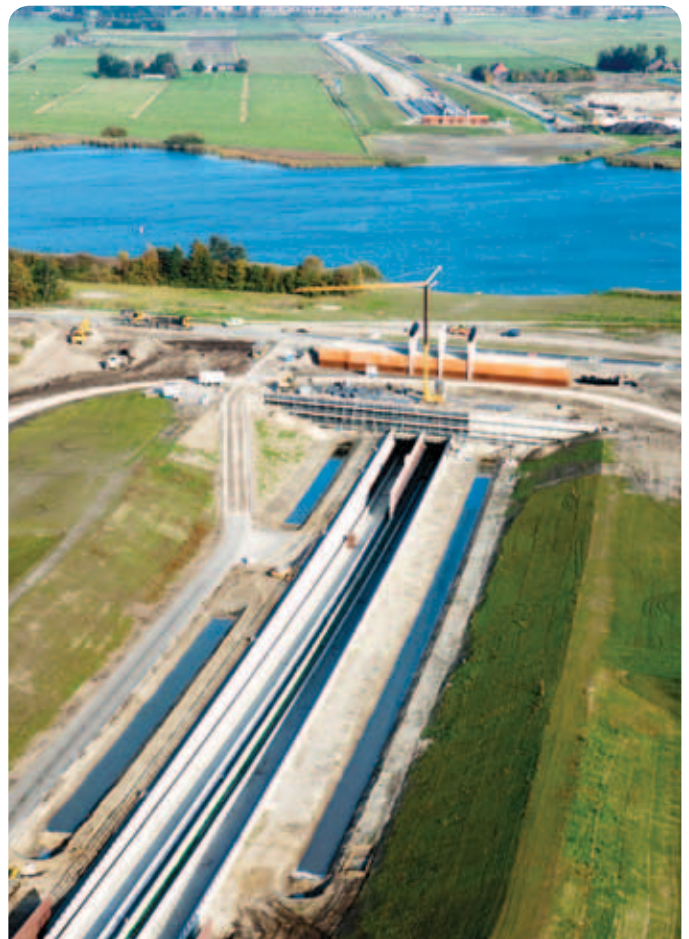
Ballast Nedam started in 2009 on a systematic approach to the innovation process, consisting of central innovation management and distributed performance of research and development. We expect this system to promote research activities and the exchange of research output within and between the business units. Our ultimate goal is to create new business opportunities and to provide advanced solutions.

The central innovation management will interlink the business units, giving us a clearer view of the research and development activities, and of innovation in the company as a whole. We also coordinate participation in national and international research projects on this level. Among other things, these research projects support Ballast Nedam's leading position in the application of Building Information Models (BIM, 3-D, 4-D and 5-D models) in projects. Ballast Nedam and five other European construction companies form the 5Di platform, which is generating a requirements specification for the further development of BIM software by the international software industry.

Our membership of the European Network of Construction Companies for Research and Development (ENCORD), which has some 25 members, gives us access to industry-wide research and development, and innovation. We are also involved in European research projects such as InPro, E2B and REEB IRC, and Dutch research projects such as Building Brains, Coins and Resource Centre Development Partnerships.

We are performing research and development, and innovation, in the business units in order to improve internal products and processes. This led in 2009 to the assembly of the first IQwoning homes. These advanced homes are prefabricated and offer considerable freedom of choice in the use of finishing materials. Ballast Nedam developed a technology for offshore wind energy to allow the heavy lift vessel Svanen to install fully assembled wind turbines offshore. We also developed a concrete foundation pile that is installed by drilling. This pile is a less expensive and quieter alternative to hammering in steel foundation piles. The tunnel drill to be fitted to the Svanen is a spin-off of a horizontal drilling technology used by Gebr. van Leeuwen.

Gebr. van Leeuwen is our specialist in anchorage and drilling operations, and developed an underwater anchor drilling machine for a salvage operation. This machine is able to drill beneath a wreck in the sea bed, for instance to attach a lifting chain. There is additional information in various places in this annual report about this and other product innovation examples.



The new rail line between Lelystad and Zwolle will cut journey times between the north and northeast of the Netherlands and the Randstad conurbation. Ballast Nedam is part of a consortium responsible for designing and building the 790-metre railway tunnel under Drontersmeer lake. The tunnel passes under a bird sanctuary, which implies that work had to stop in the breeding and migration seasons to prevent noise. Additional measures were taken to allow shipping to pass. The N306 remained open for motor traffic. The tunnel was completed on schedule in 2009. The technical installations in the tunnel will be delivered in mid 2010.

Specific research is being performed within projects, on construction sites, and in design departments. Many of our complex projects demand practical solutions that involve multiple disciplines, from technology to materials and logistics. Many of the innovations arise within projects, and our recent innovations are largely oriented to sustainability aspects.

#### **Innovation process: from idea to implementation**

The innovation process is based on the ideas of inspired and motivated employees. However, we use the word innovation only when an idea is actually applied and integrated into an existing or new process. Our ideas committee rewards employees through a points system in order to actively encourage the generation of ideas. The subsequent research & development phases and feasibility study use many sector initiatives, working groups, partnerships with universities and research institutions, and innovation platforms. The exchange of knowledge needed to move from idea creation

to implementation is also a key part of the biennial Ballast Nedam Innovation Day. The more than 500 participants testify to the success of this event. The Innovation Award is also presented at this event. The 2010 Innovation Day will be broader in scope and will also be open to outsiders.

#### **Chain responsibility**

Ballast Nedam plays following and leading roles in the building process chain. We have promoted sustainability in both roles in 2009. Our objectives as they relate to the following role are given on page 31. This section addresses the leading role that we play for our suppliers. The main point is how to create achievable sustainability expectations with our suppliers.

## **SUSTAINABLE INNOVATION: IQWONING**

With IQwoning, Ballast Nedam is committing fully to industrially manufactured homes. IQwoning homes combine an optimum building process with an advanced product for house-buyers. The IQwoning has the properties and appearance of a traditionally built counterpart, but has many additional benefits in terms of development, sustainability, rate of building, quality and comfort.

The IQwoning production process builds each home from six components in a dry, clean factory. The stairs, interior walls, frames, tiles, and even sanitary facilities, are installed indoors, so that the building process is unaffected by bad weather and wind. The factory turnaround time of a complete home is about two weeks.

The home components are then transported by road to the construction site for assembly in a single day. The home is wind and watertight and ready for wallpapering the same day, and no cement screed is needed. The external wall can be finished on the construction site, but this too is possible in the factory.

Nothing else is needed once the home has been assembled. Most of the effort involved is for finishing external walls and interior walls and ceilings. More information about the IQwoning is available on: [www.iqwoning.nl](http://www.iqwoning.nl)



The key element in answering this question is a survey conducted among our largest suppliers, and suppliers with a framework contract, to explore the mutual pattern of expectations. The most important conclusion was that there is room for improvement in our relationships across the board with parties involved in the building process. We must seek greater cooperation with our suppliers in order to give form and content to sustainability. The main obstacles to dialogue are insufficient confidence on which to base partnership, too few market parties working on sustainability, and a lack of appreciation of Ballast Nedam's or the customer's efforts. Our suppliers see customer appreciation in both a qualitative and financial sense as the greatest handicap. Capitalizing on added value is an important aspect of sustainability, but the many links in the chain are unable to judge the value correctly.

The sustainability topic was discussed with buyers and other interested parties within Ballast Nedam at a purchasing day. The discussion was based on presentations and research results. We drafted a list of firm supplier selection criteria, which will be refined in 2010. We are also increasing the number of suppliers who maintain and submit annual CO<sub>2</sub> emissions measurements.

## EMPLOYEES

Ballast Nedam employees are the most important link in the organizational chain: it is they who determine the company's success. We support our employees and aspire to being a socially responsible and innovative employer. We aim to set an example in the labour market and to be a leading attractive employer.

We are being confronted with increasing individualization, self-aware people who make their own choices, work-life balance issues, and obstacles to mobility. Ballast Nedam aims to respond with an up-to-date interpretation of employment practice, in which we continue to attract, retain and develop talented employees.



A new and extraordinary building is being created in the centre of The Hague. With its two 140-metre towers, the building will accommodate the Ministry of Justice and the Ministry of the Interior and Kingdom Relations. We are performing the 132 000 m<sup>2</sup> project in a logistically highly complex environment in the heart of The Hague, on Turfmarkt. Two 140-metre towers designed by Hans Kollhoff will rise on the site of the former 'Black Madonna' apartments. The ministries are due to move in early in 2013. The construction consortium JuBi bv consists of Ballast Nedam Bouw Speciale Projecten, BAM Utiliteitsbouw and the installation companies Homij and Imtech.

Ballast Nedam's key personnel policy aims are:

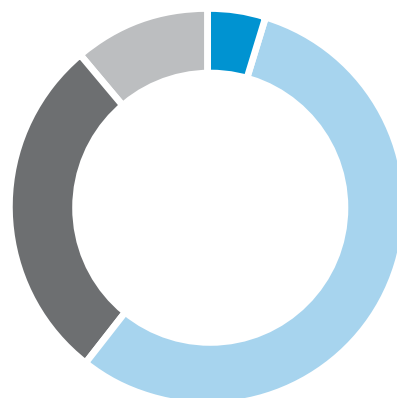
- to attract the best people in our field;
- to offer lifelong employment;
- to create a healthy and safe working climate;
- to be flexible in work and employment conditions;
- to develop new competencies as an extension to our strategy.

Ballast Nedam conducted an employee satisfaction survey in 2009 among employees of the Infrastructure division and the holding company. The Building and Development division is to perform a satisfaction survey in the first quarter of 2010. This was the fourth time the survey had been performed. The general result was extremely positive. The overall satisfaction score for the Infrastructure division was 7.6, compared with 7.0 two years ago. The benchmark for other companies in the building industry is 7.3.

A feature of Ballast Nedam is long employee service. This and the results of the employee satisfaction survey suggest that employees find Ballast Nedam a pleasant place to work.

403 employees left the company in 2009; approximately one quarter of whom because of reaching retirement age or taking early retirement. Much knowledge and experience leaves our organization with these employees. The vacancies are largely filled by employees straight from school or university. We endeavour to foster the commitment of this group of young people to our company through personal development, varied jobs and internal mobility to more responsible positions. This is how we interpret our personnel policy. We recruit many young employees after they have got to know Ballast Nedam while on work placement or a graduation project. More than 300 work placement trainees gained experience in 2009, almost two thirds of them with higher qualifications.

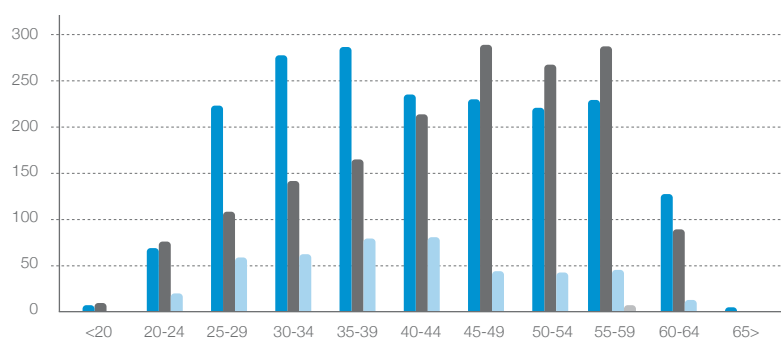
## Placement trainees



WO	15
HBO	171
MBO	86
Other	34

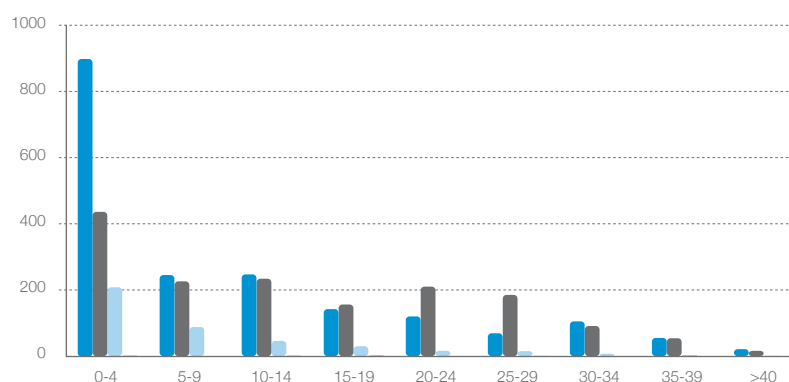
## Age profile current

- Male UTA (staff)
- Male CAO (direct)
- Female UTA (staff)
- Female CAO (direct)



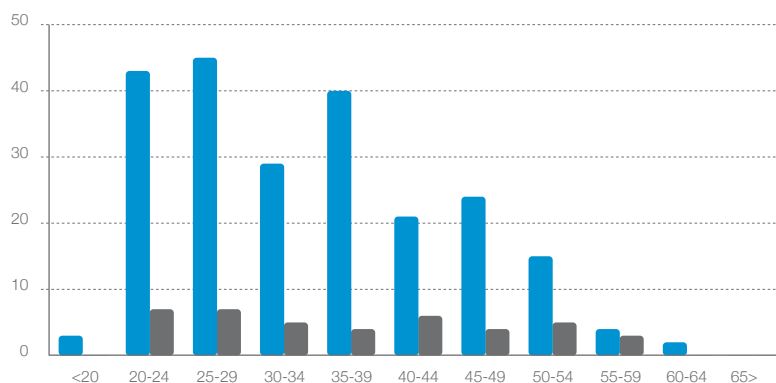
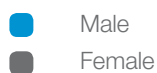
## Years of service

- Male UTA (staff)
- Male CAO (direct)
- Female UTA (staff)
- Female CAO (direct)

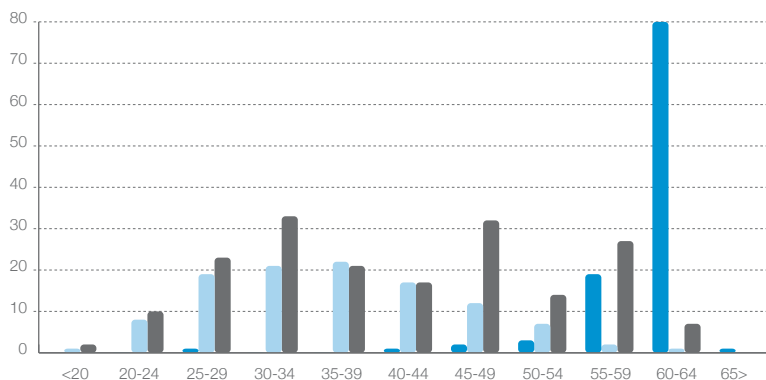
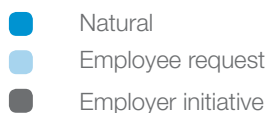




## Age profile intake



## Age profile turnover



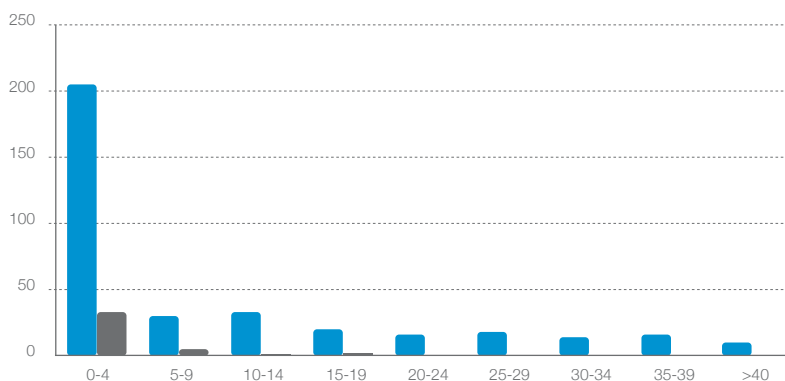
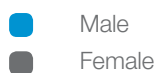
## BUILDING PASSION

Like other sectors of industry, an issue in construction is how to fully utilize women in the workforce. Under the title 'Building Passion - Strong women in the construction industry', Laura Stevens brought together 100+1 impassioned and influential women who play a significant role in the Dutch construction industry. Gerdy Kraus, a Ballast Nedam development manager, is one.

The personal interviews and fine photography create a varied picture of the everyday reality of the women who choose a career in building. Building Passion literally makes women in the building world more visible. We are pleased to support this kind of initiative, in the expectation that the book will be an important source of inspiration for women considering a career in building.



## Turnover years of service



## Health

A large group of employees have undergone regular medical examinations for several years with a view to the timely detection of possible health risks. Employees whose jobs entail specific health risks are given an appropriate medical examination each year. The absence through illness rate in 2009 was 5 per cent, which is the same as in 2008. The figures are largely attributable to long-term absence. 80 per cent of the total absence through illness involves periods of two weeks or more. The business units therefore focus on long-term absence.

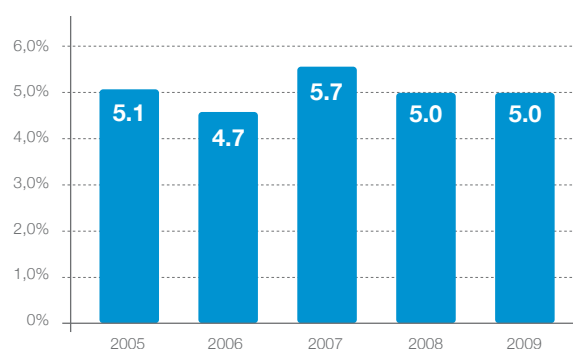
Tackling long-term absence through illness is also a long-term investment, which is oriented partly on reintegrating the people concerned, and partly on prevention. Among the measures we have taken to this end are:

- reintegration with the help of sociomedical teams;
- a vitality programme for employees at increased risk;
- becoming a self-insurer under the Return to Work (Partially Disabled Persons) Scheme (WGA);
- fitness facilities;
- accident prevention.



Ballast Nedam has built Rozet, a special residential care complex in the centre of Westervoort. More than 32 spacious three-room apartments have been created, 8 of which for rent and 24 for sale. The apartments are adapted to the needs of elderly people. Various care facilities are located on the ground floor, such as a GP surgery, vaccination centre and pharmacy.

## Sick leave



## Safety

Safety is one of Ballast Nedam's core values. We wish to work safely for the sake of both ourselves and the communities close to our work. We factor a safe working environment into projects from early in the preparation stage. We expect our employees at all levels of our company to contribute to safety. Exemplary behaviour on the part of managers and senior management is an important aspect.

Raising the safety level on our projects is closely related to the safety awareness and conduct of our employees. We therefore devote permanent attention to raising safety awareness. DIBEC – Ballast Nedam's consultancy in the environmental and rail safety field – supports the Ballast Nedam companies in safety, health and environmental issues.

## Training and development

Training is an important means of enhancing safety knowledge and safety awareness. Ballast Nedam runs various internal and external courses to suit specific jobs and the nature of the work. Approximately one thousand Building and Development division employees took the one-day safety awareness training course last year. More than one hundred Infrastructure division employees took a lifting supervision training course that was set up in partnership with Bouwradius, a training and consultancy firm for building companies.

## Information

Providing safety-related information to employees is and will remain an important area for attention within Ballast Nedam. Information is now commonly provided to new employees when they join, at the start of projects, and in the course of projects in toolbox meetings. Employees receive specific additional or supplementary information through an occupational health and safety quick reference booklet, widely distributed posters, and theme meetings. In 2010 both divisions will also be introducing an audiovisual project introduction to explain the safety rules and the project.



In the A12 reconstruction between Gouda and Zoetermeer we planned unusually wide traffic lanes and limited phasing. All traffic was able to use lanes wider than the legal minimum on one side of the highway while the work proceeded. Traffic flow was improved in this way, with safety benefits for road users. Screens were erected so that motorists would not be distracted. Work continued on the other side of the highway completely unhindered by traffic. The situation was also safer for the workers.

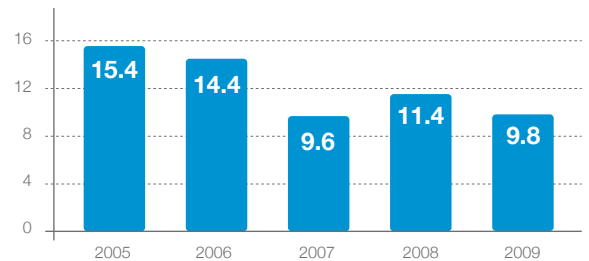
### Supervision

Building site supervision is the responsibility of the project organization. Project leaders and subcontractors perform a monthly safety round on each project. The directors also inspect building sites for safety several times a year. The output of the safety rounds is distributed both within the project and in the line. We take corrective measures as soon as significant risks are detected.

### Safety performance

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

### Injury frequency (IF)



Ballast Nedam's safety performance improved in the last year and the IF went down to 9.8 (2008: 11.4). Fortunately, as in 2008, there were no work related fatal accidents, including subcontractors and suppliers. There has been a falling trend in recent years in the number of accidents leading to absence from work. Nonetheless, we are not yet satisfied with the lower accident figure: our safety performance has to improve. We have therefore initiated actions for 2010 to raise attention to safety further.

## THE VIP VITALITY SCHEME

How effective are lifestyle programmes at improving employee vitality? This was the question behind an in-depth, multiyear investigation involving Ballast Nedam employees conducted together with the VU University Medical Centre. The investigation is being performed under the responsibility of the VU University Medical Centre, the EMGO Institute and TNO Quality of Life, and is oriented to the development, application and evaluation of lifestyle interventions to prevent overweight and locomotor system symptoms. The target group is Ballast Nedam building site workers and production personnel. Preparatory interviews were held with various groups in the VU's VIP programme in order to gain a clearer picture of the most appropriate programme of action for the overall target group. Implementation of the programme is scheduled for the autumn of 2010.

We also support vitality objectives by giving our employees opportunities to participate in company fitness. Employees are entitled to use the exercise and sports facilities of a network of fitness centres throughout the Netherlands. By lowering the financial threshold, Ballast Nedam intends to encourage as many employees as possible to join the

scheme. Some 200 employees took advantage of the scheme in some way or other in 2009. The business units also organize popular local sports and leisure activities, such as running clubs, company hockey, dragon boat races and the cycle race.



Training and Development

Working in the construction sector means lifelong learning, for which Ballast Nedam has developed a large number of internal training courses. In 2009, 401 employees took one or more training courses in this programme. The divisions have an up-to-date package of internal and external training courses. The scope of the package varies from courses for risk management to the ‘Dare to Share’ workshop, which explains updated processes for working on projects.

Ballast Nedam supports the Dutch Construction and Infrastructure Federation and trade union initiative to step up the training of building workers in the economic downturn. The initiative will allow us to maintain trainee intake while raising the educational level of our own employees.

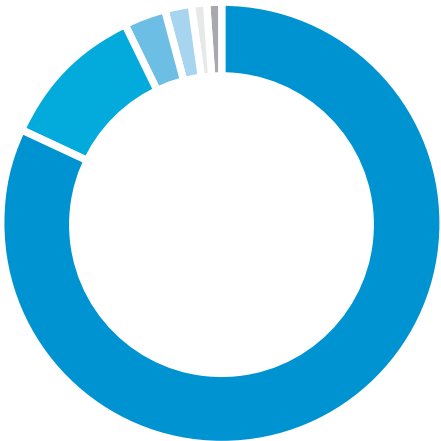
We regularly assess the reciprocal training and career needs of our employees in order to support them as effectively as possible in their personal development. With the exception of employees on long-term sick leave, new joiners and those about to retire, our objective is to review the performance of employees at least once a year (collective agreement employees once every two years), and to cover this topic. In 2009 approximately 65% of our employees were given performance and career development information.

Employment

Whereas in 2008 the labour market was still tight, the recession has since caused an upheaval in the Netherlands. Our numbers of vacancies declined rapidly and the availability of good candidates on the labour market grew steadily as the year progressed. Nonetheless, the picture has some inconsistencies. It remained difficult to recruit suitable people for vacancies in some disciplines in the Infrastructure division, while elsewhere, in particular within the Building and Development division, a surplus of personnel started to emerge. The recession has led to redundancies in several business units, after we had tried to avoid these as far as possible by means of internal transfers. Ultimately 211 employees were laid off in 2009. In one region there was a collective dismissal of 32 employees.

