HALF-YEAR REPORT

Ballast Nedam Half-year figures: Disappointing results, refinancing secured and disposals progressing

- **Results in line with press release of 16 June 2014**
- **Operational loss of €45 million, €15 million of which is restructuring costs, reorganisation costs and impairments and €22 million book profit on disposals (first half-year of 2013: €1 million EBIT)**
- **Net result of €51 million loss (first half-year of 2013: €3 million loss)**
- **Order book of €1.2 billion (end of 2013: €1.5 billion)**
- **Financing position of €116 million debt (end of 2013: €61 million debt)**

Financial, strategic and operational measures in the first half-year of 2014:

- **An agreement in principle announced in June was entered into with the banks on financing Ballast Nedam until 2017. Part of the agreement is a deferment of 12 months for repayment of loans from the proceeds of disposals, up to a maximum amount of €15 million.**
- **Reinforcing financial position through a package of disposals is being prepared in addition to the previously announced sale of Ballast Phoenix Ltd.**
- **Improvement programmes have started, including an improvement project for the control of working capital and various projects focused on cost saving.**
- **The announced integration of the operational control from six clusters to the three divisions of Infrastructure, Building & Development, and Specialized Companies & Supplies has been carried out.**
  A differentiated market approach has been developed for the three divisions within Ballast Nedam's strategic focus.
- **Previously announced restructuring measures were carried out according to schedule in the divisions Building & Development and Specialized Companies & Supplies. Organizational change at Infrastructure has been initiated.**
- **Erik van der Noordaa was appointed as chairman of the Board of Management of Ballast Nedam.**

Key figures

x € 1 million	**first half year 2014**	first half year 2013	2013
Revenue	**515**	486	1 240
EBIT	**(45)**	1	(30)
Margin	**(8.7%)**	0.2%	(2.4%)
Profit before income tax	**(50)**	(3)	(37)
Profit for the period	**(51)**	(3)	(41)
Order book	**1 188**	1 567	1 460
Shareholders´ equity	**36**	128	90
Solvency	**4%**	16%	11%
Financing position	**(116)**	(116)	(61)

Ballast Nedam has just had a heavy loss-making first half-year, with a negative operational result of €45 million, €15 million of which is restructuring costs, reorganisation costs and impairments and €22 million is book profit on disposals. In particular, the major loss on the Maasvlakte - Vaanplein project caused by considerable additional cost overruns, had a negative effect on the results. Project results for the Infrastructure division were disappointing, including the A2 Maastricht Project, which is carried out by the Avenue2 consortium. A provision amounting to € 14 million was included for this in anticipation of the results of a recently started audit within the project. Good results were achieved in the offshore niche market. A number of large complex building projects also resulted in a good contribution. In the past six months, no new major projects have been acquired on the domestic market.

In the latest project report for A-Lanes A15, the Construction consortium that performs the A15 Maasvlakte-Vaanplein project, the aggregate cost overruns of the design and build activities amounted to €217 million. Ballast Nedam's formal participation in the construction combination is 33.33%. Pursuant to the agreed working agreements, however, Ballast Nedam's effective share in the project is 40%. This means that Ballast Nedam will have to take as a loss and prefinance an amount of €87 million of the cumulative amount of €217 million of cost overruns, in anticipation of the outcome of the contractually agreed procedure for hearing disputes. It may be some time before this procedure has a clear outcome. The cost overruns have considerably affected the company's solvency and liquidity position.

Pursuant to the contractual obligations on the side of the client Directorate-General for Public Works and Water Management, Ballast Nedam expects, with A-Lanes A15, that the Experts Committee will at least partially decide in favour of the consortium, with a substantial increase in results for A-Lanes A15 (and therefore for Ballast Nedam) in due course as a result.

Strategic, operational, and financial measures in the first half-year of 2014:
Financial measures

- **Improvement of the liquidity position and solvency**

In the first half-year, Ballast Nedam sustained a net loss of €51 million (for the entire year of 2013 this was a loss of €41 million), and the solvency percentage dropped from 11% to 4%.

In February 2014, refinancing was realized with support from all 5%-plus shareholders and banks. The refinancing of € 110 million consists of new committed loans of €80 million with a