Ballast Nedam has agreed a social package with the trade unions for 2008 and 2009 that covers loss of work and income in the event of redundancy on economic grounds. This social package is applicable to employees covered by the building industry collective agreement, which is 82 per cent of all employees. The accompanying pie chart shows the percentage of employees covered by a collective employment contract.

Percentage of employees covered by a collective employment contract (cao)



■	CAO for the construction industry	82%
■	CAO for the concrete industry	11%
■	CAO for heavy engineering	3%
■	CAO for agriculture	2%
■	CAO for light engineering	1%
■	Other	1%



Ballast Nedam is building 29 luxury villas in Zoetermeer’s elegant Villapark Buytenhove. The country houses in 1930s style are being built on spacious plots and most are adjacent to water and courtyards surrounded by greenery.



## PEOPLE

### Focus on integrity

Various companies in the construction sector made the news in 2009 because of alleged infringements of competition laws. Whether or not they were rightly accused, reports of this kind affect a company deeply. Loss of reputation and income may threaten business continuity in these cases.

The Code of Conduct is an important part of our corporate governance structure. It covers topics such as integrity, safety and respect for customers, the community, colleagues, company property and business interests. There were five infringements of the Code of Conduct in 2009, all of which resulted in the dismissal of the employee concerned. None of these infringements involved discrimination or corruption. We also opened an anonymous hotline on 1 January 2010 in order to lower the threshold for the prompt reporting of alleged infringements and imminent abuse.

Ballast Nedam considers it important to develop permanent attention to the strict observance of the Code of Conduct. A compliance campaign is to start in 2010 with the aim of raising awareness and training employees satisfactorily in how to deal with possible integrity dilemmas.

### Important role in community relations management

The projects that Ballast Nedam works on take place in the built environment, which implies that there will always be people and organizations at work, animal life, and valuable natural assets, nearby. The many different interests that are involved in the surroundings of a project therefore have to be carefully balanced.

In the past the construction industry was only indirectly involved in community relations management. Our customer would liaise with the community in the preliminary stages, and the role of the market party would be restricted to supplying the customer with information on request. The shifts in the market are elevating our community relations management role around our projects to an ever higher level. For example, we have appointed community relations managers on several projects in the past year. Community relations management ensures that we balance the interests and expectations of all parties as carefully as possible, and communicate regularly with all concerned.

## NEW CODE OF CONDUCT

The Code of Conduct was revised in 2010. The new Code of Conduct applies to all Ballast Nedam employees. The content and the presentation have been updated. The Code of Conduct documents how we in Ballast Nedam deal with each other, the community, and clients and customers. In other words, it sets out the standards and values that hold within our company. The Code of Conduct provides employees with a practical guide for making the right choices. Although the Code can sometimes seem to be stating the obvious, always making the right decisions when on the spot in practice can be a challenge.



Ballast Nedam and three other construction companies formed the Bewuste Bouwers (Aware Builders) foundation in 2009, to raise our awareness of our surroundings and help improve the industry's image. The foundation is to issue a quality mark to promote better relations between building sites and their neighbours. The exchange of sound and practical solutions between large and small building sites will increase their average quality. Construction companies can give expression to their social responsibility by signing up to the Bewuste Bouwers quality mark.

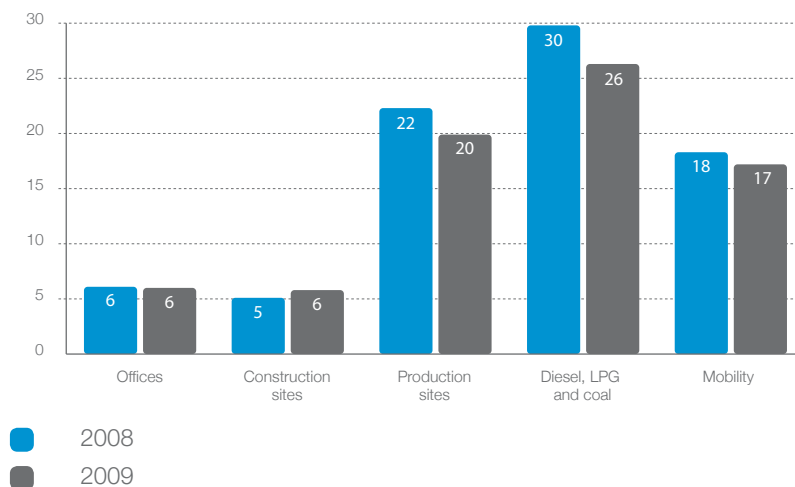
Ballast Nedam has a target of having at least 15 projects earn the Bewuste Bouwers quality mark in 2010.

## PLANET

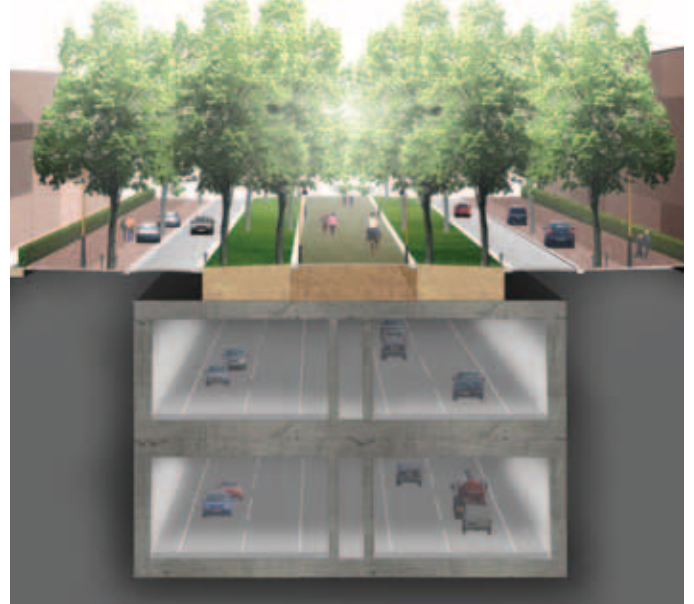
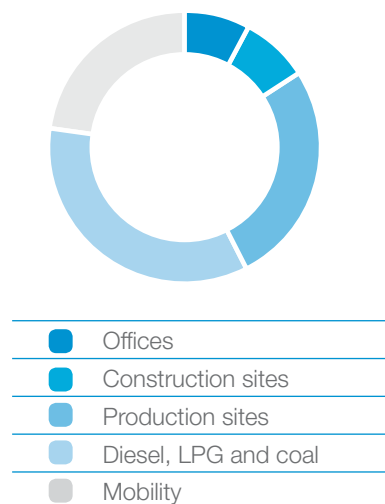
### Reducing energy consumption and CO<sub>2</sub> emission

In 2009 Ballast Nedam determined the CO<sub>2</sub> footprint of the Dutch activities for 2008. The total CO<sub>2</sub> emission was 81.4 kilotons in 2008, and has fallen to 75.4 kilotons in 2009.

#### Carbon footprint 2009 versus carbon footprint 2008



#### CO<sub>2</sub> emission in 2009



Ballast Nedam and Strukton joined forces in the Avenue2 consortium, which was awarded the prestigious A2 Maastricht project in mid 2009. The name of the Groene Loper (Green Strip) reflects the green ribbon known as Parklaan that winds from north to south through the city alongside the existing A2. The project, with a value of approximately three-quarters of a million euros, will run until 2027.

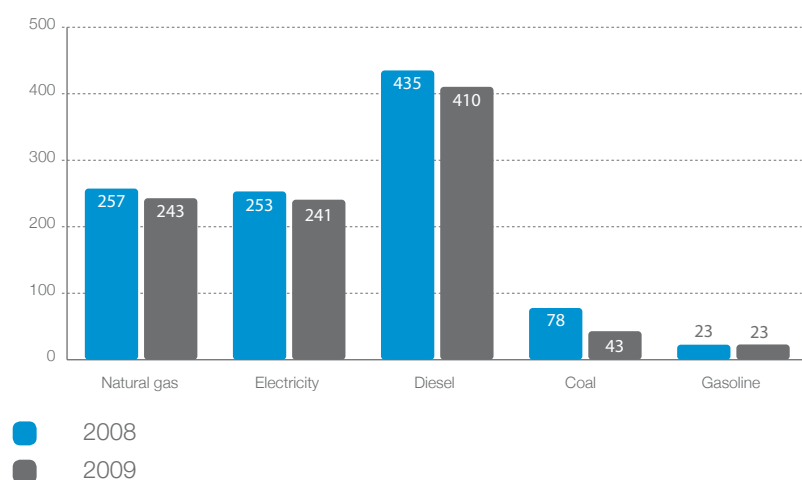
The integrated solution for Avenue2: a 2.3 kilometre stacked underground tunnel consisting of two pairs of tubes. The lower pair of tubes will be for through traffic, while local traffic will use the upper pair. Parklaan's new location will be along the top of the tunnel. We are also building some 1 100 homes and 30 000 m<sup>2</sup> of commercial space in the area.

Relative CO <sub>2</sub> reduction	2009		2008	
Total CO <sub>2</sub> emission	75.4		81.9	
Revenue The Netherlands	1 272	94%	1 348	100%
CO <sub>2</sub> reduction relative to the revenue		-2%		

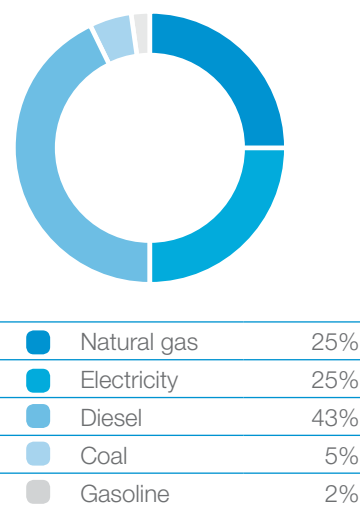
The Infrastructure division has achieved CO<sub>2</sub> awareness certificate level 3 since 1 December 2009 on the Prorail CO<sub>2</sub> performance ladder. Ballast Nedam aims to achieve level 4 or higher in 2010.

Ballast Nedam has mapped out the total energy consumption for 2009 and 2008. The different fuels have been converted to a single unit, the gigajoule (GJ).

## Energy consumption in thousands GJ



## Energy consumption in 2009



All relevant sources of CO<sub>2</sub> emission are covered, including electricity, natural gas, diesel and the business use of vehicles. Ballast Nedam uses relatively small quantities of natural gas and electricity in office buildings. The major consumption takes place on production sites and in the transport of raw materials, such as on building sites. Some examples of production sites are APRR (asphalt), Haitsma (concrete) and Rademakers (cast iron). At 8.9 kilotons in 2009, Rademakers is also the largest producer of CO<sub>2</sub> emission, due in part to the burning of coal.

### Carbon Footprint Statement

Many of Ballast Nedam's activities are vertically integrated. This strategic model of cooperation and unbundling greatly hampers comparison of our CO<sub>2</sub> emission with that of other construction companies, who may have no specialized suppliers of their own. Revenue level says nothing about how deeply a construction company is integrated in the chain. Furthermore, our production companies contribute much of the revenue of partner companies.

Related to revenue, CO<sub>2</sub> emission fell by 2 per cent in 2009 compared with 2008. The increased building site emissions are largely attributable to the start of several major building projects. Our production companies account for the majority of CO<sub>2</sub> emissions and they have a substantial influence on the revenue-related CO<sub>2</sub> reduction. Our mobility-related emissions appear to be reasonably constant. The investments in natural gas as a transition fuel on the way to 'green' gas have increased CNG consumption.

Ballast Nedam's energy policy is oriented to achieving 30 per cent less CO<sub>2</sub> emission in 2020 through limiting energy consumption and switching to renewable energy. Before the end of 2010 Ballast Nedam aims to reduce its revenue-related emission by 10 per cent compared with 2008.

#### Types of waste

The building industry recognizes the following categories of waste:

- building and demolition waste or residual waste that does not meet the definitions of the other categories, with the exception of dangerous waste such as oils, acids, solvents, asbestos, liquid bitumen, liquid paint and suchlike;
- hardcore: calcareous sand brick, brick rubble, reinforced concrete rubble, pile heads, mortar residue and other stony materials, excluding sand, soil, plaster blocks and plasterboard;
- A grade wood: unpainted and unimpregnated wood free of adhesive. Compressed material and hardwood are therefore not A grade wood;
- B grade wood: all heavily soiled types of wood and plastic coated and/or compressed panels, excluding impregnated preserved wood such as sleepers and MDF;
- C grade wood: chemically treated to impede rotting in damp conditions.

## Waste segregation and recycling

The waste streams are handled in four large waste processing plants and by various smaller companies. A regular partner manages the majority (63 per cent) of Ballast Nedam's waste. The 2009 figures are based on their reports. This company recycles and reuses 87 per cent of the waste collected from Ballast Nedam.

The table below shows how, with the exception of some of the building and demolition category, waste can be completely recycled, or reused for energy recovery.

Type of waste	Tons	%	Treatment method	Result
Unsorted	8 188	70%	Recycling	
building and demolition waste	2 339	20%	Incineration	Energy recovery
	1 170	10%	Landfill	
Hardcore	3 497	100%	Conversion by product	Crushed demolition waste
A grade wood	44	100%	Conversion by product	Wood chips
B grade wood	1 096	100%	Conversion by product	Wood chips
C grade wood	45	100%	Incineration	Energy recovery
Kitchen and garden waste	67	100%	Composting	
Paper and board	64	100%	Recycling	
Industrial waste	155	77%	Incineration	Energy recovery
	46	23%	Conversion by product	ICOPOWER pellets
Polystyrene	38	100%	Recycling	
Mixed synthetics	17	100%	Recycling	
Soil	14	100%	Cleaning and reuse	
Other	68	100%	Miscellaneous	

Construction companies in the Netherlands segregate on average 24 per cent of their waste. At 30 per cent, Ballast Nedam's waste segregation is somewhat higher. Household waste, paper and board and household chemical waste are segregated on collection at Ballast Nedam projects and offices. Of the converted products, Ballast Nedam Infra uses crushed demolition waste for roadbuilding and filling construction pits. The other converted products are being sold by the waste processor.

### Aim to improve air quality

The use of natural gas as vehicle fuel is an important step towards better air quality in the Netherlands. Since 2007 CNG Net, a Ballast Nedam Concessions unit, has been investing in a national network of natural gas filling stations and promoting the use of natural gas as a vehicle fuel. Use of this fuel reduces CO<sub>2</sub> emissions and reduces the emission of particulate matter and nitrogen oxides to almost zero. Natural gas makes a constructive contribution to more sustainable energy consumption and a better living climate. We also promote the use of CNG as a vehicle fuel within Ballast Nedam. There are now more than 2 500 CNG-fuelled vehicles in the Netherlands, with the number of new vehicle registrations rising each month. Twice as many were registered in the year 2009 compared with one year earlier. Our aim for 2010 is to have at least 20 per cent of our new lease cars and 25 per cent of our new company vehicles fuelled by CNG. Ballast Nedam is also investigating various options for reducing our dependency on fossil fuels. This investigation includes the transition to green gas as a fuel.



### NIJMEGEN GETS CLEANER PUBLIC TRANSPORT

The City of Nijmegen engaged CNG Net to implement a natural gas filling station for its city buses. CNG Net and its partners Ballast Nedam IPM and Ballast Nedam Beheer will manage and maintain the natural gas filling station under the ten-year concession contract.

The City of Nijmegen invited tenders for a concession for greener public transport, and selected natural gas-fuelled buses. The concession contract guarantees Nijmegen that buses in the region will run on natural gas for the next ten years. Greener public transport offers the city's residents better air quality and a healthier living climate.

The natural gas filling station is designed for 85 buses a day. The buses use a total of 3.5 million kilograms of natural gas a year. The buses emit less CO<sub>2</sub> and negligible levels of airborne particulate matter. Nitrogen dioxide emission drops by 95 per cent.





Ballast Nedam is part of the consortium building the largest nonteaching hospital in the Netherlands. The Jeroen Bosch Hospital in Den Bosch has four sections totalling 120 000 m<sup>2</sup>. Besides the main hospital, there is a rehabilitation centre, a mental health care centre and a radiotherapy institute. The new hospital complex has more than 700 beds and sixteen operating theatres, and is able to handle 600 000 outpatients a year.



The steel slab terminal in the Port of Rotterdam is used mainly for handling steel beams. The new terminal will boost the Port of Rotterdam's general cargo handling activities, and help the port respond to the trend for raw-material-rich countries to produce their own semi-finished goods. Ballast Nedam is designing and building the mooring construction of the steel slab terminal: a 500-metre quay with an unusually heavy surcharge. The quay has a retaining construction approximately 23 metres high.

## CONTINUOUS INVESTMENT IN BETTER AIR QUALITY

Rademakers Gieterij BV is an Infrastructure production company. Being a foundry, the company is confronted with air-contaminating emissions. Rademakers accounts for about 20 per cent of Ballast Nedam's CO<sub>2</sub> emission. The three main culprits are the coke-fired cupola furnace; the consumption of the electrical part of the furnace, and the gas for space heating and the cupola furnace afterburner.

The foundry emits more than just CO<sub>2</sub>. To stay within legal environmental requirements we have replaced and extended several filter systems in recent years. We also introduced a fume extraction channel for volatile organic substances from the paint shop that are now sent for combustion in the cupola furnace afterburner. We moreover replaced the diesel fork-lift trucks for internal transport with electrical equivalents. We reduced the number of emission points further by feeding emissions back into the production process. For instance, we replaced the filter for the bentonite silos with a pipe to the internal bentonite storage bunker.



## FINANCIAL RESULTS

### Revenue

x € 1 million	2009	2008	2007	2006	2005
Infrastructure	707	708	675	676	541
Building and Development	705	735	601	622	658
	1 412	1 443	1 276	1 298	1 199
Other/elimination	(28)	(17)	(6)	12	7
<b>Total</b>	<b>1 384</b>	<b>1 426</b>	<b>1 270</b>	<b>1 310</b>	<b>1 206</b>

Revenue in 2009 amounted to 1 384 million euros. This is a decline of 3% relative to the revenue of 1 426 million euros in 2008. The revenue of the Infrastructure division was 707 million euros, which was almost the same as in 2008. The underlying revenue of the raw material and prefabricated concrete companies declined. The revenue of the Building and Development division fell by 4% to 705 million euros. The pronounced rise in the revenue of large projects was unable to compensate for the sharp fall in property development.

### EBIT

x € 1 million	2009	2008	2007	2006	2005
Infrastructure	20	20	18	16	14
Building and Development	4	29	33	36	35
	24	49	51	52	49
Other	(7)	(7)	(9)	(10)	(11)
<b>Total</b>	<b>17</b>	<b>42</b>	<b>42</b>	<b>42</b>	<b>38</b>

The operating profit went down from 42 million euros in 2008 to 17 million euros.

The Infrastructure division succeeded in maintaining its operating profit at 20 million euros in line with the forecast for an almost unchanged profit that was given in March 2009, which may be considered good in view of the deterioration in market conditions in 2009. The operating profit was sustained by the higher result contributions from the niche segments, such as offshore wind farms, international projects and industrial construction.

The Building and Development division achieved a substantially lower operating profit of 4 million euros, compared with 29 million euros in 2008. The announcement in March 2009 of a lower operating profit notwithstanding, the fall exceeded the forecast. The satisfactory results of the prefabricated concrete companies did not outweigh the lower results of property development and the regional construction companies.

The Other result remained the same in 2009, and consisted mainly of holding company costs. The holding company costs were almost unchanged.

## Margin

	2009	2008	2007	2006	2005
Infrastructure	2.8%	2.8%	2.7%	2.4%	2.6%
Building and Development	0.5%	3.9%	5.5%	5.8%	5.3%
	1.7%	3.4%	4.0%	4.0%	4.1%
Other	-	-	-	-	-
<b>Total</b>	<b>1.2%</b>	<b>2.9%</b>	<b>3.3%</b>	<b>3.2%</b>	<b>3.2%</b>

The overall margin fell to 1.2% on a 3% lower revenue. This margin was well below the target range of 3% to 5%. The margin of the Infrastructure division remained unchanged at 2.8%. The margin of the Building and Development division reduced sharply from 3.9% to 0.5% on a 4% lower revenue.

## Profit for the period

x € 1 million	2009	2008	2007	2006	2005
EBIT	17	42	42	42	35
Interest income and charges	(9)	(11)	(4)	(4)	(10)
Profit before income tax	8	31	38	38	28
Income tax expense	(2)	(7)	(11)	6	(8)
<b>Profit for the period</b>	<b>6</b>	<b>24</b>	<b>27</b>	<b>44</b>	<b>20</b>

The profit for the period fell by 18 million euros to 6 million euros, because of the sharp decline in operating profit. Profit before income tax fell by 23 million euros to 8 million euros because of the lower operating profit and 2 million euros higher interest income. Interest expenses increased by 1 million euros because of increased PPP loans. Conversely, interest income increased by 3 million euros because of higher capitalized interest on the PPP receivables.

Tax costs fell by 5 million euros to 2 million euros. The effective tax burden was 24% (2008: 23%). The deferred tax asset stayed level with 2008 at 37 million euros at year-end, of which 33 million euros was related to carry-forward losses.

Firestone Industrial Products of Indianapolis in the USA has relocated its European head office from London to Arnhem. Firestone was attracted to the IJsseloord 2 Business Park because of its favourable business climate and the area's setting and accessibility, but was also drawn by the automotive engineering programmes at the nearby Hogeschool van Arnhem en Nijmegen (HAN), not to mention the International School in Arnhem. Ballast Nedam built the new head office, consisting of a business support centre of approximately 800 m<sup>2</sup> and an ultramodern test laboratory of approximately 750 m<sup>2</sup>.



## Order book

x € 1 million	2009	2008	2007	2006	2005
Infrastructure	888	705	541	572	557
Building and Development	977	1 005	916	525	503
	1 865	1 710	1 457	1 097	1 060
Other	(47)	(43)	(19)	(4)	4
<b>Total</b>	<b>1 818</b>	<b>1 667</b>	<b>1 438</b>	<b>1 093</b>	<b>1 064</b>

The order book grew by 9%, from 1 667 million euros at year-end 2008 to 1 818 million euros. The quality, composition and size of the total order book puts us in a relatively favourable starting position in a rapidly declining market. The order book contains several large long-year assignments, underlying which the order book of both the development company and regional companies decreased in line with the market situation.

## Equity

Shareholders' equity fell on balance by 6 million euros to 162 million euros. The decline comprised the profit for the period of 6 million euros less the 2009 dividend distribution for 2008 of 12 million euros. Total assets increased by 30 million euros to 1 034 million euros. The increase in assets and the fall in shareholders' equity caused the capital ratio to decrease from 17% at year-end 2008 to 16% at year-end 2009. Capital employed increased from 252 million euros at year-end 2008 to 279 million euros. The rise was caused by increases of 67 million euros in PPP receivables and 8 million euros net in property, plant and equipment, compensated by an increase in current liabilities in the form of higher prepayments.

The presentation of the PPP projects has a substantial impact on the consolidated statement of financial position and consolidated income statement. Excluding the PPP projects, the operating result would remain unchanged at 17 million euros, assets would fall by 98 million euros to 936 million euros, capital employed would decrease by 98 million euros to 181 million euros, shareholders' equity would rise by 10 million euros to 172 million euros because of the reversal of temporary differences, and solvency would be 2% higher at 18%.

## WINTER TEAMWORK

It was a winter with much cold and snow: busy times for the gritters. Ballast Nedam has coordinated gritting operations on behalf of the Directorate-General for Public Works and Water Management in Brabant, Zeeland and the Veluwe for several years. Various transport operators in the region collaborate in the winter and contribute their equipment to keep the roads clear of snow and ice.

These companies have been doing this work for many years. They have less other work in the winter, and gritting is then a welcome supplement. Ballast Nedam's role is mainly in preparation, coordination and administration. The teams

are on standby 24-hours a day throughout the season from October to May. Before the season we do everything necessary for the support centre to provide a three-quarters-of-an-hour response to an alarm from the Directorate-General for Public Works and Water Management.





## Cash flow

x € 1 million	2009	2008	2007	2006	2005
Operating	61	66	(26)	17	(26)
Investing	(97)	(42)	(29)	(54)	2
Financing	56	15	47	(30)	(44)
Effect of foreign currency translation differences on cash held	(1)	1	(2)	-	-
<b>Total</b>	<b>19</b>	<b>40</b>	<b>(10)</b>	<b>(67)</b>	<b>(31)</b>

The cash flow for 2009 was 19 million euros positive. The cash flow for 2008 was 40 million euros positive.

The operating cash flow for 2009 was 61 million euros positive (2008: 66 million euros positive). The lower profit and the increase in land position and unsold project inventories were more than compensated by lower work in progress.

The negative cash flow from investing activities amounted to 97 million euros, consisting of 102 million euros in investments, 6 million euros in disposals and 1 million euros in company acquisitions. Investments and acquisitions included 32 million euros of property, plant and equipment, 5 million euros of intangible assets and 65 million euros of financial assets. These were concerned with the PPP receivables. The net investments in property, plant and equipment of 32 million euros exceeded depreciation and amortization of 25 million euros.

The positive cash flow from financing activities of 56 million euros consisted of 71 million euros net drawing of long-term loans, a 12 million euro dividend payout for 2008 and 3 million euros for the repurchase of own shares.

Lean Building focuses attention on what is really necessary to add value to the product that the customer has requested. As simple as possible, by excluding everything unnecessary or wasteful, whether materials, stocks, activities or inspections. The workers on the job jointly determine the simplest route to the objective. After all, they are the professionals in their field.

Four teams at our maintenance company Bouwborg now have some impressive results under their belts. They and their construction partners have cut the implementation time for home refurbishment by 50 per cent. They use an integrated, digital inspection list, share a customized site hut, and specify the ideal equipment level for the company vehicles with precision. Lean enough to impress even us.





## Net financing position

x € 1 million	2009	2008	2007	2006	2005
Net cash	111	92	52	62	129
Current portion of long-term loans	(6)	(7)	(18)	(3)	(7)
Repayment of long-term loans	(197)	(126)	(97)	(36)	(54)
<b>Total</b>	<b>(92)</b>	<b>(41)</b>	<b>(63)</b>	<b>23</b>	<b>68</b>

The net financing position went down by 51 million euros to a net borrowing position of 92 million euros. The long-term loans increased on balance by 71 million euros to 197 million euros, attributable mainly to the net 68 million euro increase in PPP loans. The current portion of the long-term loans is 6 million euros. Net cash rose by 19 million euros to 111 million euros, most importantly because of the increase in prepayments on projects of 79 million euros at year-end 2008 to 132 million euros at year-end 2009. The financing requirement was higher in the course of the year than at year-end.

There will be no need to refinance the long-term loans in the years ahead. The periods to maturity of the two long-term loans were extended prematurely in March 2010 to 2014 and 2015, respectively. The 50 million euro general loan that originally matured on 1 April 2012 with a fixed interest of 4.63% was extended by two years at the beginning of 2010 to 2014 at an interest of 5.4%, with effect from 2010. Mortgages were taken out on a number of properties in use by Ballast Nedam as security for the loan. The other large loan, with FGH bank, of 36 million euros is for financing several land positions in a separate company. This loan now matures in October 2015 and the interest rate is Euribor plus 200 basis points. The land positions financed with the loan were mortgaged as security for the loan. There are no financial covenants in the conditions of either loan. The main other long-term loans of 119 million euros consist of 92 million euros for the PPP loans, which have no opportunity for recourse on Ballast Nedam, and for which the interest rate is fixed by means of derivatives.

## THE DRILLED CONCRETE TUBULAR PILE

Ballast Nedam has designed a new foundation pile and installation method for offshore wind turbine foundations. We were able to draw on our earlier offshore wind farm construction experience. We opted for prefabricated concrete rather than steel because of its low price, few production restrictions, and less nuisance during construction.

If you would like to know more about these innovations, please visit [www.bn-offshore.com](http://www.bn-offshore.com).



# PROSPECTS FOR 2010

The operating result of the Infrastructure division is expected to remain largely unchanged in 2009, on a likewise largely unchanged revenue in view of increased national government major project procurement, which will largely compensate for the fewer smaller local authority projects.

The Building and Development division will approximately break even with its operating result, on a lower revenue, in view of the lack of improvement in the market for property development, and in particular the housing market. No genuine improvement in this situation is foreseen in the short term.

The Board of Management expects a lower operating result for 2010 of between 10 million euros and 15 million euros on a lower revenue. The operating result for 2009 was 17 million euros. However the market prospects for the next few years will be marked by numerous uncertainties.

Nieuwegein, 11 March 2010

Board of Management

T.A.C.M. Bruijninx

R.L.M. Jacobs

R. Malizia



The Kumasi Water Expansion Project involves the expansion and renovation of water purification plants, water pipes, water reservoirs and pumping stations in and around the city of Kumasi in Ghana. Ballast Nedam Ghana BV is performing this project on behalf of the Ghana Water Company Limited.

The project has increased the water supply in the region from 95 million to 123 million litres a day. It is hard to estimate how many Kumasi and district residents now have access to water as a result of this project. However, we can safely say that drinking water quality has improved considerably and that the entire water supply has increased by 30 per cent.

We used variable-speed drives that Ballast Nedam introduced on an earlier project. Rotational speed control allows optimum adjustment of the specific energy consumption, which substantially reduces the total energy consumption compared with fixed rotational speed pumps.

The Kumasi Water Expansion Project was supported by the Dutch government ORET programme's investment funds. ORET promotes sustainable infrastructure investment projects in developing countries. Half of the finance is from a Dutch government gift, and the rest is a loan from the Ghanaian government.



Ballast Nedam has built a new concrete plant for Dyckerhoff Basal on the Liesbosch industrial area in Nieuwegein. Besides the concrete plant the construction also involved a crane track, raw material storage facilities, a recycling water reservoir, the operating building and the complete paving of the grounds.



In the west of Leidsche Rijn, Ballast Nedam with other market parties and the City of Utrecht are developing the Vleuterweide district. Approximately 6 000 homes will be built. The district comprises subsectors each with an individual identity. Ballast Nedam is developing 325 homes in the De Hoven area, 235 of which are now complete.

The designs of the separate areas accommodate the existing landscape and special local elements, and aim to impart a distinct area identity. The architectural style is reminiscent of traditional Dutch village centres and charming towns, with stepped and neck gables, spacious parks and quiet courtyards defining the street scene.

## CONSTRUCTION OF 380 KV STATIONS FOR TENNET

The high tension grid in the Randstad conurbation has insufficient capacity for future growth in energy demand. TenneT TSO is therefore investing in capacity, part of which is a new 380 kV high tension station in Bleiswijk built by Ballast Nedam. A major challenge to be overcome was the transport of the three 330-ton transformers. We built a temporary bridge over the complex intersection of the A12, the rail line from The Hague to Utrecht and the trackside cables and lines.



# BOARD OF MANAGEMENT



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

Mr Theo Bruijninx was born in 1961 and is a Dutch national. He serves as Chief Executive Officer and Chief Financial Officer. Mr Bruijninx is also a member of the Supervisory Board of Hollandia Holding B.V.

Mr Bruijninx 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 Bruijninx was appointed as a member of the Board of Management under a permanent contract on 13 February 2003. He was appointed Chairman of the Board of Management on 13 August 2007.



## **R.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 is a member of the Supervisory Boards of Vitelia Voeders B.V. and KP&T Projectadvies B.V.

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.



# SUPERVISORY BOARD



## **Drs. 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.



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

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 has various ancillary positions, including member of the Supervisory Board of E.ON Benelux Holding B.V., N.V. Westerschelde Tunnel and N.V. Science Port Holland (Chairman). He is a member of the Advisory Board of Allseas Group S.A. (Switzerland) and of the Advisory Council of the Knowledge for Climate Research Programme. He also advises the Minister of Transport, Public Works and Water Management and the City of Rotterdam on 'Rotterdam and Port: Sustainably Accessible', and is a member of the Ministry of Economic Affairs Offshore Wind Energy Task Force, member of the board of the Toekomstbeeld der Technique (STT) foundation and Chairman of the Board of the Bewuste Bouwers foundation. Mr Huis in 't Veld was appointed to the Supervisory Board of Ballast Nedam as of 1 November 2006. His current term of office ends on 1 November 2010.



## **Drs. 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., Bavaria N.V. (Chairman) MGI International B.V. (Chairman) and Brova Groep B.V. (Chairman). He is also Treasurer of the Nelson Mandela Children's Fund in the Netherlands, member of the Disputes Committee of the Royal Netherlands Institute of Registeraccountants (NIVRA) and Secretary of the Peace Parks Foundation in the Netherlands. Mr Boelen was appointed to the Supervisory Board of Ballast Nedam in 2005. His current term of office ends on 1 July 2013.



## **Drs. M.H. Schultz van Haegen**

Ms Schultz van Haegen was born in 1970 and is a Dutch national. She is Director of Care Procurement at Achmea Zorg, which is part of Eureko B.V.

Ms Schultz van Haegen was state secretary in the Ministry of Transport, Public Works and Water Management between 2002 and 2007. She is currently Chair of the Board of Management of the World Population Foundation, Chair of the Supervisory Board of Stichting Jeugd en Samenleving Rijnland and Chair of the Supervisory Board of The Netherlands Institute for Sound and Vision in Hilversum. Ms Schultz van Haegen was appointed to the Supervisory Board of Ballast Nedam in 2009. Her current term of office ends on 1 July 2013.



# REPORT OF THE SUPERVISORY BOARD

## Ballast Nedam in 2009

The Supervisory Board notes that in view of the financial crisis and the consequent market trends, Ballast Nedam has achieved a reasonable operating profit for 2009 of 17 million euros. Despite the changed market conditions, the Infrastructure division performed in 2009 in line with forecasts. The Building and Development division, which was hit harder by the financial crisis, achieved a profit lower than that forecast in March 2009.

Looking back on 2009, the Supervisory Board would like to express its appreciation for the Board of Management's skilful and effective leadership of the company in the turbulent market conditions.

## Dividend

The underlying principle of Ballast Nedam's dividend policy is that 50% of the profit for the period is placed at the disposal of shareholders for distribution as dividend. The Supervisory Board approved the Board of Management's proposal to appropriate 3 million euros of the profit for the period of 6 million euros to the other reserves. The remainder of the profit for the period is at the disposal of the shareholders. We propose a cash dividend for 2009 of 0.31 euros per share in issue (2008: 1.24 euros). The basic earnings per ordinary share in issue were 0.62 euros.

## Meetings of the Supervisory Board

The Board met on five occasions in 2009 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. Both the Board of Management and the Supervisory Board uphold the strategy set out on page 10 of the Annual Report.

In line with the strategy, certain resolutions have been adopted in the meetings of the Supervisory Board aiming at a further strengthening of supply companies, such as the prefabricated concrete companies, in the value chain. The Board also approved the business plan for the coming years at the December meeting.



The head office of the General Pension Fund for Public Employees in Heerlen is to be thoroughly renovated. Laudy has modernized the head office entrance hall as part of the renovation.

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 consequences of the amendments to the Dutch Corporate Governance Code. Pursuant to these amendments and other considerations, the regulations for the Board of Management, the regulations for the Supervisory Board and the regulations for the Audit Committee have been revised and adopted. An investor relations policy was also adopted, which, together with the amended regulations, are posted on the company website. We also handled the dividend proposal for 2008 and prepared and evaluated the Annual Meeting of Shareholders. We also discussed an amendment to the Articles of Association, which has been submitted to the General Meeting of Shareholders. We also discussed human resource management 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 with the Board of Management the most important risks for the company, internal risk management and control systems and how the risks can be further limited and controlled. For example, it was decided to update the Code of Conduct and to augment the internal scheme by introducing an anonymous hotline (whistleblower scheme). The Supervisory Board further discussed with the Board of Management how to limit risks and failure costs in the operational process. For example, Building Information Modelling was discussed in this context. 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 2009.

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 carried out a performance self assessment of both the entity and 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 directors attended a meeting of the Central Works Council. No transactions took place in 2009 involving a conflict of interest of material significance on the part of supervisory directors. Corporate Governance Code best practice provisions III.6.1, III.6.2 and III.6.3. are complied with.

## Committees

The Audit Committee consists of the supervisory directors Messrs Boelen (Chairman) and Huis in 't Veld. The committee met on three occasions in 2009 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, IFRS and compliance-related trends, the risk profile and the company's tax position. In addition the Audit Committee specifically addressed the general financial strategy and financial procedures, the internal risk management and monitoring systems, and the risk management on projects. The Audit Committee also evaluated the possible need for an internal auditor. In response to the evaluation, the Supervisory Board did not recommend the Board of Management to appoint an internal auditor.

In the third meeting the Audit Committee spoke separately with the external auditors and the Financial Director. The committee also carried out a performance self assessment.

In 2009 the Supervisory Board jointly performed the roles of an audit committee, remuneration committee and selection and appointments committee, and discussed the items that are customarily raised in these kinds of committees.

### Membership of the Supervisory Board

There were changes in the membership of the Supervisory Board in 2009. Mr Broeksma's term of office ended in 2009; he was unavailable for reappointment. Mr Huis in 't Veld succeeded Mr Broeksma as member of the Audit Committee. Mr Boelen also stood down as supervisory director in 2009 in line with the rotation schedule; he was reappointed for a period of four years at the Annual General Meeting of Shareholders in 2009. The Supervisory Board nominated Ms Schultz van Haegen for appointment at the Annual General Meeting of Shareholders on 6 May 2009. The General Meeting of Shareholders then appointed Ms Schultz van Haegen for a four year term. Ms Schultz van Haegen followed an introduction programme set up for her in 2009. In connection with Mr Broeksma's resignation, the Chairman of the Supervisory Board, Mr Huis in 't Veld was appointed as Vice-Chairman. 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 61 of this Annual Report.

### Financial statements and ratification

We hereby submit the Annual Report for the financial year 2009, 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 123 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 2009.

### Conclusion

The Supervisory Board expresses its gratitude to Mr Broeksma for his expertise over the years and his constructive contribution as a member of the Supervisory Board and member of the Audit Committee. Mr Broeksma was a valued member, and the Supervisory Board will long reflect with satisfaction on a most pleasant working relationship.

The Supervisory Board expresses its appreciation to all Ballast Nedam staff for their dedication, skill and knowledge, which contributed greatly towards the company's results in 2009.

Nieuwegein, 11 March 2010

Supervisory Board

A.N.A.M. Smits  
J.C. Huis in 't Veld  
R.M.M. Boelen  
M.H. Schultz van Haegen

# 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 two decentralized divisions, each consisting of decentralized operating companies. In this model, the entrepreneurial skills and attendant responsibilities lie as close to the market and the performance of projects as possible.



Ballast Nedam has its own soil cleaning installations for use on clean-up projects. After cleaning, we deliver the soil for reuse. Our mobile cleaning installation works in accordance with this basic principle. It can be used just about anywhere, which saves transport costs: there is no need to transport contaminated soil back and forth. The mobile installation can also be deployed rapidly.

Corporate social 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.

## Dutch Corporate Governance Code

Ballast Nedam endorses the principles of the Dutch Corporate Governance Code and, with few specific exceptions, applies the best practice provisions of the Code. In financial year 2009 Ballast Nedam applied as fully as possible the amendments to the best practice provisions proposed by the Corporate Governance Code Monitoring Committee (also known as the Frijns committee).

The General Meeting of Shareholders of 10 May 2006 approved Ballast Nedam's corporate governance policy and structure. 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 three 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.) in the case of Mr Bruijninx. Mr Bruijninx was appointed for an indeterminate period early in 2003, before the Code came into effect. The severance pay agreed at the time was one-and-a-half times fixed annual salary, and Ballast Nedam respects these contract terms.



2. The Supervisory Board does not have the power as described in best practice provision II.2.10 to adjust components of remuneration for the already serving directors, and Ballast Nedam respects the pre-existing contract terms. Ballast Nedam will incorporate the possibility to adjust variable components of remuneration in the employment contracts of new Ballast Nedam directors.
3. Ballast Nedam has given a declaration with respect to the financial reporting risks (best practice provision II.1.5) in accordance with the Transparency Guideline pursuant to statutory regulation, as stated in the chapter on 'Risk management and risk profile' on page 16.

We explain in detail Ballast Nedam's compliance with the Corporate Governance Code on the company's website, [www.ballast-nedam.com](http://www.ballast-nedam.com).

## Corporate Governance Statement

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

## Legal structure

Ballast Nedam N.V. is a private limited liability company under Dutch law, subject in full to the statutory two-tier rules. The issued share capital consists of 10 million registered ordinary shares. Depositary receipts for Ballast Nedam shares are listed on NYSE Euronext Amsterdam. The Ballast Nedam Administration Office issues depositary receipts for shares and administers the underlying shares. As at 31 December 2009, the Administration Office had issued depositary receipts for 97.45% 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.

## 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 Ballast Nedam N.V. and the associated business, taking into consideration the relevant interests of the stakeholders. The Supervisory Board also takes into consideration social aspects of business conduct that are relevant to the company. The Supervisory Board currently has four members. All supervisory directors are independent within the meaning of the Code.



Ballast Nedam is altering two of the ten Amstel Campus buildings for the lively new educational centre at the start of Amsterdam's Wibautstraat. The Hogeschool van Amsterdam is due to move in in 2014. After completely stripping the listed Kohnstammhuis (shown in the photo) and the Mauritsgebouw, the renovation will be spectacular. We are developing the fitting-out package together with the architect and client. The buildings are due for completion in April 2011.



Supervisory directors are appointed by the General Meeting of Shareholders, on the nomination of the Supervisory Board. The General Meeting of Shareholders may reject nominations by an ordinary majority of the votes cast, providing that at least one third of the capital in issue is represented at the meeting. The General Meeting of Shareholders and the Central Works Council can recommend specific people for nomination as supervisory directors to the Supervisory Board. The Supervisory Board will follow the recommendations of the Central Works Council in nominating one third of its membership, unless the Supervisory Board has grounds to object to a candidate who is considered unfit to perform the duties of a supervisory director, or where the recommended appointment would produce an inappropriate composition of the Supervisory Board. 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. Within its field of responsibilities, the Audit Committee prepares Supervisory Board decision-making and advises the Supervisory Board. The responsibilities and working methods of the Audit Committee are laid down in Regulations that are posted on the Ballast Nedam website.

No transactions took place in 2009 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 additional rules on the allocation of tasks and working methods of the Supervisory Board, and on its dealings with the Board of Management, the General Meeting of Shareholders, and the Central Works Council. These Regulations are posted on the Ballast Nedam website. Personal details of the Supervisory Board members are presented on page 61 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 2009, the Board of Management was authorized until 6 November 2010, 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 20% of the capital in issue if the issue coincides with an acquisition or merger, provided that an Extraordinary General Meeting of Shareholders is convened within two months of an issue of more than 20 per cent of the issued capital, in order to explain and justify the issue, unless a General Meeting of Shareholders is already scheduled within three months;
- restrict or exclude preferential rights to shares to be issued.

The Board of Management Regulations contain additional rules on the allocation of tasks and working methods of the Board of Management, and on its dealings with the Supervisory Board, the General Meeting of Shareholders, the Central Works Council and the external auditors. These Regulations are posted on the Ballast Nedam website. Personal details of the Board of Management members are presented on page 60 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 16.

## 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 who solely or jointly represent at least 1% of the capital in issue are entitled 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 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.



Candido, an Amsterdam-based family business, is a terrazzo specialist. Their new premises in Westpoort will be right alongside the new West ring road. This will give them a strategic site with ample opportunity for future expansion. Ballast Nedam is building a showroom and offices with a floor area of 1 850 m<sup>2</sup>.

## Depository 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 depository receipts for shares, and takes account of the interests of the company and its associated business. The Board of the Administration Office consists of three independent members, and appoints the members. The Meeting of Holders of Depository Receipts may recommend persons for appointment.

A Meeting of Holders of Depository 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 depository receipts who so request. There is also the possibility to issue binding voting instructions. The depository receipts are fully exchangeable and are not, therefore, used as an anti-takeover measure. The present system of issuing depository receipts for shares is used solely as a means of preventing a minority of shareholders from controlling the decision-making process in a General Meeting of Shareholders.

Page 126 of the annual report presents the report of the Board of the Stichting Administratiekantoor van aandelen Ballast Nedam, explaining the activities of this foundation in 2009. 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 2009 resolved to engage KPMG Accountants N.V. to audit the financial statements for 2009. 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.



The N210 is the traffic artery between Krimpen aan den IJssel and Bergambacht. The roundabouts, viaducts, tunnels and covered sections along the N210 will make access to Krimpenerwaard easier and safer.

The 14.5-kilometre section between Krimpen aan den IJssel and Bergambacht passes over soft moorland. The soil conditions were an important factor in the innovative design of this 'floating' road. After construction Ballast Nedam will maintain the entire, new N210 for the next twenty years.

# REMUNERATION REPORT

The Supervisory Board hereby presents the remuneration report for 2009, 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 full Supervisory Board discussed the remuneration of the individual members of the Board of Management in a single meeting in 2009. Scenario analyses were prepared and discussed in 2010 as set down in the corporate governance code.

The remuneration policy for the Board of Management is aimed at motivating and retaining skilled board members who are capable of leading a major Dutch construction group with international 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 who are covered by the UTA and the collective labour agreement (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 targets, the profit for the period and average capital employed, based on the business plan approved by the Supervisory Board. One third of the bonus is determined by reference to non-financial 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.



Ballast Nedam has built Buurtfabriek Ruimzicht on the former Houtsma site in Amsterdam Oud-West. This small-scale new building project consists of an underground car park, ground-floor commercial space and four residential floors, divided into ten luxury rented homes, ten senior rented homes and six owner-occupied homes.

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 operates a management option scheme that was approved at the Extraordinary General Meeting of Shareholders on 26 October 2006. The purposes of the scheme are to allow managing directors to be granted options as an instrument for long-term loyalty and to ensure that the interests of individual managing directors mirror those of the shareholders. Options are therefore granted on condition that the managing directors themselves buy and hold depositary receipts for shares equivalent to a minimum of 5% 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 Supervisory 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 degree to which the managing director in question met the bonus performance criteria in the preceding financial year.

Under this scheme, the aggregate maximum option rights that the Supervisory Board may grant to the members each year is 2% 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 2010**

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 proposes to continue the current remuneration policy in 2010, taking into consideration the output of the scenario analysis drawn up by the Board with respect to the possible outcomes of variable remuneration.

The most important indicators of the financial objectives, which flow from the strategy objectives given on page 30 of this annual report, are reflected in the financial performance criteria (profit for the period and average capital employed) of the variable remuneration in the short term. The other nonfinancial strategy objectives were included as a factor in determining the other part of the variable remuneration in the short term. There is also a connection through the management option scheme between the strategy objectives and variable remuneration in the long term, in that the achievement of strategy objectives is a determinant of the price of Ballast Nedam's shares.



## REMUNERATION OF BOARD OF MANAGEMENT MEMBERS

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

### Fixed annual salary

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

	1 January 2010	1 January 2009
• T.A.C.M. Bruijninx	€ 479 000	€ 472 000
• R.L.M. Jacobs	€ 351 000	€ 346 000
• R. Malizia	€ 351 000	€ 346 000

These amounts are the fixed periodic salaries as at 1 January 2010 multiplied by 13, plus holiday allowance. The increases to be applied in 2010 pursuant to the collective agreement were not included in the above. The above-mentioned annual salaries are based on 52 weeks.

### Bonus

The Board of Management members met some of the financial criteria they were set, as was examined and confirmed by the external auditors. These financial criteria determine two-thirds of the bonus payments. As the Annual Report shows, the Board of Management also showed skilled management of exceptional and important issues for the company. In the opinion of the Supervisory Board, the non-financial criteria, which determine one third of the bonus payments, were likewise realized in part. The members of the Board of Management are consequently eligible for a portion of the maximum bonus. The Board of Management has decided in consultation with the Supervisory Board to waive bonus payment for 2009 in view of the results for the year.

### Options

In 2009, the following options were granted to Board of Management members for the 2008 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 13 March 2009, and can be exercised after three years from that date. The exercise price is 11.60 euros. The options have a potential value at the time of grant, which can be realized only if the conditions stated in the option regulations are met at the time of exercising, and the market price in the period from three to six years after grant is higher than the exercise price. Otherwise, the options are forfeited at no value. During the period in which the options may be exercised, members of the Board of Management may acquire one depositary receipt for a Ballast Nedam share for every option they exercise against payment of the exercise price. During the period in which the options may be exercised, they may alternatively exercise the options by announcing that they wish to sell the depositary receipts for shares to which they are entitled. In that case Ballast Nedam will pay the director concerned an amount for each option equal to the opening market price on the following trading day less the exercise price and less the costs involved.

As noted in the 2008 Annual Report, the Board of Management members complied with some of the bonus performance criteria in 2008. 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. The associated financing costs are equal to the costs incurred by the company.

### Other

Board of Management members receive a fixed allowance and use of a company car. In other respects, the members of the Board of Management are subject to terms that mirror the applicable collective labour agreement (CAO), including annual increments, and may avail themselves of the same staff schemes that apply to other employees. Examples of the above are the tax-deductible facilities for fitness, the employee savings scheme and the use of a mobile phone/PDA.

### Contract term, notice period and severance pay

Mr Bruijninckx 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 Bruijninckx is one-and-a-half times the fixed annual salary. Severance pay for Messrs Jacobs and Malizia is equal to the fixed annual salary.

### Relationship between remuneration and performance

In the opinion of the Supervisory Board, the remuneration of the Board of Management is in line with performance delivered by the Board of Management.

## REMUNERATION OF SUPERVISORY BOARD MEMBERS

Supervisory Board members receive a fixed fee that is independent of company performance. The General Meeting of Shareholders fixed the remuneration of the Supervisory Board in 2005. As of 1 January 2010, the annual fees for supervisory directors were as follows:

• A.N.A.M. Smits	€ 45 000
• R.M.M. Boelen	€ 30 000
• J.C. Huis in 't Veld	€ 30 000
• M.H. Schultz van Haegen	€ 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 2010, the annual fees for Audit Committee members were as follows:

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

Haitsma Beton B.V. has developed an innovative product known as the Hailight.

This hollow self-compacting concrete pile is 30% lighter than the conventional solid type, but has the same structural properties. By using less concrete, Haitsma is able to reduce not only the weight, but also transport and crane costs and CO<sub>2</sub> emission. Lighter pile driving rigs will also suffice, saving up to 20 per cent on execution costs.

The first application of Haitsma's hollow pile was for the construction of the new N210 highway.



## REMUNERATION CHART

### Managing directors and supervisory directors

x € 1 thousand	2009				2008			
	Gross salary	Bonus	Pensions & social security costs	Expense allowance	Gross salary	Bonus	Pensions & social security costs	Expense allowance
<b>Board of Management</b>								
T.A.C.M. Bruijninx	482	-	136	5	465	131	93	5
R.L.M. Jacobs	354	-	108	5	362	96	69	5
R. Malizia	354	-	100	5	377	96	65	5
	1 190	-	344	15	1 204	323	227	15
<b>Supervisory directors</b>								
A.N.A.M. Smits	45	-	-	2	45	-	-	2
H.C. Broeksma 1)	17	-	-	1	35	-	-	1
R.M.M. Boelen	35	-	-	2	35	-	-	2
J.C. Huis in 't Veld 2)	33	-	-	2	30	-	-	2
M.H. Schultz van Haegen 3)	15	-	-	1	-	-	-	1
	145	-	-	8	145	-	-	8
<b>Totaal</b>	<b>1 335</b>	<b>-</b>	<b>344</b>	<b>23</b>	<b>1 349</b>	<b>323</b>	<b>227</b>	<b>23</b>

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

2) As of 1 July 2009 member of the Audit Committee

3) As of 1 July 2009 member of the Supervisory Board

## FULLY AUTOMATED WELDER

Hoco Beton has acquired a new mat welder to improve product efficiency. The machine can produce 3D wire frames in a fully automated process. Hoco Beton uses the frames in various prefabricated concrete products.







## **STEEL SLAB TERMINAL ROTTERDAM**

Our regional company closed an integrated design & construct contract with the Port of Rotterdam, in which the specialist activities foundation techniques and engineering were fully included.

## Option scheme

Year granted	2009	2008	2007
<b>T.A.C.M. Bruijninx</b>			
Total costs in the financial year in €	311 000	221 000	100 000
Number	40 000	40 000	40 000
Exercise price in €	11.60	25.11	35.85
Share price at time of grant in €	13.00	24.40	36.10
Share price at time of grant in €	-	-	-
Share price at time of grant in €	247 600	356 400	378 000
Status at 31/12/2009	conditional	conditional	conditional
End of black-out period	13/03/2012	14/03/2011	16/03/2010
Expiry date	12/03/2015	13/03/2014	15/03/2013
Expected value at end of black-out period in €	300 000	115 000	35 000
<b>R.L.M. Jacobs</b>			
Total costs in the financial year in €	233 000	166 000	36 000
Number	30 000	30 000	30 000
Exercise price in €	11.60	25.11	35.85
Share price at time of grant in €	13.00	24.40	36.10
Share price at time of grant in €	-	-	-
Share price at time of grant in €	185 700	267 300	283 500
Status at 31/12/2009	conditional	conditional	conditional
End of black-out period	13/03/2012	14/03/2011	16/03/2010
Expiry date	12/03/2015	13/03/2014	15/03/2013
Expected value at end of black-out period in €	225 000	85 000	25 000
<b>R. Malizia</b>			
Total costs in the financial year in €	233 000	166 000	36 000
Number	30 000	30 000	30 000
Exercise price in €	11.60	25.11	35.85
Share price at time of grant in €	13.00	24.40	36.10
Share price at time of grant in €	-	-	-
Theoretical share price at time of grant in €	185 700	267 300	283 500
Status at 31/12/2009	conditional	conditional	conditional
End of black-out period	13/03/2012	14/03/2011	16/03/2010
Expiry date	12/03/2015	13/03/2014	15/03/2013
Expected value at end of black-out period in €	225 000	85 000	25 000

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

The total costs in the financial year are determined as follows. The theoretical value at the time of grant is recognized as an expense in the income statement during the black-out period. These costs are distributed uniformly in time over the year at the time of grant and three subsequent financial years. The total costs in the financial year consist of the costs allocated to that financial year of all current option grants in the black-out period.

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





## **FINANCIAL STATEMENTS 2009**

Light roof apartments in the  
Buurtfabriek Ruimzicht in Amsterdam.

## Consolidated statement of financial position

x € 1 million	Note	31 December 2009	31 December 2008
<b>Non-current assets</b>			
Intangible assets	1	28	25
Property, plant and equipment	2	184	176
Financial assets	3	103	36
Investment in associates	4	-	-
Deferred tax assets	5	37	37
		352	274
<b>Current assets</b>			
Inventories	6	230	199
Work in progress	7	105	127
Receivables	8	221	295
Cash and cash equivalents	9	126	109
		682	730
<b>Current liabilities</b>			
Bank overdrafts	9	(15)	(17)
Current portion of long-term loans	11	(6)	(7)
Prepaid on inventories	6	(12)	(29)
Work in progress	7	(191)	(141)
Trade payables		(237)	(300)
Income tax payable	5	(1)	-
Other liabilities	10	(151)	(145)
Current portion of provisions	13	(31)	(21)
		(644)	(660)
Current assets minus current liabilities		38	70
		390	344
<b>Non-current liabilities</b>			
Loans	11	197	126
Derivatives		14	15
Deferred tax liability	5	3	3
Employee benefits	12	4	4
Provisions	13	10	28
		228	176
<b>Total shareholders' equity</b>			
Equity attributable to owners of the company	14	162	168
Minority interest		-	-
		162	168
		390	344

See Notes to the consolidated financial statements on pp 94 -116.

## Consolidated income statement

x € 1 million	Note	2009	2008
Revenue	16	1 384	1 426
Raw materials and subcontractors		(1 026)	(1 077)
Personnel expenses	17	(277)	(267)
Other operating expenses		(39)	(15)
		(1 342)	(1 359)
Share in profits of associates	4	-	-
Earnings before interest, taxes, depreciation and amortization (EBITDA)		42	67
Depreciation and amortization of property, plant and equipment and intangible assets	1,2	(25)	(25)
Earnings before interest and taxes (EBIT)		17	42
Finance income	18	5	2
Finance expense	18	(14)	(13)
Net finance income and expense		(9)	(11)
Profit before income tax		8	31
Income tax expense	19	(2)	(7)
<b>Profit for the period</b>		<b>6</b>	<b>24</b>
Attributable to:			
Owners of the company		6	24
Minority interests		-	-
<b>Profit for the period</b>		<b>6</b>	<b>24</b>
Attributable to owners of the company:			
Basic earnings per share (€)	20	0.62	2.46
Diluted earnings per share (€)	20	0.62	2.46

See Notes to the consolidated financial statements on pp 94 - 116.

## Consolidated statement of comprehensive income

x € 1 million	2009	2008
Profit for the period	6	24
Foreign currency translation differences	1	(3)
Net change in hedging reserve	1	(11)
Other comprehensive income	2	(14)
<b>Total comprehensive income for the period</b>	<b>8</b>	<b>10</b>
Attributable to:		
Owners of the company	8	10
Minority interests	-	-
<b>Total comprehensive income for the period</b>	<b>8</b>	<b>10</b>

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

## Consolidated statement of changes in equity

x € 1 million	Issued share capital	Share premium	Repurchased own shares	Currency translation reserves	Associates reserve	Net change in hedging reserve	Other reserves	Profit	Equity attributable to the owners of the company	Minority interests	Total shareholders' equity
<b>31 December 2007</b>	<b>60</b>	<b>52</b>	<b>(2)</b>	<b>-</b>	<b>16</b>	<b>-</b>	<b>19</b>	<b>27</b>	<b>172</b>	<b>-</b>	<b>172</b>
Profit for the period	-	-	-	-	-	-	-	24	24	-	24
Foreign currency translation differences	-	-	-	(3)	-	-	-	-	(3)	-	(3)
Effective portion of changes in fair value of hedging instruments	-	-	-	-	-	(11)	-	-	(11)	-	(11)
Net change in fair value of hedging instruments, transferred to profit and loss	-	-	-	-	-	-	-	-	-	-	-
Comprehensive income	-	-	-	(3)	-	(11)	-	24	10	-	10
Dividend paid	-	-	-	-	-	-	(14)	-	(14)	-	(14)
Option scheme	-	-	-	-	-	-	-	-	-	-	-
Repurchased own shares	-	-	-	-	-	-	-	-	-	-	-
Transactions with shareholders	-	-	-	-	-	-	(14)	-	(14)	-	(14)
Appropriation of 2007 profit	-	-	-	-	-	-	27	(27)	-	-	-
Other	-	-	-	-	10	-	(10)	-	-	-	-
<b>31 December 2008</b>	<b>60</b>	<b>52</b>	<b>(2)</b>	<b>(3)</b>	<b>26</b>	<b>(11)</b>	<b>22</b>	<b>24</b>	<b>168</b>	<b>-</b>	<b>168</b>
Profit for the period	-	-	-	-	-	-	-	6	6	-	6
Foreign currency translation differences	-	-	-	1	-	-	-	-	1	-	1
Effective portion of changes in fair value of hedging instruments	-	-	-	-	-	(1)	-	-	(1)	-	(1)
Net change in fair value of hedging instruments, transferred to profit and loss	-	-	-	-	-	2	-	-	2	-	2
Comprehensive income	-	-	-	1	-	1	-	6	8	-	8
Dividend paid	-	-	-	-	-	-	(12)	-	(12)	-	(12)
Option scheme	-	-	-	-	-	-	1	-	1	-	1
Repurchased own shares	-	-	(3)	-	-	-	-	-	(3)	-	(3)
Transactions with shareholders	-	-	(3)	-	-	-	(11)	-	(14)	-	(14)
Appropriation of 2008 profit	-	-	-	-	-	-	24	(24)	-	-	-
Other	-	-	-	-	(9)	-	9	-	-	-	-
<b>31 December 2009</b>	<b>60</b>	<b>52</b>	<b>(5)</b>	<b>(2)</b>	<b>17</b>	<b>(10)</b>	<b>44</b>	<b>6</b>	<b>162</b>	<b>-</b>	<b>162</b>

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

## Consolidated statement of cash flows

x € 1 million	Note	2009	2008
<b>Net cash, 1 January</b>	<b>9</b>	<b>92</b>	<b>52</b>
Profit for the period		6	24
Depreciation	2	23	24
Amortization	1	2	1
Impairment		-	-
Finance expense	18	14	13
Finance income	18	(5)	(2)
Share-based payments		1	-
Income tax expense	19	2	7
Share in profits of associates	4	-	-
Result on disposed property, plant and equipment		-	-
Movement in other investments	3.2	-	(1)
Movement in other receivables	3.3	1	(1)
Movement in work in progress	7	72	(11)
Movement in inventories	6	(48)	(6)
Movement in provisions and employee benefits	12,13	(8)	(7)
Interest paid	18	(13)	(10)
Interest received	18	-	1
Income taxes paid	19	(1)	(2)
Change in other current assets and current liabilities		15	36
<b>Net cash flows used in operating activities</b>		<b>61</b>	<b>66</b>
<b>Intangible assets</b>			
Investments	1	(5)	(2)
Disposals	1	-	-
<b>Property, plant and equipment</b>			
Investments	2	(32)	(44)
Disposals	2	3	3
<b>Financial assets</b>			
Investments	3.1	(65)	(14)
Disposals	3.1	3	18
Dividend received	4	-	1
Acquisitions of subsidiaries		(1)	(4)
Cash acquired in acquisitions		-	-
<b>Net cash flows from investing activities</b>		<b>(97)</b>	<b>(42)</b>
<b>Drawings of long-term loans</b>	<b>11</b>	<b>90</b>	<b>43</b>
<b>Repayment of long-term loans</b>	<b>11</b>	<b>(19)</b>	<b>(14)</b>
<b>Dividend paid</b>		<b>(12)</b>	<b>(14)</b>
<b>Proceeds from repurchase of own shares</b>		<b>(3)</b>	<b>-</b>
<b>Net cash flows from financing activities</b>		<b>56</b>	<b>15</b>
<b>Effect of exchange rate fluctuations on cash held</b>		<b>(1)</b>	<b>1</b>
<b>Net cash, 31 December</b>	<b>9</b>	<b>111</b>	<b>92</b>

See Notes to the consolidated financial statements on pp 94 - 116.

The net cash consists of the balance of cash and cash equivalents and bank overdrafts that cannot be offset against one another. Of the total net cash, € 86 million (2008: € 75 million) is at the free disposal of the company.



# Notes to the consolidated financial statements

## Significant accounting policies

Ballast Nedam N.V. is based in Nieuwegein in the Netherlands. The consolidated financial statements of Ballast Nedam N.V. for the 2009 financial year comprise Ballast Nedam N.V. (the head of the group) and its subsidiaries (jointly referred to as Ballast Nedam) and Ballast Nedam's interest in associates and entities over which there is joint control.

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

The Board of Management drew up the financial statements on 11 March 2010 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 7 May 2010.

## 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 of Book 2 of the Netherlands Civil Code.

## Accounting policies used in the consolidated financial statements

The consolidated financial statements are presented in millions of euros. Any items with a value less than € 0.5 million are shown as '-'. The financial statements have been 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 that 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 that have significant consequences for the financial statements, and estimates that involve an appreciable risk of material change in the following year, are disclosed in the notes.

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

## Amended accounting policies

A number of new standards, changes to existing standards and interpretations that came into effect in 2009 have accordingly now been applied for the first time in the consolidated financial statements. The most important of these for Ballast Nedam are as follows.

### IAS 1 Presentation of Financial Statements (revised)

The company has applied the revised IAS 1 standard as of 1 January 2009. Ballast Nedam consequently presents all movements in equity that are related to shareholders as such in the consolidated statement of changes in equity, and all other movements in equity in the consolidated statement of comprehensive income. The movements are shown after taxation. The comparative information has been adjusted to conform with the revised standard. The only effect of the revised system is on the presentation of comprehensive income, not the profit per share.

### IAS 23 Borrowing Costs (revised)

Ballast Nedam capitalizes borrowing costs for qualifying assets where the commencement of capitalization is on or after 1 January 2009. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as a component of the price. The revised standard eliminates the previously applied option of expensing borrowing costs that relate to the construction or acquisition of an asset as and when they are incurred. In accordance with the transition requirements of this standard, the comparative figures have not been adjusted. This system revision has no material effect on the profit per share.

### IFRS 8 Operating Segments

IFRS 8 replaces IAS 14, and in line with the new standard the segmentation in this financial report conforms with the segments identified for internal reporting purposes by the Board of Management, which comprises the chief operating decision makers. The impact of the implementation of this standard is restricted to presentational aspects and has no effect on the profit per share. The comparative information has been adjusted in line with the transitional arrangements of the revised standard.

An operating segment is a component of Ballast Nedam that engages in business activities that may contribute substantially to revenues and expenses, including those related to transactions with other components of the Group. The operating results of an operating segment are reviewed regularly by the Board of Management in order to make decisions about resources to be allocated to the segment and to assess its performance.

Segmented results reported to the Board of Management comprise items that can be attributed to the segment either

directly or on a reasonable basis. Among the items that are not included are finance income and expense, and income tax assets and liabilities.

#### **IFRS 2 Share-based Payments / Vesting Conditions (Revised)**

A consequence of the revised standard is that the remaining part of the measured value of share options is written down when the options lapse or are settled before becoming unconditional. This revision has had no effect on the profit per share.

### **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 on which the control ceases.

#### **Associates**

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

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

#### **Joint ventures**

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

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

#### **Elimination of transactions for consolidation purposes**

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

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

#### **Foreign currency translation**

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

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

#### **Intangible assets**

##### **Goodwill**

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

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

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

##### **Other intangible assets**

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

##### **Amortization**

Amortization of intangible assets, other than goodwill and those with an indefinite life, is calculated on the basis of the expected useful life. Concessions in respect of land and raw

materials are amortized in proportion to the extent of the raw materials estimated to have been extracted.

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

The expected useful lives are as follows.

Concessions 5 - 30 years

Software 3 years

Goodwill and intangible assets with an indefinite life are systematically assessed for impairment at 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. The borrowing costs for qualifying assets, which necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized.

### Leased assets

Lease agreements under which Ballast Nedam assumes virtually all the risks and rewards of ownership are classified as financial leases.

### Subsequent costs

If it is probable that the future economic benefits will flow from the asset to Ballast Nedam and the cost of the asset can be reliably measured, Ballast Nedam includes the cost of replacement of part of an item of property, plant and equipment in the carrying amount of the asset concerned when those costs are incurred. All other costs are taken to the income statement as an expense when they are incurred.

### Depreciation

Depreciation is generally calculated on a straight-line basis over the expected useful life of each item of property, plant and equipment (or part thereof). Land is not depreciated.

The expected useful lives are as follows.

Buildings 10 - 30 years

Plant and equipment 5 - 20 years

Other 2 - 10 years

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

## Financial assets

### PPP receivables

Receivables in respect of Public-Private Partnerships (PPPs) relate to concession fees from public bodies (public authorities) receivable in connection with PPP projects. PPP receivables are recognized as financial assets. In conformity with IAS 32 and 39, PPP receivables are initially recognized at fair value and are subsequently 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 in the consolidated statement of comprehensive income if the investment is classified as available for sale; if not, they are recognized in the income statement. Only in the exceptional case that the fair value cannot be reliably determined, 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 policies. On initial recognition as assets held for sale, assets and disposal groups are stated at the lower of the carrying amount and fair value less costs to sell. A discontinued operation is part of the Group's activities that represents a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs on the earlier of disposal or when the operation meets the criteria for classification as an asset held for sale. A disposal group that ceases to be classified as such can also meet these criteria.

### Derivative financial instruments

Ballast Nedam makes limited use of derivative financial instruments in order to hedge exposure to currency, interest rate and market risks arising from operating, financing and investing activities. In conformity with its treasury policy,

Ballast Nedam holds no derivatives for trading purposes, nor does it issue derivatives of this kind. Derivatives not qualifying for hedge accounting are treated as trading instruments.

On initial recognition, derivative financial instruments are measured at fair value, and the attributable transaction costs are recognized in the income statement as soon as they occur. If no hedge accounting is applied, gains and losses on revaluation to fair value are recognized directly in the income statement. Results arising from fair value adjustments of forward exchange contracts are recognized as a part of the natural hedge on the currency results of the project concerned.

If hedge accounting is applied, Ballast Nedam documents the relationship between the financial instrument and the position to be hedged. The objectives with respect to risk management, and the strategy followed in initiating hedging transactions, are recorded. Ballast Nedam also documents estimates of the effectiveness of the hedging transaction. If the hedge relationship is effective, movements are recognized in the consolidated statement of comprehensive income, with allowance for the deferred taxation effect. The net change 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 net selling price. In principle these holdings are not 'in production' and development costs are consequently not capitalized. Interest is capitalized at the time the land position is actively developed. The associated costs are expensed. Planning permissions and building permits are included in landholdings.

Land and buildings for sale are also included in inventories. The buildings concerned have yet to be sold to third parties and are either under construction or have reached structural completion. The stocks of land and buildings available for sale are carried at the lower of cost, including directly attributable indirect costs, and market value less selling costs. Interest is capitalized subject to meeting the conditions for capitalizing finance expense.

Sold residential building projects in which the client has no option to specify structural elements in the design, and where there is continuous transfer of the significant risks and rewards of ownership, are recognized under inventories. This portion of inventories is recognized at cost plus profit in proportion to the progress of the project less a provision for foreseeable losses and less invoiced instalments in proportion to the progress of the project. Interest is capitalized subject to meeting the conditions for capitalizing finance expense. The cost of residential building projects includes directly attributable indirect costs on the basis of normal production capacity.

Finished goods are carried at the lower of cost and net market value. The cost of finished goods is based on the first-in, first-out (FIFO) principle. The cost includes interest subject to meeting the conditions for capitalizing finance expense. The cost of finished goods includes directly attributable indirect costs on the basis of normal production capacity.

Raw materials are stated at the lower of cost and net selling price.

### **Work in progress**

Work in progress on behalf of third parties is recognized at cost plus profit in proportion to the progress of the project less a provision for foreseeable losses and less invoiced instalments in proportion to the progress of the project. Interest is capitalized subject to meeting the conditions for capitalizing finance expense. The cost of work in progress includes directly attributable indirect costs on the basis of normal production capacity.

As soon as a reliable profit estimate can be made for construction contracts on behalf of third parties, the contractual revenues and expenses are recognized in the income statement in proportion to the percentage of completion of the project. The percentage of completion is determined on the basis of production measurements. Expected losses on contracts are recognized immediately in the income statement.

Preparatory expenses and design and construction costs on large projects (i.e. tendering costs) are capitalized as work in progress as and when Ballast Nedam becomes the sole bidder in contract negotiations. Any preparatory expenses prior to this phase are charged to the income statement. Tendering costs expensed in the period to which they relate are not subsequently capitalized if the project is won.

### Receivables

Trade and other receivables are carried at amortized cost less impairment.

Long-term receivables are carried at amortized cost with the exception of deferred tax assets, which are stated at the nominal amount.

### Cash and cash equivalents

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

### Impairment

Except for inventories, work in progress and the deferred tax asset of Ballast Nedam, the carrying amount of assets is reviewed at the end of the reporting period in order to determine whether there are any indications of impairment. Where there are such indications an estimate is made of the recoverable amount of the asset.

In the case of goodwill and assets with an indefinite useful life, the recoverable amount is estimated at the end of each end of reporting period.

The recoverable amount is equal to the higher of fair value less costs to sell, and value in use. In measuring the value in use, the present value of the estimated future cash flows is calculated using a pre-tax discount rate which reflects both the current market estimates of the time value of money and the specific risks inherent in the asset in question. In the case of an asset which only generates income that is highly dependent on that of other assets, the recoverable amount is measured for the cash-generating unit to which the asset belongs.

Impairment losses are recognized in the income statement.

### Repurchase of own shares

For purchased own shares included in equity in the statement of financial position, the amount paid, including directly attributable costs, is recognized in equity. Repurchased shares are classified as purchased own shares and included as a deduction from total equity. When purchased own shares are delivered, they are removed from the portfolio on a first-in, first-out (FIFO) basis. The difference between cost and market value is recognized in the share premium reserve.

### Dividend

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

### Equity-settled share-based payment transactions

The share option scheme enables the Board of Management to acquire depositary receipts for shares in Ballast 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 remaining part of the measured value of options is written down as and when they lapse or are settled before becoming unconditional. 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 statement of financial position. 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 liability is converted to present value, taking account of actuarial assumptions.

### Provisions

A provision is recognized in the statement of financial position if Ballast Nedam has a legal or constructive obligation as a result of an event in the past and it is probable that an outflow of resources embodying economic benefits will be required in order to settle that obligation.

If the effect thereof is material, the provisions are determined by calculating the present value of the estimated future cash flows using a pre-tax discount rate reflecting both the current market estimates of the time value of money and, where necessary, the specific risks inherent in the obligation.

### Trade and other payables

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

Income from the sale of goods is recognized in the income statement as and when the significant risks and rewards of ownership have been transferred to the buyer. Revenue and profit are recognized on a pro rata basis as construction progresses for those residential building projects in which the client has no option to specify structural elements in the design, and where there is continuous transfer of the significant risks and rewards of ownership.

#### Services rendered

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

### PPP projects

During the construction phase of the asset, PPP projects are recognized as work in progress for third parties. The relating financial asset is recognized based on invoiced instalments. 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.

The interest income of the financial asset is recognized as financial income in the income statement. During the operating phase, the income from PPP projects comprises the fair value of the delivery of contractually agreed services and the interest income related to the investment in the project. Income is recognized when the services to which it relates are delivered.

### Government subsidies

Government subsidies are recognized once it is reasonably certain that they will be received and the conditions for award of the subsidy have been met. Subsidies awarded to compensate costs are recognized in the income statement in the same period as the costs incurred. Subsidies that contribute to the development or purchase of assets are deducted from the price of the assets concerned.

### Costs

Costs are allocated to the period to which they relate.

### Lease instalments on operating leases

Lease instalments on operating leases are recognized in the income statement on a straight-line basis over the period of the lease.

### Lease instalments on financial leases

The minimum lease instalments are recognized partly as financing costs and partly as repayment of the outstanding liability. The financing costs are allocated to each period of the total lease period in such a way as to result in a constant periodic rate of interest over the remaining balance of the liability.

### Net finance expense

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

## Income tax expense

Tax is calculated on the result from ordinary operations, allowing for tax-exempt items and based on the applicable tax rates. Tax is recognized in the income statement except in relation to items recognized in the consolidated statement of comprehensive income.

Deferred tax is recognized using the balance sheet method on temporary differences between the reported carrying amounts and tax bases of assets and liabilities, and for future carry-forward losses, and is accounted for on the basis of the applicable tax rates for the periods when the temporary differences are expected to be reversed.

Deferred tax assets are recognized at nominal amount of the portion that will probably be realized.

No deferred tax is recognized for the following temporary differences: the initial recognition of goodwill, 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.

## Statement of cash flows

Cash flows from operating activities are presented using the indirect method. Cash flows in foreign currencies are converted at the exchange rate on the date of the cash flow or at the average rate. Non-cash items, such as foreign currency translation differences, acquisitions, financial lease obligations, changes in fair value, equity-settled share-based payments and so forth are eliminated from this statement. Dividends paid to ordinary shareholders are included in the cash flows from financing activities. Interest paid is included in the cash flows from operating activities. Current-account balances payable on demand forming part of Ballast Nedam's cash management operations are included in the balance of cash and overdrafts with banks in preparing the consolidated statement of cash flows.

## Basic earnings per share

The basic earnings per share are calculated by dividing the profit for the period attributable to holders of shares by the average number of shares in issue in the period. The diluted earnings per share are calculated by dividing the profit by the average number of shares in issue, 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

The Board of Management regularly uses information of individual divisions in order to make decisions about resources to be allocated and to assess performance. Additional financial information is provided for each division. The decisions about resources to be allocated and the assessment of performance are based on earnings before interest and taxes and capital employed. The amounts for transactions between segments are determined on an arm's

length basis. The results, assets and liabilities of a segment comprise items that can be attributed to the segment either directly or on a reasonable basis.

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

## New standards and interpretations not yet applied

A number of new standards, changes to existing standards and interpretations had yet to come into effect 2009 and are therefore not applied in the consolidated financial statements. The most important of these for Ballast Nedam are as follows.

### IFRS 3 Business Combinations (revised) and 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 minority 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 recognized directly in the income statement. This standard will be applied on a prospective basis in accordance with the transition requirements. The implementation of this standard may have a material impact on the profit per share in the event of a substantial transaction.

### IFRIC 15 Agreements for the Construction of Real Estate

IFRIC 15 provides guidance on the application of IAS 11 Construction contracts and IAS 18 Revenue. Each contract is assessed to determine whether it meets the definition of construction contracts on behalf of third parties, the rendering of services, or the sale of goods. IFRIC 15 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. Ballast Nedam recognizes the revenue of residential building projects of this kind in accordance with IAS 18 criteria. Where there is continuous transfer of control and the significant risks and rewards of ownership of the work in progress (continuous transfer), revenue is accordingly recognized on a pro rata basis as construction or completion progresses. The implementation of this standard is expected to have no material impact on Ballast Nedam's comparative figures or shareholders' equity.

### IAS 39 Financial Instruments (revised)

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



The old wooden foundation of Amsterdam's imposing Central Station is to be replaced to make way for the intersection with the future North-South line. A pile foundation 60 metres deep must be installed, working from a space offering three metres of headroom. Gebr. van Leeuwen has applied a new technology that involves vertical microtunneling under the rail junction to install a tubular pile wall foundation. Microtunneling allows large deep foundation piles to be installed without vibration and nuisance, from a limited workspace. These properties make microtunneling an excellent choice for large construction projects in urban areas.

## Operating segments 2009

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

The number of employees posted abroad was 105 (2008: 146).

## Operating segments 2008

x € 1 million	Infrastructure	Building and Development	Subtotal operating segments	Reconciliation	Total
Revenue of segment	708	735	1 443	24	1 467
Intersegment revenue	(16)	(11)	(27)	(14)	(41)
Revenue	692	724	1 416	10	1 426
Total operating expenses	(655)	(691)	(1 346)	(13)	(1 359)
Share in profits of associates	-	-	-	-	-
Earnings before interest, taxes, depreciation and amortization (EBITDA)	37	33	70	(3)	67
Impairment	-	-	-	-	-
Depreciation	(16)	(4)	(20)	(4)	(24)
Earnings before interest, taxes and amortization (EBITA)	21	29	50	(7)	43
Amortization	(1)	-	(1)	-	(1)
Earnings before interest and taxes (EBIT)	20	29	49	(7)	42
Finance income and expense					(11)
Income tax expense					(7)
<b>Profit for the period</b>					<b>24</b>
Margin	2.8%	3.9%	3.4%		2.9%
Order book	705	1 005	1 710	(43)	1 667
Capital employed	133	71	204	48	252
Assets	482	488	970	34	1 004
Investments in non-current assets	46	15	61	3	64
Associates	-	-	-	-	-
Liabilities	382	420	802	34	836
Impairment of property, plant and equipment and intangible assets					
Impairment	-	-	-	-	-
Reversal of impairments	-	-	-	-	-
Employees					
Temporary employment	204	192	396	17	413
Permanent employment	1 927	1 514	3 441	87	3 528
<b>Average number of employees</b>	<b>2 131</b>	<b>1 706</b>	<b>3 837</b>	<b>104</b>	<b>3 941</b>



## Operating segments (continued)

### Revenue

x € 1 million	31 December 2009	31 December 2008
Operating segments	1 412	1 443
Other	26	24
Intersegment revenue	(54)	(41)
<b>Total</b>	<b>1 384</b>	<b>1 426</b>

### Earnings before interest and taxes

x € 1 million	31 December 2009	31 December 2008
Operating segments	24	49
Not allocated to segments	(7)	(7)
Subtotal	17	42
Intersegment results	-	-
Share in profits of associates	-	-
<b>Total</b>	<b>17</b>	<b>42</b>

### Assets

x € 1 million	31 December 2009	31 December 2008
Operating segments	1 102	970
Not allocated to segments	222	219
Associates	-	-
Elimination and unallocated assets	(290)	(185)
<b>Total</b>	<b>1 034</b>	<b>1 004</b>

### Liabilities

x € 1 million	31 December 2009	31 December 2008
Operating segments	845	802
Not allocated to segments	67	55
Elimination and unallocated liabilities	(40)	(21)
<b>Total</b>	<b>872</b>	<b>836</b>

### Geographical segments

x € 1 million	Revenue		Assets		Other fair value investments	
	2009	2008	2009	2008	2009	2008
The Netherlands	1 272	1 348	186	176	8	8
Other Europe	36	44	16	14	-	-
Other	76	34	18	19	-	-
<b>Total</b>	<b>1 384</b>	<b>1 426</b>	<b>220</b>	<b>209</b>	<b>8</b>	<b>8</b>

92% of revenues (2008: 95%) were generated in the Netherlands. The assets reported under the geographical segments comprise the non-current assets, excluding financial instruments and deferred tax assets.

## Acquisition of subsidiaries

Agreement was reached in 2009 on the indirect acquisition of Zandwinning Noord Nederland B.V., formerly Plegt-Vos Zandwinning B.V.. The share transfer to a consortium in which Ballast Nedam has a 50% interest occurred on 23 April 2009. This company has sand and gravel extraction operations. 18 December 2009 saw the transfer of the remaining shares of Libella Nederland B.V., ABL2 B.V. and 70% of the shares of HR Aktief Huis B.V.. Libella Nederland B.V. and HR Aktief Huis B.V. operate in the energy-efficient housing field. ABL2 B.V. has area development operations.

The price of the acquisitions was less than € 1 million, which was paid in full in 2009. In the period up to 31 December 2009, the contribution of the acquisitions to the consolidated revenue was less than € 1 million and profit before income tax was nil. The effect on revenue and profit would not have been substantially different if the acquisition had taken place on 1 January 2009.

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	Carrying amounts
<b>Effect on assets and liabilities:</b>			
Property, plant and equipment	-	-	-
Other assets	1	-	1
Other liabilities	-	-	-
Balance of identifiable assets and liabilities	1	-	1
Goodwill in acquisition	-	-	-
Price paid	1	-	-
Cash acquired	-	-	-
<b>Outflow of cash and cash equivalents</b>	<b>1</b>		

# Notes to the statement of financial position

## 1 Intangible assets

x € 1 million	Goodwill	Concessions	Other	Total
<b>Cost</b>				
<b>31 December 2007</b>	<b>12</b>	<b>19</b>	<b>2</b>	<b>33</b>
Investments	-	2	-	2
Acquisitions	2	-	-	2
Disposals	-	-	-	-
<b>31 December 2008</b>	<b>14</b>	<b>21</b>	<b>2</b>	<b>37</b>
Investments	-	4	1	5
Acquisitions	-	-	-	-
Disposals	-	-	-	-
<b>31 December 2009</b>	<b>14</b>	<b>25</b>	<b>3</b>	<b>42</b>
<b>Amortization and accumulated impairment</b>				
<b>31 December 2007</b>	<b>1</b>	<b>9</b>	<b>1</b>	<b>11</b>
Amortization	-	1	-	1
Impairment	-	-	-	-
Disposals	-	-	-	-
<b>31 December 2008</b>	<b>1</b>	<b>10</b>	<b>1</b>	<b>12</b>
Amortization	-	1	1	2
Impairment	-	-	-	-
Disposals	-	-	-	-
<b>31 December 2009</b>	<b>1</b>	<b>11</b>	<b>2</b>	<b>14</b>
<b>Carrying amount</b>				
Infrastructure	8	11	1	20
Building and Development	5	-	-	5
Other	-	-	-	-
<b>31 December 2008</b>	<b>13</b>	<b>11</b>	<b>1</b>	<b>25</b>
Infrastructure	8	14	1	23
Building and Development	5	-	-	5
Other	-	-	-	-
<b>31 December 2009</b>	<b>13</b>	<b>14</b>	<b>1</b>	<b>28</b>

### Goodwill

An impairment test is carried out each year. The present value of estimated future cash flows is calculated using a pre-tax discount rate (9% – 11%). The business plan is used as a basis for projections for the 2010–2012 period. The residual value is calculated for the perpetual cash flow with an allowance for growth of between 0% and 2%. No impaired assets were identified in the impairment test. A 1% increase in the pre-tax discount rate would not lead to a material impairment.

x € 1 million	31 December 2009	31 December 2008
Bontrup Beheer B.V.	2	2
Verkaik B.V.	2	2
Spankern B.V.	3	3
Zomers bouwbedrijf B.V.	3	3
Gebr. Van Leeuwen B.V.	1	1
Other	2	2
<b>Total</b>	<b>13</b>	<b>13</b>

## Concessions

Ballast Nedam owns concessions for high-grade primary raw materials in Belgium, Norway, Germany and the Netherlands. Amortization takes place in proportion to extraction. The remaining weighted average amortization period for concessions as at year-end was 22 years (2008: 22 years). Ballast Nedam incurred no significant raw material and minerals exploration costs in 2009 for raw materials with unproven technical or commercial extraction potential.

## Purchase commitments

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

## Research & development expenses

In 2009 expenses of € 10 million were recognized in the income statement for product development and other innovations. No material research & development expenses were capitalized.

## 2 Property, plant and equipment

x € 1 million	Land and buildings	Equipment and fixtures and fittings	Other operating assets	Total
<b>Cost</b>				
<b>31 December 2007</b>	<b>100</b>	<b>212</b>	<b>32</b>	<b>344</b>
Investments	4	35	5	44
Acquisitions	1	1	1	3
Disposals	-	(10)	(2)	(12)
Foreign currency translation differences	(3)	-	(1)	(4)
<b>31 December 2008</b>	<b>102</b>	<b>238</b>	<b>35</b>	<b>375</b>
Investments	2	27	3	32
Acquisitions	-	-	-	-
Disposals	-	(5)	(2)	(7)
Foreign currency translation differences	2	-	1	3
<b>31 December 2009</b>	<b>106</b>	<b>260</b>	<b>37</b>	<b>403</b>
<b>Depreciation and accumulated impairment</b>				
<b>31 December 2007</b>	<b>32</b>	<b>134</b>	<b>20</b>	<b>186</b>
Impairment	-	-	-	-
Depreciation	3	18	3	24
Disposals	-	(7)	(2)	(9)
Foreign currency translation differences	(1)	-	(1)	(2)
<b>31 December 2008</b>	<b>34</b>	<b>145</b>	<b>20</b>	<b>199</b>
Impairment	-	-	-	-
Depreciation	4	16	3	23
Disposals	-	(4)	(1)	(5)
Foreign currency translation differences	1	-	1	2
<b>31 December 2009</b>	<b>39</b>	<b>157</b>	<b>23</b>	<b>219</b>
<b>Carrying amount</b>				
Infrastructure	35	75	6	116
Building and Development	11	13	2	26
Other	22	5	7	34
<b>31 December 2008</b>	<b>68</b>	<b>93</b>	<b>15</b>	<b>176</b>
Infrastructure	34	79	6	119
Building and Development	11	19	2	32
Other	22	5	6	33
<b>31 December 2009</b>	<b>67</b>	<b>103</b>	<b>14</b>	<b>184</b>

The investments in land and buildings and in plant and equipment, in both 2009 and 2008, related mainly to investments by Infrastructure. The investments in other assets, in both 2009 and 2008, related primarily to IT and communications equipment. In 2009, there were no material disposals (2008: idem).

### Purchase commitments

At the end of the reporting period, Ballast Nedam was committed to purchasing property, plant and equipment worth less than € 1 million (2008: € 3 million).

### Security

Property, plant and equipment with a carrying amount of € 29 million have been provided as mortgage collateral.

### Financial lease

Ballast Nedam leases various items of property, plant and equipment through financial lease contracts. Ballast Nedam has the option to buy the assets at the end of some of the lease contracts. The leased assets serve as security for the lease obligations. At the end of the reporting period, the leased assets were carried at € 8 million (2008: € 3 million).

## 3 Financial assets

x € 1 million	Note	31 December 2009	31 December 2008
PPP receivables	3.1	92	24
Other fair value investments	3.2	8	8
Other receivables	3.3	3	4
<b>Total</b>		<b>103</b>	<b>36</b>

### 3.1 PPP receivables

x € 1 million	2009	2008
<b>1 January</b>	<b>27</b>	<b>30</b>
Recognized receivables	65	14
Capitalized interest	5	1
Payments received	(3)	(18)
<b>31 December</b>	<b>94</b>	<b>27</b>
of which:		
Long-term	92	24
Current	2	3

The Public Private Partnership (PPP) receivables related to the concession fees receivable from public bodies (public authorities) in connection with the rights to sections of the Dutch N31 and N11 motorways, and the provision of accommodation by the DUO2 and Komfort consortiums and others. The concessions have remaining durations of 12 years and 1 year, and between 22 and 26 years, respectively.

The interest income on the PPP receivables and the interest expenses on the PPP loans are presented as interest income and expenses in the income statement. The current portion of the PPP receivables is included in receivables. The PPP receivables have been pledged as security for the related loans from ING, 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 2009	31 December 2008
<b>Name</b>				
CV GEM Vleuterweide	13.4%	The Netherlands	7	7
Other			1	1
<b>Fair value</b>			<b>8</b>	<b>8</b>

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 end of the reporting period. At year-end 2009 these amounted to € 3 million (2008: € 4 million). At the end of the reporting period, Ballast Nedam had made loans totalling less than € 1 million (2008: less than € 1 million) to several associates.

### 4 Investment in associates

x € 1 million	Country	31 December 2009	31 December 2008
Other	The Netherlands	-	-
<b>Total</b>		<b>-</b>	<b>-</b>

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 taxation

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

x € 1 million	2009	2008
<b>Deferred tax asset</b>		
<b>1 January</b>	<b>37</b>	<b>38</b>
Movement through comprehensive income	-	4
Movement through income statement	-	(5)
<b>31 December</b>	<b>37</b>	<b>37</b>

The deferred tax asset remained unchanged in 2009 (movement in 2008: € 1 million negative). The utilization of carry-forward losses was € 1 million (2008: € 8 million). The value of additional carry-forward losses recognized in 2009 was € 1 million (2008: € 3 million). The deferred taxation of the portion of fair value changes of derivatives where the hedge relationship was effective, was € 4 million (2008: € 4 million).

In 2009 the tax position of the Dutch fiscal unity to year-end 2006 was recorded with the tax authorities in a settlement agreement. A substantial proportion of the carry-forward losses of the Dutch fiscal unity were recognized as at year-end 2009.

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

There is a limitation on the utilization of these tax losses in the Netherlands. The average remaining carry-forward period is less than five years (2008: less than 6 years). The utilization of carry-forward losses depends on future taxable profits and tax planning opportunities.

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

x € 1 million	2009	2008
<b>Deferred tax liability</b>		
Intangible assets	3	3
Other differences	-	1
<b>1 January</b>	<b>3</b>	<b>4</b>
Movement through comprehensive income	-	(1)
Movement through income statement	-	-
<b>31 December</b>	<b>3</b>	<b>3</b>

### Income tax payable

The income tax payable consists of income tax due outside the fiscal unity, of € 1 million (2008: nil).

## 6 Inventories

x € 1 million	31 December 2009	31 December 2008
Land positions	157	142
Projects under construction, unsold	20	7
Projects completed, unsold	10	3
Residential building projects	4	12
Finished product	16	20
Raw material & semi-finished goods	23	15
<b>Total</b>	<b>230</b>	<b>199</b>

The accumulated impairment losses for obsolete inventories, deducted from finished goods, amount to € 6 million (2008: € 8 million). A number of the inventory positions were revalued in 2009. The adjustment of a number of land positions to historical cost amounted to € 2 million (2008: € 8 million) and is recognized as income in the income statement. The note to the inventories item was corrected in 2009. The accumulated impairment losses for inventories in 2008 was € 8 million as opposed to nil. The correction made in 2009 to the note to the inventories has no impact on the presented equity and profit for 2008.

The cost of finished goods and raw materials and semi-manufactured goods sold amounted to € 76 million (2008: € 94 million).

### Received in advance on inventories

The inventories included in current liabilities, amounting to € 12 million (2008: € 29 million), related to housing projects on which the value of the work performed is lower than the amount of the instalments invoiced.

## 7 Work in progress

x € 1 million	31 December 2009	31 December 2008
Work in progress under current assets	105	127
Work in progress under current liabilities	(191)	(141)
<b>Total</b>	<b>(86)</b>	<b>(14)</b>
Project costs including recognized profit	1 357	1 243
Instalments	(1 443)	(1 257)
<b>Total</b>	<b>(86)</b>	<b>(14)</b>
Instalments received	1 327	1 114
Instalments outstanding	116	142
Retained from instalments	-	1
<b>Total</b>	<b>1 443</b>	<b>1 257</b>

<b>x € 1 million</b>	<b>31 December 2009</b>	<b>31 December 2008</b>
Instalments	134	165
Trade receivables	84	121
PPP receivables	2	3
Prepaid expenses	1	6
<b>Total</b>	<b>221</b>	<b>295</b>

As at 31 December 2009, instalments included an amount of less than € 1 million (2008: € 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**

<b>x € 1 million</b>	<b>31 December 2009</b>	<b>31 December 2008</b>
0 - 30 days	145	190
31 - 60 days	36	49
61 - 90 days	14	18
91 - 365 days	19	16
older than 1 year	12	20
	226	293
Impairment on bad debtors	(8)	(7)
<b>Total</b>	<b>218</b>	<b>286</b>

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 write-downs for bad debts amounted to € 8 million (2008: € 7 million) and have been deducted from trade receivables. The movements in the provision were as follows.

#### **Impairment on bad debtors**

<b>x € 1 million</b>	<b>31 December 2009</b>	<b>31 December 2008</b>
<b>1 January</b>	<b>7</b>	<b>7</b>
Additions	3	1
Reversals	-	-
Utilization	(2)	(1)
<b>31 December</b>	<b>8</b>	<b>7</b>

Part of the allocation of € 3 million in 2009 for irrecoverable receivables related to receivables that are currently the subject of arbitration.

As at the end of the reporting period, there were no known garnishments of receivables (2008: idem).

## 9 Net cash

x € 1 million	31 December 2009	31 December 2008
Cash and cash equivalents	126	109
Bank overdrafts	(15)	(17)
<b>Total</b>	<b>111</b>	<b>92</b>
Unrestricted cash balances	86	75
Proportionately consolidated	25	17
<b>Total</b>	<b>111</b>	<b>92</b>

Cash and cash equivalents (€ 126 million) consisted of credit balances (2008: € 109 million).

In 2007, Ballast Nedam contracted credit facilities with three banks, to a maximum of € 60 million. Ballast Nedam made use of these facilities in the course of the year under review. None of these facilities was taken up at year-end 2009 (2008: idem).

## 10 Other liabilities

x € 1 million	31 December 2009	31 December 2008
VAT, payroll tax and social security contributions	32	19
Pension contributions	1	1
Charges relating to work in progress	49	59
Derivatives	-	-
Other	69	66
<b>Total</b>	<b>151</b>	<b>145</b>

Other liabilities, in the amount of € 69 million (2008: € 66 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. As of 2009 Ballast Nedam submits turnover tax returns quarterly.

## 11 Loans

x € 1 million	31 December 2009	31 December 2008
<b>1 January</b>	<b>133</b>	<b>115</b>
Loans drawn	90	43
Repayments	(19)	(14)
Movement in current portion	(1)	(11)
<b>31 December</b>	<b>203</b>	<b>133</b>
Long-term	197	126
Current	6	7
<b>31 December</b>	<b>203</b>	<b>133</b>
<b>Long-term</b>		
PPP loans	92	24
Land bank financing	33	33
Business loan	50	50
Financial leases	6	2
Other loans	16	17
<b>31 December</b>	<b>197</b>	<b>126</b>
<b>Current</b>		
PPP loans	1	3
Land bank financing	-	-
Business loan	-	-
Financial leases	1	1
Other loans	4	3
<b>31 December</b>	<b>6</b>	<b>7</b>

x € 1 million	Currency	Maturity		Facility	31 December 2009	31 December 2008
		period	Interest			
NIBC / Bank Nederlandse Gemeenten (PPP)	EUR	2021	Euribor 3-month + margin	8	8	9
Bank Nederlandse Gemeenten (PPP)	EUR	2035	Euribor 1-month + margin	81	43	12
ING Bank (PPP)	EUR	2035	Euribor 1-month + margin	69	20	3
Sumitomo Mitsui Banking Corp (PPP)	EUR	2035	Euribor 1-month + margin	32	21	3
BC Transportation Financing Authority	CAD		6.825%	3	3	3
CBT Golden Peaks Development Corp.	CAD	2010	8% + 7%	4	4	3
FGH Bank	EUR	2012	Euribor 1-month + margin	37	34	34
Rabobank	EUR	2012	4.63%	50	50	50
ABN AMRO	EUR	2012	Euribor 1-month + 1.45%	10	3	2
Other	EUR				17	14
<b>Total</b>					<b>203</b>	<b>133</b>

### PPP loans

The PPP loans comprise multiple tranches, where the period to maturity of the tranche with the longest term is shown. Of the PPP loans € 1 million was drawn from other financiers. Derivatives held for hedging the cash flow risk on variable interest rate PPP loans were obtained from the same financial institutions as the underlying loans. The maximum margin on the PPP loans is less than 3%.

The total of the above facilities (except 'Other') was € 294 million, of which € 186 million was drawn as at the end of the reporting period. Ballast Nedam has facilities in addition to those mentioned above for an amount of € 82 million.

### 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 conditions were revised with effect from 1 June 2009, leading to finance income of less than € 1 million. The loan is being repaid through the payment of royalties based on a percentage of revenue. The unpaid amount for any year (interest and/or principal) is added to the remaining principal. The remaining amount of the loan can be repaid without penalty. KHMR is to continue paying the royalties until the residual debt has been repaid. The loan has a fixed interest rate of 6.825%.

### CBT Golden Peaks Development Corporation

The original amount of the CBT loan of CAD 5 million plus unpaid interest must be repaid on 1 March 2010. 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 the ski resort Kicking Horse Mountain Resort have been pledged as collateral. In 2009 the variable interest paid was nil (2008: nil).

### 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 period to maturity of this facility was extended after the end of the reporting period by 3 years to 2015. The land positions concerned were mortgaged as security for the loan, at an interest rate equal to the Euribor rate plus 2% (to year-end 2009: 1%). The loan does not contain any financial covenants. The loan will be (partially) redeemed on the sale of the land positions. At year-end 2009, € 33 million of this facility had been drawn.

FGH Bank also provided financing for various company buildings. At year-end 2009, approximately € 1 million of this amount was still outstanding (2008: idem).

### Rabobank

Rabobank granted a loan of € 50 million on 1 April 2007. The period to maturity of this loan was extended after the end of the reporting period to 1 April 2014. The loan has a fixed interest rate of 5.4% (to year-end 2009: 4.63%) and has 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 at the end of the reporting period of € 29 million.

### ABN AMRO and other

Loans mainly comprise some smaller loans to finance these landholdings and a recycling installation.



## 11.2 PPP loans per project

x € 1 million	2009	2008
<b>Long-term</b>		
Waldwei	7	9
N11	-	-
Kromhout Kazerne	46	4
IB Groep & Belastingdienst Groningen	14	5
DC16	25	6
Other	-	-
<b>31 December</b>	<b>92</b>	<b>24</b>
<b>Current</b>		
Waldwei	1	-
N11	-	3
Kromhout Kazerne	-	-
IB Groep & Belastingdienst Groningen	-	-
DC16	-	-
Other	-	-
<b>31 December</b>	<b>1</b>	<b>3</b>

The loans represent Ballast Nedam's proportional share of project finance for the 'Design Build Finance Maintain Operate' contracts of the PPP projects. The shares of the companies that are responsible for these projects, and all other receivables and assets of these companies, have been pledged as collateral.

## 11.3 Maturity period financial leases

x € 1 million	2009	2008
Less than 1 year	1	1
1 - 5 years	7	1
More than 5 years	-	1
<b>Future lease instalments</b>	<b>8</b>	<b>3</b>
Future finance expense	(1)	-
Less than 1 year	1	1
1 - 5 years	6	1
More than 5 years	-	1
<b>Present value of financial leases</b>	<b>7</b>	<b>3</b>

The finance expense attributable to financial leases was less than € 1 million in 2009 (2008: less than € 1 million). The financial leases involve no constraints on financing or dividend policy.

x € 1 million	Long-term illness	Long-service bonuses	Other benefits	Total personnel expenses	
				2009	2008
<b>01 January</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>5</b>	<b>6</b>
Additions	-	1	-	1	1
Unwind of discount	-	-	-	-	-
Reversals	-	-	-	-	-
Contributions received	-	-	-	-	-
Effect of amendments to pension scheme	-	-	-	-	-
Utilization	-	-	(1)	(1)	(2)
<b>31 December</b>	<b>1</b>	<b>4</b>	<b>-</b>	<b>5</b>	<b>5</b>
Of which recognized in current liabilities				(1)	(1)
				4	4

### Long-term illness and long-service bonuses

The discount rate of the provision for long-term illness and long-service bonuses was 5% (2008: 5%).

### Pensions

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

### 13 Provisions

x € 1 million	Reorganization	Guarantee liabilities	Other	Total
<b>31 December 2007</b>	<b>14</b>	<b>15</b>	<b>25</b>	<b>54</b>
Addition	1	5	5	11
Unwind of discount	-	-	2	2
Reversals	(1)	(4)	(3)	(8)
Utilization	(4)	(4)	(2)	(10)
<b>31 December 2008</b>	<b>10</b>	<b>12</b>	<b>27</b>	<b>49</b>
Addition	2	6	1	9
Unwind of discount	-	-	1	1
Reversals	(6)	(2)	(1)	(9)
Utilization	(1)	(3)	(5)	(9)
<b>31 December 2009</b>	<b>5</b>	<b>13</b>	<b>23</b>	<b>41</b>
Current (< 1 year)				
31 December 2008	4	6	11	21
31 December 2009	3	7	21	31

The provision for reorganization included € 1 million (2008: € 7 million) for the settlement of a rental guarantee in respect of the former subsidiary Ballast Plc, which was wound up in 2006. The release from this provision consisted of payments of less than € 1 million (2008: € 1 million), a reversal of € 6 million in connection with claims that are no longer considered realistic, and an increase of less than € 1 million for foreign currency translation differences.

A large part of the other releases from the reorganization provision are payments for individual severance arrangements. The additions comprised various small-scale reorganizations.

The provision for warranties relates to work which has been delivered. Of the addition to the provision, € 2 million (2008: € 2 million) was charged to income and the remaining € 4 million (2008: € 3 million) was charged to work in progress and associated inventories. Provisions no longer needed, in the amount of € 2 million (2008: € 4 million), were released to income and € 3 million (2008: € 4 million) was utilized to settle warranty claims received.

Other provisions include € 16 million (2008: € 15 million) for the consequences of infringements of competition rules to the end of 2002. The remaining amounts of the provisions and additions relate to claims against Ballast Nedam in connection with construction projects. The release of less than € 1 million (2008: 3 million) related to several provisions no longer needed for potential claims. The release of € 5 million consisted of withdrawals for the settlement of claims.

The finance expense related to unwinding of discount on long-term provisions is shown in the income statement. Provisions are stated with compound interest only if a reasonable estimate can be made of the release date of the funds. The interest rate applied is 6% (2008: 6%). In 2009 the unwinding of discount amounted to € 1 million (2008: € 2 million).

## 14 Shareholders' equity

The authorized capital consists of 20 000 000 ordinary shares and amounts to € 120 million. The issued share capital consists of 10 000 000 ordinary shares with a nominal value of € 6. For tax purposes, € 25 million of the share premium account is freely distributable.

The total number of repurchased shares at year-end 2009 was 298 082 (2008: 129 751) and is stated at acquisition price. 168 331 of the company's own shares were repurchased in 2009 (2008: 29 751) and no repurchased shares were sold (2008: none).

Translation differences arise on the conversion of the investments in foreign activities, including semi-permanent financing, and on the differences between results translated at the average exchange rate during the year and the exchange rate prevailing at the end of the reporting period.

The 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 consortiums subject to legal restrictions on distribution, or restrictions imposed by the Articles of Association. The movement is explained by an increase in the equity of proportionately consolidated joint ventures and construction consortiums where distribution is restricted by influence of the partners.

Share-based transactions, the option scheme, relates to the addition to equity because of the employee benefits recognized in respect of options granted. The movement in equity in 2009 was € 777 000 (2008: € 553 000).

The dividend distributed for 2008 was charged to Other Reserves. The Board of Management, with the approval of the Supervisory Board, proposes to distribute a dividend of € 0.31 per ordinary share in issue (2008: € 1.24) up to a maximum of € 3 million (2008: € 12 million). No entry has yet been made for the dividend proposal, which has no consequences for the company's tax position.

### Share capital

	2009	2008
Shares in issue at 1 January	9 870 249	9 900 000
Shares issued	-	-
Movement in repurchased shares	(168 331)	(29 751)
Shares in issue at 31 December	9 701 918	9 870 249

The movement in the repurchased shares consisted entirely of purchases (2008: idem). The total number of repurchased shares at year-end 2009 was 298 082 (2008: 129 751). 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 (2008: idem).

## 15 PPPs

### Net investment

x € 1 million	Total	Long-term	Current
Intangible assets (PPP concessions)			
PPP receivables	94	92	2
Non-recourse PPP loans	(93)	(92)	(1)
Subtotal	1	-	1
Balance of other assets and liabilities	(11)	(12)	1
<b>Total 31 December 2009</b>	<b>(10)</b>	<b>(12)</b>	<b>2</b>

x € 1 million	Total	Long-term	Current
Intangible assets (PPP concessions)	-	-	-
PPP receivables	27	24	3
Non-recourse PPP loans	(27)	(24)	(3)
Subtotal	-	-	-
Balance of other assets and liabilities	(11)	(11)	-
<b>Total 31 December 2008</b>	<b>(11)</b>	<b>(11)</b>	<b>-</b>

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

Ballast Nedam is involved in the following PPP projects:

- Waldwei: this project provides availability of the N31 motorway in the Netherlands, which opened in 2008. The remaining term of the concession is 12 years. Ballast Nedam has a 33% interest.
- N11: this project provides availability of the N11 motorway in the Netherlands, which opened in 2008. The remaining term of the concession is 1 year. Ballast Nedam has a 16.67% interest.
- Komfort: this concession provides accommodation for the Netherlands Ministry of Defence. This project is scheduled to become operational in 2011, and has a term of 26 years. Ballast Nedam has a 30% interest.
- Duo2: this concession provides accommodation for the Netherlands Tax and Customs Administration and the IB Group. This project is scheduled to become operational in 2011, and has a term of 22 years. Ballast Nedam has a 30% interest.
- DC16: this concession provides accommodation for the Netherlands Ministry of Justice. This project is scheduled to become operational in 2010, and has a term of 26 years. Ballast Nedam has a 50% interest.

At the end of the term the concession rights to the aforementioned PPP projects are transferred to the client.

### Unconditional capital contribution commitments

At the end of the reporting period, Ballast Nedam had unconditional capital contribution commitments of € 14 million (2008: € 11 million) to PPPs.

## Notes to the consolidated income statement

### 16 Revenue

x € 1 million	2009	2008
Sale of goods	258	367
Rendering of services	57	69
Construction contract revenue	1 069	990
Rendering of services – PPP projects	-	-
Other	-	-
<b>Total</b>	<b>1 384</b>	<b>1 426</b>

### 17 Personnel expenses

x € 1 million	2009	2008
Wages and salaries	228	221
Social security costs	27	26
Pension charges	22	20
<b>Total</b>	<b>277</b>	<b>267</b>
Charges for defined contribution scheme	22	20
<b>Pension charges</b>	<b>22</b>	<b>20</b>

### 18 Finance income and expense

x € 1 million	2009	2008
Interest on bank deposits	-	1
Interest on hedging instruments	-	-
Capitalized interest on PPP receivables	5	1
Capitalized interest on other assets	-	-
<b>Finance income</b>	<b>5</b>	<b>2</b>
Unwind of discount on provisions	(1)	(2)
Interest charge on hedging instruments	(3)	(1)
Interest expenses	(10)	(10)
<b>Finance expense</b>	<b>(14)</b>	<b>(13)</b>

Results arising from fair value adjustments of forward exchange contracts are recognized as a part of the natural hedge on the currency results of the project concerned.

### 19 Income tax expense

There was a tax charge of € 2 million (2008: € 10 million), of which € 1 million (2008: € 8 million) related to the Dutch fiscal unity. The Dutch fiscal unity has approximately € 126 million (2008: € 130 million) of carry-forward losses in the Netherlands. In 2009 the tax position of the Dutch fiscal unity to year-end 2006 was recorded with the tax authorities in a settlement agreement. A substantial proportion of the carry-forward losses of the Dutch fiscal unity were recognized as at year-end 2009.

Ballast Nedam has recognized no deferred taxation for the outstanding tax-deductible losses in Canada, in view of the impracticability of reliably estimating the timing of settlement. Ballast Nedam intends to liquidate several more foreign companies in the next few years. The size of the possible liquidation losses cannot yet be estimated reliably. The average remaining carry-forward period was less than five years (2008: less than six years). The utilization of carry-forward losses depends on future taxable profits and tax planning opportunities. A total of € 1 million (2008: € 8 million) of the deferred tax asset was realized in 2009. The value of additional carry-forward losses recognized in 2009 was € 1 million (2008: € 3 million). The amounts recognized in 2009 were for losses outside the fiscal unity (2008: within the fiscal unity). Losses incurred outside the fiscal unity amounting to € 8 million (2008: € 10 million) related mainly to foreign activities that have not been recognized.



x € 1 million	2009		2008	
Reconciliation of standard and effective tax rates				
Profit before income tax	8		31	
Nominal taxes (25.5%)	25.5%	2	25.5%	8
Additional tax-deductible losses	(11.0%)	(1)	(9.8%)	(3)
Deferred results not included in the fiscal unity	25.6%	2	6.4%	2
Effect of tax rates of foreign jurisdictions	(3.2%)	-		-
Tax-exempt results	(17.0%)	(1)		-
Under/(over) provided in earlier years	-	-		-
Non-deductible expenses	3.7%	-	0.7%	-
Effective liability	23.6%	2	22.8%	7

x € 1 million	2009	2008
Reconciliation of standard and effective tax rates		
Current taxation		
Taxation outside the fiscal unity	2	2
Under/(over) provided in earlier years	-	-
	2	2
Deferred taxation		
Use of tax losses	1	8
Capitalized unused tax losses	(1)	(3)
Movement in provision for deferred taxation	-	-
	-	5
Effective liability	2	7

x € 1 million	2009	2008
Deferred taxes recognized directly in total result		
Derivatives	-	4
Effective liability	-	4

## 20 Earnings per share

	2009		2008	
Issued shares at 1 January		10 000 000		10 000 000
Issued this year		-		-
Repurchased own shares		(298 082)		(129 751)
Shares in issue at 31 December		9 701 918		9 870 249
Maximum shares issued on options		-		-
<b>Number of shares diluted</b>		<b>9 701 918</b>		<b>9 870 249</b>
Average number of shares in issue		9 786 084		9 885 125
Average number of shares in issue (diluted)		9 786 084		9 885 125
<b>Profit for the period</b>		<b>6</b>		<b>24</b>
Basic earnings per share (€)		0.62		2.46
Diluted earnings per share (€)		0.62		2.46

Based on the average share price the option scheme did not lead to dilution of the earnings per share in 2009.

# 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 statement of financial position. 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.

## Foreign currency translation risk

The company is exposed to foreign currency translation risk on revenue, project operating costs, loans and investments in associates, held in currencies other than the group's functional currency. Most transactions of this kind are in USD and CAD. Forward exchange contracts with top class banks are contracted to hedge the transaction risk on cash flows generated by ordinary business activities. At year-end 2009, Ballast Nedam had contracted no forward exchange contracts that have been recognized at fair value in the statement of financial position. 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.

The company is exposed to the following foreign currency translation risks in nominal amounts:

	31 December 2009		31 December 2008	
x 1 million	USD	CAD	USD	CAD
Receivables	8	1	5	3
Loans	-	(10)	-	(11)
Bank overdrafts	-	-	-	-
Trade payables	(1)	(1)	(6)	(7)
Other liabilities	-	(2)	(2)	(3)
Foreign currency translation risk on balance sheet items	7	(12)	(3)	(18)
Expected sales	-	13	-	13
Expected purchases	-	(16)	-	(16)
Future foreign currency translation risks	-	(3)	-	(3)
Hedging with foreign exchange contracts	-	-	-	-
<b>Net foreign currency translation risk</b>	<b>7</b>	<b>(15)</b>	<b>(3)</b>	<b>(21)</b>

	2009		2008	
	Average exchange rate	Exchange rate at 31/12	Average exchange rate	Exchange rate at 31/12
EUR / foreign currency				
<b>Exchange rates</b>				
USD	1.394	1.440	1.468	1.400
CAD	1.587	1.515	1.554	1.708

### Sensitivity to foreign currency translation risk

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

x € 1 million	Shareholders' equity	Profit for the Period
<b>31 December 2008</b>		
USD	-	-
CAD	-	1
<b>31 December 2009</b>		
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. The positive cash positions fluctuated throughout the year, but the sensitivity analysis revealed no impact of these fluctuations on the results. Loans are maintained until the maturity date.

### Interest-bearing financial instruments

The interest risk profile of the company's interest-bearing financial instruments as at the end of the reporting period was as follows.

x € 1 million	31 December 2009	31 December 2008
PPP receivables	94	27
Rabobank loans	(50)	(50)
Other	(1)	(1)
<b>Fixed interest</b>	<b>43</b>	<b>(24)</b>
Cash and cash equivalents	126	109
Bank overdrafts	(15)	(17)
Loans	(152)	(82)
<b>Variable interest</b>	<b>(41)</b>	<b>10</b>
<b>Effect of changes in variable interest on the income statement:</b>		
interest rate rise of 100 basis points	-	-
interest rate 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 since 1 July 2008. 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 € 3 million. If hedge accounting is applied, the movement in values of the interest rate swaps for the effective portion of the hedging transaction is recognized in comprehensive income.

### Credit risk

Ballast Nedam actively pursues a policy designed to minimize credit risks. Credit risks consist of the risk that other parties will be unable to meet contractual obligations relating to a financial instrument. Creditworthiness assessments are performed for all other clients requiring credit. Ballast Nedam employs prepayments, guarantees and collateral on projects under construction in order to limit the credit risk on instalments and trade receivables. At year-end 2009, there was no concentration of credit risks of any substantial amount in trade receivables.

x € 1 million	31 December 2009	31 December 2008
PPP receivables	92	24
Other fair value investments	8	8
Other receivables	3	4
Receivables	221	295
Cash and cash equivalents	126	109
<b>Total</b>	<b>450</b>	<b>440</b>
Infrastructure	228	247
Building and Development	245	206
Other	(23)	(13)
<b>Total</b>	<b>450</b>	<b>440</b>

## Liquidity risk

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

x € 1 million	Carrying amount	Contractual cash flows	< 1 year	1 - 5 years	> 5 year
Loans	203	(310)	(48)	(114)	(148)
Bank overdrafts	15	(17)	(8)	(6)	(3)
Trade payables	237	(237)	(237)	-	-
Income tax payable	1	(1)	(1)	-	-
Work in progress under current liabilities	191	(191)	(191)	-	-
Inventories	12	(12)	(12)	-	-
Other liabilities	151	(151)	(151)	-	-
Derivatives	14	(17)	(5)	(9)	(3)
<b>Liquidity risk liabilities at 31 December 2009</b>	<b>824</b>	<b>(936)</b>	<b>(653)</b>	<b>(129)</b>	<b>(154)</b>

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

The company holds derivatives in order to hedge exposure to cash flow risks. Derivatives held for hedging the cash flow risk on variable interest rate PPP loans were obtained from the same financial institutions as the underlying loans. The table below shows the periods in which cash flows that are related to these derivatives are expected to occur.

x € 1 million	Carrying amount	Contractual cash flows	< 1 year	1 - 5 years	> 5 year
Forward exchange contracts	-	-	-	-	-
Market risk instruments	2	2	-	-	2
Interest rate swaps	(16)	(19)	(5)	(9)	(5)
<b>Cash flow hedges at 31 december 2009</b>	<b>(14)</b>	<b>(17)</b>	<b>(5)</b>	<b>(9)</b>	<b>(3)</b>

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

Where derivative financial instruments qualify for hedge accounting, the movement in the fair value of € 1 million (2008: € 11 million negative) is recognized in shareholders' equity, taking account of deferred taxes of less than € 1 million (2008: € 4 million).

## Fair value

As at 31 December 2009, 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 end of the reporting period. Ballast Nedam's risk profile has not changed significantly.

## Valuation methods

The table below shows the valuation methods used for financial instruments that are recognized at fair value. The levels are defined as follows. Level 1 refers to (unadjusted) market prices in active markets for identical assets or liabilities. Level 2 involves assets measured on the basis of prices or price derivatives that do not meet the definition for Level 1. The assets shown under Level 3 are measured on the basis of cash flow models.

x € 1 million	31 December 2009			31 December 2008		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Other investments	-	-	8	-	-	8
Derivatives	-	-	(14)	-	-	(15)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(6)</b>	<b>-</b>	<b>-</b>	<b>(7)</b>

There were no transfers in 2009 from Level 1 to Level 2 or Level 3 or vice versa (2008: no transfer). Impairment of the other fair value investments is recognized in the income statement.

## Capital management

Ballast Nedam's policy is aimed at maximizing the value of the business. This is achieved primarily by selecting and implementing promising projects. Ballast Nedam has not set itself any targets for the composition of the capital structure. Ballast Nedam has no financial covenants in loan conditions. Ballast Nedam's policy is to avoid potential dilution through option rights granted by repurchasing a proportional number of its own shares. No changes were made to Ballast Nedam's capital management policy in the past year. The company and its subsidiaries are not subject to external capital requirements.



Ballast Nedam built 26 semi-detached and 14 linked homes in Dordrecht in 2009 in accordance with Ballast Nedam's Origineel Wonen concept. Homes in this concept have predetermined exterior characteristics and residential areas, but everything is possible inside: from two garages to five bedrooms, and from a light-filled ground-floor study to two spacious upstairs balconies. The choice depends on the buyer's lifestyle and household composition. After all, the needs of a traditional family are different from those of a group of friends who would be unable to afford a house on their own, but together can.



## Off-balance sheet liabilities

x € 1 million	31 December 2009	31 December 2008
Guarantees	275	259
<b>Total</b>	<b>275</b>	<b>259</b>

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 2009			31 December 2008		
	< 1 year	1 - 5 years	> 5 years	< 1 year	1 - 5 years	> 5 years
<b>Lease obligations</b>						
Other operating assets	13	25	1	11	29	1
<b>Rental obligations</b>						
Offices	8	30	9	7	26	14
<b>Purchase commitments</b>						
Land purchases	-	23	1	-	16	-
Other	1	3	-	3	-	-
<b>Capital contribution obligations</b>						
PPPs	11	3	-	-	11	-

Ballast Nedam has provisional obligations concerned with the acquisition of land and subsequent payments on land positions for a sum of € 216 million (2008: € 168 million). It is not yet certain that Ballast Nedam will make these acquisitions. Ballast Nedam has provided surety up to € 7 million for a loan drawn by a third party for a land position. The surety can expire upon the acquisition of the land position.

Operating lease costs in 2009 amounted to € 17 million (2008: € 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 of which they are members.

### Other

Final contractual settlement of the projects of the former Ballast Nedam International division is now nearing completion. 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 financial statements, 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. A provision has been formed for a remaining rental obligation. The UK Office of Fair Trading imposed a € 9 million fine on Ballast Nedam N.V. for infringements of UK competition rules by Ballast Plc in January and February 2001. An appeal has since been lodged against this penalty. It is uncertain whether payment of the fine can be enforced in the Netherlands. 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 2009 an interlocutory award of approximately € 20 million was given in favour of Ballast Nedam for a part of the claims. An appeal has been lodged against the interlocutory judgment. 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 from and 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 132 and 133. Ballast Nedam has recognized the following interests in joint ventures in the consolidated statement of financial position.

x € 1 million	31 December 2009	31 December 2008
Non-current assets	116	43
Current assets	181	126
Non-current liabilities	(129)	(32)
Current liabilities	(161)	(110)
<b>Balance of assets and liabilities</b>	<b>7</b>	<b>27</b>

The proportionately consolidated revenue and the cost of sales amounted to about 18% (2008: 13%) 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 € 788 million at year-end 2009 (2008: € 417 million), of which Ballast Nedam's share of € 290 million (2008: € 142 million) is recognized in the consolidated statement of financial position. The statement of financial position and the income statement consist largely of subsidiaries and joint ventures. The investments in associates and other related parties had no substantial influence on the statement of financial position and the income statement.

## Board of management and supervisory board

x € 1 thousand	2009				2008			
	Gross salary	Bonus	Pensions & social security costs	Expense allowance	Gross salary	Bonus	Pensions & social security costs	Expense allowance
<b>Board of Management</b>								
T.A.C.M. Bruijninckx	482	-	136	5	465	131	93	5
R.L.M. Jacobs	354	-	108	5	362	96	69	5
R. Malizia	354	-	100	5	377	96	65	5
	1 190	-	344	15	1 204	323	227	15
<b>Supervisory Board</b>								
A.N.A.M. Smits	45	-	-	2	45	-	-	2
H.C. Broeksma <sup>1)</sup>	17	-	-	1	35	-	-	1
R.M.M. Boelen	35	-	-	2	35	-	-	2
J.C. Huis in 't Veld <sup>2)</sup>	33	-	-	2	30	-	-	2
M.H. Schultz van Haegen <sup>3)</sup>	15	-	-	1	-	-	-	1
	145	-	-	8	145	-	-	8
<b>Total</b>	<b>1 335</b>	<b>-</b>	<b>344</b>	<b>23</b>	<b>1 349</b>	<b>323</b>	<b>227</b>	<b>23</b>

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

2) As of 1 July 2009 member of the Audit Committee

3) As of 1 July 2009 member of the Supervisory Board

The bonuses of the directors relate to the years in which the expense was recognized. T.A.C.M. Bruijninx's employer's social insurance contribution amounted to € 12 000 (2008: € 10 000), and that of both R.L.M. Jacobs and R. Malizia € 11 000 (2008: € 7 000). 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. R.L.M. Jacobs (€ 25 400) received a holiday allowance and a long-service bonus in 2008. R. Malizia (€ 39 800) received a holiday allowance in 2008. The remuneration of the supervisory directors is proportionate to their term of office in the Supervisory Board. Supervisory directors receive a fixed expense allowance of € 2 300 per year. No loans were issued to managing directors or supervisory directors.

### Option scheme

Year granted	2009	2008	2007
Value in €	619 000	891 000	945 000
Number	100 000	100 000	100 000
Exercise price in €	11,60	25,11	35,85
Date granted	13/03/2009	14/03/2008	16/03/2007
Share price at time of grant in €	13,00	24,40	36,10
Exercise period from	13/03/2012	14/03/2011	16/03/2010
Through	12/03/2015	13/03/2014	15/03/2013
Volatility	3-jaars 38%	2-jaars 30%	1-jaars 29%
Risk-free rate	4%	4%	4%
Conditions	employed at the time of exercise	employed at the time of exercise	employed at the time of exercise
Minimum holding	5%	5%	5%

The Supervisory Board awards options to members of the Board of Management in accordance with the option scheme that was approved at the Extraordinary General Meeting of Shareholders on 26 October 2006. The purposes of the scheme are to allow managing directors to be granted options as an instrument for long-term loyalty and to ensure that the interests of individual managing directors mirror those of the shareholders. Options are therefore granted on condition that the managing directors themselves hold depositary receipts for shares.

### Depositary receipts for shares and granted option rights

	Depositary receipts for shares		Options granted in year		
	31 December 2009	31 December 2008	2009	2008	2007
T.A.C.M. Bruijninx	12 000	12 000	40 000	40 000	40 000
R.L.M. Jacobs	4 500	3 000	30 000	30 000	30 000
R. Malizia	5 802	4 502	30 000	30 000	30 000
<b>Number</b>	<b>22 302</b>	<b>19 502</b>	<b>100 000</b>	<b>100 000</b>	<b>100 000</b>

### Costs of option scheme

The following costs are recognized in the income statement and recorded in equity in connection with options granted up to the end of 2009.

x € 1 thousand	2009	2008
T.A.C.M. Bruijninx	311	221
R.L.M. Jacobs	233	166
R. Malizia	233	166
<b>Total</b>	<b>777</b>	<b>553</b>

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

In preparing the financial statements, the management of Ballast Nedam has made estimates and judgements that affect the amounts recognized for assets, liabilities, revenue, costs and the related notes on conditional and off-balance sheet commitments. Estimates and judgements are evaluated on a regular basis.

### Project results

The valuation of work in progress is based on forecasts of the final project results. The ultimate outcome may differ from these forecasts.

### Goodwill

The valuation of goodwill is based on estimated future cash flows. The budgets of the cash generating units are used to estimate future cash flows for the next 3 years. The assumptions of these budgets are partly based on historical profits and external information sources. Cash flows after 3 years are extrapolated with expected growth rates. If estimates and assumptions for the coming financial year can lead to substantial adjustments in the book value this fact is disclosed in the notes to the consolidated financial statements.

### 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 at the end of the reporting period as to whether unused tax losses and deferred tax assets due to temporary differences may be recognized. Ballast Nedam recognizes the portion of deferred tax assets that will probably be realized. If the actual anticipated taxable profits differ from the estimates, and depending on the tax strategies that Ballast Nedam may 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. Provisions for warranties are recognized for the expected expenses necessary to resolve complaints. In the case of the provision made for restructuring in respect of the liquidation of Ballast Plc, the estimate is based on the anticipated cost of settling potential claims under guarantees issued. If the actual outcome differs from the assumptions as to anticipated costs, the estimated provisions will be revised, and this could have an effect on the financial position and results of Ballast Nedam.

## Events after the reporting period

### Financing

The periods to maturity of two long-term loans were extended prematurely in march 2010. The Rabobank loan of € 50 million now matures on 1 April 2014 and has a fixed interest rate of 5.4%. The FGH-bank loan now matures on 1 August 2015 with an interest rate of Euribor plus 200 basis points.

### Claims

Various claims were settled after the reporting period, with a positive result totalling approximately € 6 million.

## Consolidated capital employed, assets and liabilities, financing position

x € 1 million	2009	2008
Non-current assets	352	274
Current assets minus current liabilities	38	70
Less: Cash and cash equivalents	(126)	(109)
Plus: Bank overdrafts	15	17
<b>Capital employed</b>	<b>279</b>	<b>252</b>
Non-current assets	352	274
Current assets	682	730
<b>Assets</b>	<b>1 034</b>	<b>1 004</b>
Current liabilities	644	660
Non-current liabilities	228	176
<b>Liabilities</b>	<b>872</b>	<b>836</b>
Net cash	111	92
Current portion of long-term loans	(6)	(7)
Repayment of long-term loans	(197)	(126)
<b>Net financing position</b>	<b>(92)</b>	<b>(41)</b>



Ballast Nedam is helping build the Zorgboulevard 'Medimall' in Rotterdam, an area development that combines all aspects of health care with homes, shops and leisure facilities. This is a special concept centred around becoming and staying healthy. It is scheduled to open in 2011.

The Medimall will accommodate an annexe of the Delta Psychiatric Centre, the Maastricht Hospital department of medical rehabilitation, a convalescent home, a maternity hotel and a GP surgery.



## Company statement of financial position (before appropriation of profit)

x € 1 million	Note	31 December 2009	31 December 2008
<b>Financial assets</b>			
Subsidiaries	21	272	186
Long-term receivables from subsidiaries		34	7
Deferred tax asset	22	32	33
		338	226
<b>Current assets</b>			
Receivables		1	3
Receivables from subsidiaries		30	11
Cash and cash equivalents		1	1
		32	15
<b>Current liabilities</b>			
Trade payables		(1)	(2)
Other liabilities		(23)	(3)
Debts to subsidiaries		(166)	(45)
		(190)	(50)
Current assets minus current liabilities		(158)	(35)
		180	191
<b>Non-current liabilities</b>			
Provisions	23	18	23
		18	23
<b>Shareholders' equity</b>			
	24		
Issued share capital		60	60
Share premium		52	52
Repurchased own shares		(5)	(2)
Currency translation reserve		(2)	(3)
Associates reserve		17	26
Net change in hedging reserve		(10)	(11)
Other reserves		44	22
Profit for the year		6	24
Equity attributable to the owners of the company		162	168
		180	191

See Notes to the company financial statements on pp 118 - 121.

## Company income statement

x € 1 million	2009	2008
Profit of subsidiaries after taxation	10	27
Other results after taxation	(4)	(3)
<b>Profit for the period</b>	<b>6</b>	<b>24</b>

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

## Notes to the company financial statements

### Significant accounting policies

The company financial statements of Ballast Nedam N.V. form part of the 2009 consolidated financial statements of Ballast Nedam N.V. and have been prepared in accordance with the option provided in Book 2, Section 362 paragraph 8 of the Netherlands Civil Code. The same accounting policies were used in preparing these company financial statements as were used for the consolidated financial statements. The valuation of assets and liabilities, the translation of foreign currencies and the determination of the profit for the period are in accordance with the 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 statement of financial position and only the portion of any further losses for which Ballast Nedam N.V. has a legal or constructive obligation will be recognized.

### 21 Subsidiaries

x € 1 million	Interests in subsidiaries	Non-current intercompany receivables	Total
<b>31 December 2007</b>	<b>51</b>	<b>144</b>	<b>195</b>
Profit	27	-	27
Investments	-	23	23
Disposals	-	-	-
Dividend received	(38)	-	(38)
Net change in hedging reserve	(11)	-	(11)
Foreign currency translation differences	(2)	(1)	(3)
<b>31 December 2008</b>	<b>27</b>	<b>166</b>	<b>193</b>
Profit	10	-	10
Investments	70	51	121
Disposals	-	(20)	(20)
Dividend received	-	-	-
Net change in hedging reserve	1	-	1
Foreign currency translation differences	-	1	1
<b>31 December 2009</b>	<b>108</b>	<b>198</b>	<b>306</b>
Reclassification of negative shareholders' equity subsidiaries	164	(164)	-
<b>Total</b>	<b>272</b>	<b>34</b>	<b>306</b>
Carrying amount as at 31 December 2008	186	7	193
Carrying amount as at 31 December 2009	272	34	306

The investments in 2009 were a paid-in share premium in subsidiaries. The interests in subsidiaries are direct interests, of which the main ones are shown in the organization chart on pages 132 and 133. Some subsidiaries have negative shareholders' equity totalling € 164 million (2008: € 159 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.

A list of interests as referred to in Book 2, Article 379 of the Netherlands Civil Code has been filed in the Commercial Register in Utrecht. The Annual Report has a list of the significant group companies and interests.

x € 1 million	2009	2008
<b>Tax basis deferred tax asset</b>		
<b>1 January</b>	<b>33</b>	<b>38</b>
Movement through equity	-	-
Movement through income statement	(1)	(5)
<b>31 December</b>	<b>32</b>	<b>33</b>

The movement in the deferred tax assets was € 1 million negative in 2009 (2008: € 5 million negative). The utilization of carry-forward losses was € 1 million (2008: € 8 million). No additional carry-forward losses were recognized in 2009 (2008: € 3 million) within the Dutch fiscal unity. In 2009 the tax position of the Dutch fiscal unity to year-end 2006 was recorded with the tax authorities in a settlement agreement. A substantial proportion of the carry-forward losses of the Dutch fiscal unity were recognized as at year-end 2009.

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 five years (2008: less than six years). The utilization of carry-forward losses depends on future taxable profits and tax planning opportunities.

### Non-current intercompany debts

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

### Current portion of provisions

x € 1 million	Reorganisatie	Overig	Totaal
<b>31 December 2007</b>	<b>11</b>	<b>15</b>	<b>26</b>
Addition	1	-	1
Unwinding of discount	-	1	1
Reversals	(1)	(1)	(2)
Utilization	(3)	-	(3)
<b>31 December 2008</b>	<b>8</b>	<b>15</b>	<b>23</b>
Addition	1	-	1
Unwinding of discount	-	1	1
Reversals	(6)	-	(6)
Utilization	(1)	-	(1)
<b>31 December 2009</b>	<b>2</b>	<b>16</b>	<b>18</b>
Current (< 1 jaar)			
31 December 2008	3	2	5
31 December 2009	1	16	17

The provision for reorganization included € 1 million (2008: € 7 million) for the settlement of guarantees in respect of the former subsidiary Ballast Plc. The components of the decrease in this provision were an increase of less than € 1 million for foreign currency translation differences, a reversal of € 6 million in connection with claims that are no longer considered realistic, and payments of less than € 1 million (2008: € 1 million).

Other provisions include € 16 million (2008: € 15 million) for the consequences of infringements of competition rules to the end of 2002.

x € 1 million	Issued	Share	Repurchased	Currency	Associates	Net	Other	Profit	Total
	share	premium	own	translation	reserve	change in	reserves		shareholders'
	capital		shares	reserve		hedging			equity
<b>31 December 2007</b>	<b>60</b>	<b>52</b>	<b>(2)</b>	<b>-</b>	<b>16</b>	<b>-</b>	<b>19</b>	<b>27</b>	<b>172</b>
Profit for the period	-	-	-	-	-	-	-	24	24
Exchange differences	-	-	-	(3)	-	-	-	-	(3)
Effective portion of changes in fair value of hedging instruments	-	-	-	-	-	(11)	-	-	(11)
Net change in fair value of hedging instruments, transferred to profit and loss	-	-	-	-	-	-	-	-	-
Comprehensive income	-	-	-	(3)	-	(11)	-	24	10
Dividend paid	-	-	-	-	-	-	(14)	-	(14)
Option scheme	-	-	-	-	-	-	-	-	-
Repurchased own shares	-	-	-	-	-	-	-	-	-
Transactions with shareholders	-	-	-	-	-	-	(14)	-	(14)
Appropriation of 2007 result	-	-	-	-	-	-	27	(27)	-
Other	-	-	-	-	10	-	(10)	-	-
<b>31 December 2008</b>	<b>60</b>	<b>52</b>	<b>(2)</b>	<b>(3)</b>	<b>26</b>	<b>(11)</b>	<b>22</b>	<b>24</b>	<b>168</b>
Profit for the period	-	-	-	-	-	-	-	6	6
Exchange differences	-	-	-	1	-	-	-	-	1
Effective portion of changes in fair value of hedging instruments	-	-	-	-	-	(1)	-	-	(1)
Net change in fair value of hedging instruments, transferred to profit and loss	-	-	-	-	-	2	-	-	2
Comprehensive income	-	-	-	1	-	1	-	6	8
Dividend paid	-	-	-	-	-	-	(12)	-	(12)
Option scheme	-	-	-	-	-	-	1	-	1
Repurchased own shares	-	-	(3)	-	-	-	-	-	(3)
Transactions with shareholders	-	-	(3)	-	-	-	(11)	-	(14)
Appropriation of 2008 result	-	-	-	-	-	-	24	(24)	-
Other	-	-	-	-	(9)	-	9	-	-
<b>31 December 2009</b>	<b>60</b>	<b>52</b>	<b>(5)</b>	<b>(2)</b>	<b>17</b>	<b>(10)</b>	<b>44</b>	<b>6</b>	<b>162</b>

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 shares at year-end 2009 was 298 082 (2008: 129 751) and is stated at acquisition price. 168 331 of the company's own shares were repurchased in 2009 (2008: 29 751) and no repurchased shares were sold (2008: none).

Translation differences arise on the conversion of the investments in foreign activities, including semi-permanent financing, and on the differences between results translated at the average exchange rate during the year and the exchange rate prevailing at the end of the reporting period.

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

The hedging reserve comprises the cumulative net movement in the fair value of derivative financial instruments, for which the hedged transaction has yet to take place.

Share-based transactions, the option scheme, relates to the addition to equity because of the employee benefits recognized in respect of options granted. The movement in equity in 2009 was € 777 000 (2008: € 553 000).

The dividend distributed for 2008 was charged to Other Reserves. The Board of Management, with the approval of the Supervisory Board, proposes to distribute a dividend of € 0.31 per ordinary share in issue (2008: € 1.24) up to a maximum of € 3 million (2008: € 12 million). No entry has yet been made for the dividend proposal, which has no consequences for the company's tax position.

## Off-balance sheet liabilities

x € 1 million	2009	2008
Guarantees	275	259
<b>Total</b>	<b>275</b>	<b>259</b>

	31 December 2009			31 December 2008		
x € 1 million	< 1 year	1-5 years	> 5 years	< 1 year	1-5 years	> 5 years
<b>Lease obligations</b>						
Other operating assets	-	-	-	-	-	-
<b>Rental obligations</b>						
Offices	4	16	4	4	16	8
<b>Total</b>	<b>4</b>	<b>16</b>	<b>4</b>	<b>4</b>	<b>16</b>	<b>8</b>

Ballast Nedam N.V. has filed a declaration of joint and several liability as referred to in Book 2, Section 403 paragraph 1(f) of the Netherlands Civil Code with the office of the Commercial Register of the Chamber of Commerce in favour of Ballast Nedam ICT B.V. and Ballast Nedam Beheer B.V.. Ballast Nedam N.V. is thereby liable for the obligations of Ballast Nedam ICT B.V. and Ballast Nedam Beheer B.V. to a maximum of € 22 million.

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

Ballast Nedam N.V. has issued guarantees for a number of subsidiaries' contracts, totalling more than € 2 billion (2008: more than € 2 billion). This often involves the entire contract sum for long-term projects.

Together with the subsidiaries that form the fiscal unity, Ballast Nedam N.V. bears joint and several liability for corporate income tax and value added tax in the Netherlands.

### Other risks

Ballast Plc (United Kingdom) was liquidated in 2006. A provision has been formed for a remaining rental obligation. The UK Office of Fair Trading imposed a € 9 million fine on Ballast Nedam N.V. for infringements of UK competition rules by Ballast Plc in January and February 2001. Ballast Nedam has since lodged an appeal against this penalty. It is uncertain whether payment of the fine can be enforced in the Netherlands. For this reason, no provision has been formed.

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 2009 an interlocutory award of approximately € 20 million was given in favour of Ballast Nedam for a part of the claims. An appeal has been lodged against the interlocutory judgment. In view of the uncertain outcome of both claims, neither has been included 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 Book 2, Section 382a of the Netherlands Civil Code. The audit fee for of the 2009 financial statements was € 0.5 million (2008: € 0.7 million). The fee for engagements related to the audit was € 0.3 million (2008: € 0.3 million). KPMG Meijburg also charged € 0.5 million (2008: € 0.5 million) for tax-related services.

### Employees

At year-end 2009, Ballast Nedam N.V. had 42 employees (2008: 46).

### Managing directors and supervisory directors

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



## Signature

The supervisory directors signed the financial statements in accordance with their legal obligation pursuant to Book 2, Section 101 paragraph 2 of the Netherlands Civil Code and the managing directors signed the financial statements in accordance with their legal obligation pursuant to Book 2, Section 101 paragraph 2 of the Netherlands Civil Code and Section 5:25c paragraph 2 under c of the Financial Supervision Act (Wft) (see page 17).

Nieuwegein, 11 March 2010

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

Supervisory Board,  
A.N.A.M. Smits  
R.M.M. Boelen  
J.C. Huis in 't Veld  
M.H. Schultz van Haegen – Maas Geesteranus

## BIMCASE WEEK A SUCCESS

During a BIMCase week working with a Building Information Model (BIM) is tested to the limit. The week revolves around the interaction between many disciplines in the building world in a multidisciplinary project, unlimited by contracts. The encouraging experience of the first two sessions prompts a follow-up of this event in 2010.

In 2009 Ballast Nedam set up an internal BIMCase. The Ballast Nedam BIM user group implemented a Ballast Nedam BIMCase in the space of five days. Experienced modellers from various operating companies modelled an area development starting from basic data. The final one and a half case days were held in the Nieuwegein head office, where everyone was welcome to walk in, look around with the modellers, and ask questions.



## OTHER INFORMATION

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

### Auditors' report

#### Report on the financial statements

We have audited the accompanying financial statements 2009 of Ballast Nedam N.V., Nieuwegein as set out on pages 78 to 122 of this report. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2009, the consolidated income statement and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year 2009, and the notes, comprising a summary of significant accounting policies and other explanatory information. The company financial statements comprise the company statement of financial position as at 31 December 2009, the company income statement for the year 2009 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 2009, and of its result and its cash flows for the year 2009 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 2009, and of its result for the year 2009 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, 11 March 2010

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

## DEFINITIONS

### Cost of sales

The costs of raw materials and subcontractors plus personnel expenses and other operating expenses.

### EBITDA

Earnings before Interest, Taxation, Depreciation and Amortization.

### EBITA

Earnings before Interest, Taxation and Amortization.

### EBIT

Earnings before Interest and Taxation.

### GRI: Global Reporting Initiative

International guidelines for organizations on how to report on sustainability.

### International Financial Reporting Standards (IFRS)

With effect from 1 January 2005 all publicly listed companies in the European Union are required to draw up their consolidated accounts in accordance with these new standards.

### PPP receivables

Receivables pursuant to Public Private Partnerships (PPPs).

### Financial assets

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

### Net cash

Cash and cash equivalents plus deposits less bank overdrafts and money market loans.

### Working capital

Current assets less current liabilities.

### Capital employed

Non-current assets plus current assets minus current liabilities excluding net cash.

### Net financing position

Net cash less the current portion of long-term loans, and the long-term loans.

## PROFIT SHARING AND DIVIDEND policy

### Articles in the matter of profit appropriation

Clause 23 of the Ballast Nedam Articles of Association governs profit appropriation. This text of this clause is as follows.

1. The portion of profit available for distribution that the company may distribute to shareholders and other entitled parties is limited to the amount of the distributable reserves.
2. Distribution of profit will take place after adoption of the income statement that demonstrates the legitimacy of distribution.
3. Subject to approval of the Supervisory Board, the Board of Management determines which portion of the profit presented in the income statement is to be added to the reserves. The remaining portion of the profit is at the disposal of the General Meeting of Shareholders.
4. Any shares held by the company in its own capital are not counted when calculating the profit appropriation, except where the shares are encumbered with usufruct, or depositary receipts for shares have been issued with the company's consent.
5. Subject to Supervisory Board approval, the Board of Management may decide to distribute an interim dividend in anticipation of the expected dividend, subject to the provisions of paragraph 1 above, as demonstrated in an interim statement of assets and liabilities as referred to in Book 2, Section 105 paragraph 4 of the Netherlands Civil Code.
6. Decisions to distribute dividend and interim dividend may propose distribution in full or in part in the form of cash or of shares in the company.
7. The General Meeting of Shareholders may, on the proposal of the Board of Management that has been approved by the Supervisory Board, resolve to make distributions chargeable to the distributable reserves. The provisions of paragraph 6 then apply mutatis mutandis.
8. Dividends and interim dividends are made payable on a date set by the Board of Management within fourteen days of adoption.
9. Any dividends and interim dividends that remain unclaimed for five years after becoming payable accrue to the company.

### Dividend policy

The underlying principle of Ballast Nedam's dividend policy is that 50% of the net profit is placed at the disposal of shareholders for distribution as dividend.

## **BOARD MEMBERS of the Ballast Nedam Administration Office**

### **Prof. dr. W. van Voorden**

(Chairman)

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

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

Mr van Voorden was first appointed to the Board of the Administration Office on 10 May 2006. His current term of office expires on 10 May 2010.

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

Mr Braaksma was born in 1937. He held various management positions at Heidemij in Arnhem and various Board positions in the health care 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 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 ended on 8 April 2010. Mr Braaksma was not available for reappointment.

### **Mr. W.F.C. Baars**

Mr Baars was born in 1948. He has held various management positions in ABN AMRO Bank. He also founded the company InsightRisk and is a past Chairman of the Supervisory Board of Van der Hoop Bankiers. In the reporting year Mr Baars was an independent consultant, member of the Banking Industry Disputes Committee, member of the Supervisory Board of Golf Team Holland and board member of the Stichting Waarborgfonds HBO.

Mr Baars was first appointed to the Board of the Administration Office on 1 June 2009. His current term of office expires on 2 April 2011.

### **L.H. Keijts**

Mr Keijts was born in 1952. He began his career as a public participation officer with the Provincial Council for Spatial Planning in Zuid-Holland. Since 1981 Mr Keijts has held various positions at the Ministry of Transport, Public Works and Water Management. Between 1996 and 1999 he was Deputy Director-General for Spatial Planning at the Ministry of Housing, Spatial Planning and the Environment. He then moved to the same position at the Ministry of Transport, Public Works and Water Management, later being appointed Director-General for Water in 2001.

From 2003 to 1 January 2010 he was Director-General for Public Works and Water Management at the Ministry of Transport, Public Works and Water Management. Mr Keijts has been Chairman of the Board of Management of the housing association Portal since 1 January 2010.

He was first appointed to the Board of the Administration Office on 8 April 2010. His current term of office expires on 8 April 2014.

## REPORT of the Ballast Nedam Administration Office

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

During 2009, 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 Ballast Nedam N.V..

The total costs of the activities of the Administration Office in 2009 were 53 913 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 58 469 508 euros as at 31 December 2009. In return for these shares, 9 744 918 bearer depositary receipts have been issued with the same nominal value. At year-end 2009, depositary receipts had been granted for 97.45% of the capital in issue.

The number of registered shares in the capital of Ballast Nedam N.V. held in administration increased in 2009 from 9 743 190 to 9 744 918. The increase resulted from the exchange of 1 728 depositary receipts for shares issued by the Stichting Werknemersparticipatie Ballast Nedam for depositary receipts for shares that can be traded on the stock exchange.

### Board

The Board of the Administration Office consists of three independent members. Mr Van der Schoot gave notice in 2009 of his wish to resign his membership of the Board of the Administration Office. The other members of the Board are grateful for Mr Van der Schoot's efforts and the expertise with which he fulfilled his administrative responsibility. Having given the holders of depositary receipts for shares the opportunity to nominate a candidate, the Board appointed Mr W.F.C. Baars as member of the Board. The Board furthermore appointed Mr Van Voorden as Chairman.

With these appointments, the composition of the board in 2009 was as follows:

Prof. W. van Voorden (Chairman)  
S.B. Braaksma  
W.F.C. Baars

Mr S.B. Braaksma's term of office ends on 8 April 2010. Having given the holders of depositary receipts for shares the opportunity to nominate a candidate, the Board appointed Mr L.H. Keijts as member of the Board as of 8 April 2010.

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

### Board meetings

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

The first Board meeting, which was also attended by the company's Board of Management, was held on 24 April 2009. This meeting discussed the general performance of Ballast Nedam N.V. and the company's annual figures for 2008, following their publication on 13 March 2009. The Board adopted the balance sheet and income statement for the 2008 financial year and approved the report of the Administration Office for 2008.

The second Board meeting was held on 6 May 2009, 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 5 November 2009. This meeting discussed the half-year figures of the company for 2009. The Board of Management of the company also attended this meeting.



### Meeting of Holders of Depositary Receipts

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

- I. Explanation from the Board regarding the 2008 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 6 May 2009, the Board of the Administration Office took part in discussions on the matters raised. During the Meeting, the Board posed a number of critical questions. On behalf of the Administration Office, the Board cast its vote on the relevant agenda items and, in accordance with its statutory objectives, based its voting behaviour primarily on the interests of holders of depositary receipts for shares, bearing in mind the interests of Ballast Nedam N.V. and its affiliated entities. After careful consideration, the Board decided to support all proposals at the meeting, albeit that they attached a condition to the decision directing the Board of Management to issue shares to a maximum of 30 per cent. The condition was that an Extraordinary General Meeting of Shareholders must be convened within two months of an issue of more than 20 per cent of the issued capital, in order to explain and justify the issue, unless a General Meeting of Shareholders was already scheduled within three months. The Chairman of the Supervisory Board consented to this condition, after which the foundation voted in favour of the proposal.

Holders of depositary receipts for shares that can be traded on the stock exchange granted proxies or gave binding voting instructions for a total of 2 245 191 depositary receipts for shares, representing 22.91 per cent of the issued share capital. Consequently, the Board of the Administration Office represented 74.48 per cent of the issued share capital at the General Meeting of Shareholders held on 6 May 2009.

### Conclusion

The Board of the Administration Office expresses its gratitude to Mr Van der Schoot for his efforts over the years as a member of the Board of the Administration Office. Mr Van der Schoot played an extremely valuable part as a member of the Board. His knowledge, skill and dedication was always greatly valued by the other members of the Board, and his contributions to the meetings will long be remembered.

Nieuwegein, March 2010

The Board

W. van Voorden  
S.B. Braaksma  
W.F.C. Baars



Ballast Nedam has constructed a new parking deck above a supermarket at Overtoom/Bosch in Papendrecht centre. We paved the 1 400 m<sup>2</sup> insulated parking deck with mastic asphalt, which is a bituminous mass comprising gravel, sand and filler. Bitumen is the binding agent. The high proportion of bitumen in mastic asphalt ensures that it completely fills the hollow spaces in the material, eliminating the mechanical consolidation normally needed with asphalt and concretes. Mastic asphalt is strong and durable, and can be applied in rainy and windy conditions.

# REPORTING PRINCIPLES

The 2009 Annual Report is the first integrated annual report of Ballast Nedam. In previous years, a separate sustainability section was incorporated in the Annual Report. This year the report comprises both quantitative and qualitative data for the calendar year 2009. The sustainability topics covered in this report were drawn up in accordance with Global Reporting Initiative (GRI) guidelines, which implies that the required information about Ballast Nedam as a company is augmented with data about ten or more performance indicators. The GRI index on page 130 lists the quantitative and qualitative performance indicators presented in the report.

## Report structure

The GRI uses a broad definition of sustainability. It is synonymous with other concepts for the reporting of economic, environmental and social consequences (e.g. triple bottom line, and corporate social responsibility). Ballast Nedam applies the sustainability concept, and interprets it with reference to themes of profit (the market), people (employees and the community) and planet (the environment). The themes were the basis for defining nine sustainability topics, each with one or more performance indicators and ambitions. Quantitative reports have been given where possible. Some of the topics were already covered in the earlier annual reports. The way in which the topics were arrived at is explained in the materiality analysis below.

## Scope

Ballast Nedam uses the equity approach of the Greenhouse Gas (GHG) protocol in the sustainability report. We calculate liquid and gas emissions by determining Ballast Nedam's share in the operating companies and projects. We chose the equity approach because it is a good match with our financial systems. The equity approach also aligns reasonably well with our management structure. In interests in which all the companies involved have a small influence, Ballast Nedam sees opportunities for cautiously introducing its sustainable solutions. All operating companies in which Ballast Nedam holds an interest of 15 per cent or more are included in the calculation. For the time being the calculation is limited to Dutch activities.

## Data gathering

We do not yet have a comprehensive information system for capturing sustainability information comparable with Ballast Nedam's financial reporting systems. We will take additional steps in 2010 in selecting and implementing a reporting and monitoring system for CO<sub>2</sub> and the other sustainability indicators.

Ballast Nedam's aim is to increase the level of detail. The information in this report was gathered on the basis of estimates from the relevant departments and operating companies, and internal and external documentation.

## Materiality analysis

Ballast Nedam engaged external experts to identify the sustainability topics that correspond best with our context in the community. We decided on the most important topics in dialogue with internal and external stakeholders. We clarified the topics using a benchmark analysis, an analysis of national and international standards, an evaluation of international reporting inside and outside our industry and discussions with stakeholders. We then discussed the topics and the associated performance indicators with the people responsible within Ballast Nedam, and refined and documented them in consultation with the operational departments. The materiality analysis revealed that all stakeholders attach greatest importance to reducing energy consumption and CO<sub>2</sub> emission. Following on in importance are safety on and around the construction site, waste reduction and recycling, integrity, and entrepreneurship and innovation. Ballast Nedam considers the main topics to be: reduction of CO<sub>2</sub> emission, waste reduction and recycling, safety on and around the construction site, integrity, and entrepreneurship and innovation.

## Dutch Corporate Governance Code

The Dutch Corporate Governance Code (the Code) was drawn up in 2003 by a committee chaired by Morris Tabaksblat, and refined in December 2008 by a committee chaired by Jean Frijns. The updated Code came into effect on 1 January 2009. Ballast Nedam endorses the principles of the Code and, with few specific exceptions, applies the best practice provisions of the Code. A summary of compliance with the Code is posted on our website, [www.ballast-nedam.nl](http://www.ballast-nedam.nl).

## IFRS International Financial Reporting Standards

The Ballast Nedam consolidated accounts are drawn up in accordance with the International Financial Reporting Standards, which have been compulsory for all publicly listed companies in the European Union since 1 January 2005. The figures from earlier years were drawn up in accordance with NL GAAP (Generally Accepted Accounting Principles), the collective term for the Dutch legal regulations and case law that governed reporting, and the Guidelines for Annual Reporting.



## CLEANER LIVING ENVIRONMENT IN THE HAGUE

Passenger transport provider HTM and the City of The Hague set out in 2008 to make The Hague a cleaner place. Their strategy involves public transport buses that run on natural gas. HTM has duly acquired 135 new natural gas buses. CNG Net, Ballast Nedam IPM and Ballast Nedam Beheer have implemented a CNG filling station on the HTM site. CNG Net also operates and maintains the filling station, which with its capacity of 2 x 3 000 Nm<sup>3</sup> per hour is the largest of its kind in Europe.

The Klimaatfonds foundation, the City of The Hague and HTM took the first step at the end of 2009 on converting HTM buses to green gas. The Klimaatfonds foundation through CNG Net and Essent is responsible for delivering 9 million m<sup>3</sup> of green gas to HTM, facilitating a 16 000 ton CO<sub>2</sub> emission reduction. This volume is enough to keep HTM's CNG buses running for two years. The entire HTM bus fleet will be CNG fuelled in 2011. All 135 buses will eventually run on green gas.



The listed building and 5-star plus hotel The Grand in the heart of Amsterdam is currently being renovated. The rooms and suites are being rearranged, and the bathrooms replaced. Elsewhere, two lifts are being installed, a library created, and the lobby and meeting rooms rebuilt. The hotel will remain open while the work proceeds; we have given extra attention to the logistics involved.



Ballast Nedam has built the new construction project Velsche Veste on the former gasworks site in the heart of Velp, on behalf of housing association Vivare. The plan consists of 110 owner-occupied homes and 27 social housing units. Various kinds of home, a mix of residential styles and a combination of old and new make Velsche Veste somewhere special to live.

## GRI INDICATOR LIST

1	Strategy and Analysis	Page
1.1	Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	5,31
1.2	Description of key impacts, risks, and opportunities.	16
2	Organizational Profile	Page
2.1	Name of the organization.	8
2.2	Primary brands, products, and/or services.	8
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	11, 132
2.4	Location of organization's headquarters.	136
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	11
2.6	Nature of ownership and legal form.	22
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	32-40
2.8	Scale of the reporting organization.	6
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	6,11, 22
2.10	Awards received in the reporting period.	na
3	Report Parameters	Page
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	128
3.2	Date of most recent previous report.	58
3.3	Reporting cycle.	128
3.4	Contact point for questions regarding the report or its contents.	136
3.5	Process for defining report content.	128
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	128
3.7	State any specific limitations on the scope or boundary of the report.	128
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	88

3.9	Data measurement techniques and the bases of calculations.	82, 128
3.10	Explanation of the effect of any re-statements of information provided in earlier reports.	82
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	82
3.12	Table identifying the location of the Standard Disclosures in the report.	130
3.13	Policy and current practice with regard to seeking external assurance for the report.	69, 123
4	Governance, Commitments, and Engagement	Page
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	66-69
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	60
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	na
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	24,68
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	73
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	65-69
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	65-69
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	47

<b>4.9</b>	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	<b>16-21</b>
<b>4.10</b>	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	<b>62-63</b>
<b>4.11</b>	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	<b>16-21</b>
<b>4.12</b>	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	<b>25-26</b>
<b>4.13</b>	Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	<b>25-26</b>
<b>4.14</b>	List of stakeholder groups engaged by the organization.	<b>24-27</b>
<b>4.15</b>	Basis for identification and selection of stakeholders with whom to engage.	<b>24-27</b>
<b>4.16</b>	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	<b>24-27</b>
<b>4.17</b>	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	<b>24-27</b>

<b>Economic performance indicators</b>	<b>Page</b>
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<b>EC1</b>	Direct economic value generated	<b>53-57</b>
<i>Aspect: indirect economic impacts</i>		
<b>EC8</b>	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	<b>27,51</b>

<b>Environmental</b>	<b>Page</b>
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*Aspect: energy*

<b>EN3</b>	Direct energy consumption by primary energy source (including fuel, gas ...)	<b>49</b>
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<b>EN4</b>	Indirect energy consumption by primary source (including fuel, gas...)	<b>49</b>
<i>Aspect: emissions, effluents, and waste</i>		
<b>EN16</b>	Total direct and indirect greenhouse gas emissions by weight	<b>48</b>
<b>EN17</b>	Other relevant indirect greenhouse gas emissions by weight	<b>48</b>
<b>EN18</b>	Initiatives to reduce greenhouse gas emissions and reductions achieved	<b>48,51</b>
<b>EN22</b>	Total weight of waste by type and disposal method	<b>50</b>

<b>Labour Practices and Decent Work</b>	<b>Page</b>
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*Aspect: employment*

<b>LA1</b>	Total workforce by employment type, employment contract, and region	<b>41</b>
<b>LA2</b>	Total number and rate of employee turnover by age group, gender, and region	<b>42-43</b>

*Aspect: labour/management relations*

<b>LA4</b>	Percentage of employees covered by collective bargaining agreements	<b>46</b>
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*Aspect: occupational health and safety*

<b>LA7</b>	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	<b>43-49</b>
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*Aspect: training and education*

<b>LA12</b>	Percentage of employees receiving regular performance and career development reviews	<b>46</b>
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<b>Human rights</b>	<b>Page</b>
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*Aspect: non-discrimination*

<b>HR4</b>	Total number of incidents of discrimination and actions taken	<b>47</b>
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<b>Society</b>	<b>Page</b>
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*Aspect: corruption*

<b>SO4</b>	Actions taken in response to incidents of corruption	<b>47</b>
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*Aspect: compliance*

<b>SO8</b>	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	<b>112</b>
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# ORGANIZATION CHART 1 MARCH 2010

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.

Ballast Nedam Parking B.V.

- v.o.f. CS Scheemda (48%)
- CBH Compression v.o.f. (50)
- Bouwcombinatie Vingerpijlen Amsterdam v.o.f (42%)
- Bouwcombinatie Ballast-Nedam – GTI v.o.f. (85%)
- Bouwcombinatie Ballast-Nedam / Van Gelder v.o.f. (50%)
- BC Ballast-Nedam / Hak v.o.f. (50%)

##### Engineering

Ballast Nedam 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.

Gebr. Van Leeuwen Harmelen B.V.

- Samwoo-AnchorTec B.V. (40%)
- Leka-Paal vof 50%
- HDD Fluids B.V. 50%

Recycling Maatschappij “Feniks” B.V.

- Ballast Phoenix Ltd. (92.5%)

Ballast Nedam International Product Management B.V.

Ballast Nedam Infra Materieel v.o.f.

- Ballast Nedam Infra Participatie B.V.
- Nederlandse Frees Maatschappij B.V. (17%)
- Graniet Import Benelux B.V. (9%)
- Traffic Service Nederland B.V. (21%)
- Wind Invest B.V. (50%)
- Ballast Nedam Wabau GmbH
- Spankern GmbH
- Ballast Nedam Service Center v.o.f. (100%)
- Asfaltcentrales
- Cobeton B.V. (Multicell) (25 %)

##### 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 (Germany)
- N.V. Immobiliën en Grindexploitiatiemaatschappij Bichterweerd (Belgium)
- N.V. Algri (Belgium)
- Société d'Exploitation des Carrieres d'Yvoir S.A. (Belgium)
- N.V. Lugo (Belgium)
- Beheersmaatschappij Fr. Bontrup B.V. (30%)
- Bremanger Quarry S.A. (77%) (Norway)
- Graniet Import Benelux B.V. (65%)

### 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.

## BUILDING AND DEVELOPMENT

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

#### Development

Ballast Nedam Ontwikkelingsmaatschappij B.V.

- Ballast Nedam Vleuterweide B.V.
- Ballast Nedam Euroborg B.V.
- Nieuw Venneep Zuid III B.V.
- Ballast Nedam Arena B.V.
- Getz B.V. (33%)
- V.o.f. De Geuzenbaan (50%)
- Ontwikkelingsmij. Centrumgebied Amsterdam Zuidoost B.V. (33%)
- V.o.f. Ontwikkelingscombinatie Laakhaven West (33%)
- Gebiedsontwikkeling Oud Beijerland Oost C.V. (49%)
- Ontwikkelingscombinatie Spoorzone Delft C.V. (49.5%)
- Amstelland Vastgoed B.V. (50%)
- De Vijfde Stad v.o.f. (50%)
- Coberco Kwartier Beheer B.V. (50%)
- Ballast Nedam Langedijk B.V.
- Ballast Nedam Nieuw Venneep B.V.
- Ontwikkelingsmaatschappij G4 Beheer B.V.
- V.o.f. Ontwikkelingscombinatie Laakhaven West
- Stadovermarkt C.V. (25%)

#### Development and realization

Ballast Nedam Bouw B.V. Speciale Projecten

Ballast Nedam Bouw B.V. Regio Noord  
Ballast Nedam Bouw B.V. Regio Noordwest  
Ballast Nedam Bouw B.V. Regio West  
Ballast Nedam Bouw B.V. Regio Midden  
Ballast Nedam Bouw B.V. Regio Zuid  
Ballast Nedam Bouw B.V. Regio Oost  
B.V. Aannemingsbedrijf F.W. Onrust  
Laudy Bouw en Ontwikkeling B.V.  
Zomers Bouwbedrijf B.V.  
Hollestelle Vastgoed Ontwikkeling B.V.

- IJ2 projecten B.V.
- Bouwcombinatie IJsseloord 2 v.o.f. (50%)
- Bouwcombinatie Zoetermeer Oosterheem v.o.f. (25%)
- V.o.f. Lambertus Zijlplein (50%)
- Bouwcombinatie Euroborg v.o.f. (25 %)
- Bouwcombinatie Lounge 1 v.o.f. (50 %)
- FiftyTwoDegrees beheer B.V. (51%)
- Bouwcombinatie New Babylon v.o.f. (50%)
- Bouwcombinatie De Confiance v.o.f. (50%)

- Dijkzone v.o.f. (33%)
- Bouwcombinatie Avans Breda v.o.f. (50%)
- Bouwcombinatie Jeroen Bosch v.o.f. (33%)
- Bouwcombinatie Medisch Centrum Rijnmond Zuid v.o.f. (50%)
- Bouwcombinatie Intermezzo v.o.f. (33%)
- Bouwcombinatie Centrumplan Zoetermeer v.o.f.
- Bouwcombinatie Cité v.o.f.
- Bouwcombinatie G4 Oosterpark v.o.f.
- Bouwcombinatie Kohnstammlocatie v.o.f.
- Bouwcombinatie Medimall v.o.f.
- Bouwcombinatie Stadshuis Nieuwegein v.o.f.
- Bouwcombinatie voor de nieuwbouw Erasmus MC v.o.f.
- Castra Bouwcombinatie v.o.f.
- Groote Dok West v.o.f.
- JuBi B.V.

#### Prefab

Hoco Beton B.V.

Omnia Plaatvloer B.V.

## INTERNAL JOINT VENTURES

(Infrastructure / Building and Development)

Ballast Nedam Beheer B.V.

Ballast Nedam Bouwmaterieel B.V.

Ballast Nedam Prefab B.V.

AbI2 B.V.

Libella Nederland B.V.

Avenue2 v.o.f. (50%)

Ballast Nedam Concessies B.V.

- CNG Net B.V.
- Vastgoed Energie Exploitatiemaatschappij B.V.

#### Public Private Partnership (PPP)

Kromhout B.V. (30%)

- Bouwcombinatie Komfort v.o.f.
- Exploitatie Maatschappij Komfort B.V.

DC16 B.V. (30%)

- Bouwcombinatie D.C. 16 v.o.f.
- Exploitatie Maatschappij DC 16 B.V.

DUO2 B.V. (30%)

- Bouwcombinatie Duo2 v.o.f.

Wâldwei.com B.V. (33.33%)

# MANAGEMENT

## Ballast Nedam

- Board of Management  
Corporate secretary  
Personnel & organization  
Finance and investor relations  
Communication  
ICT  
Assurance
- T.A.C.M. Bruijninx, R.L.M. Jacobs, R. Malizia  
O.P. Padberg  
M.N.M. de Jong, R.M.A. van Dinther  
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## Ballast Nedam Bouw en Ontwikkeling

- Ballast Nedam Ontwikkelingsmaatschappij
- Ballast Nedam Bouw Speciale Projecten
- Ballast Nedam Bouw Noord  
Zomers Bouwbedrijf
- Ballast Nedam Bouw Noordwest
- Ballast Nedam Bouw West
- Ballast Nedam Bouw Midden
- Ballast Nedam Bouw Zuid
- Ballast Nedam Bouw Oost
- Laudy Bouw en Ontwikkeling
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## Other

- Ballast Nedam Concessies
- Abl2
- Ballast Nedam Bouwmaterieel
- Ballast Nedam Prefab
- Ballast Nedam Beheer
- Ballast Nedam Sustainability Services
- Ballast Nedam Purchasing Services
- Kicking Horse Mountain Resort

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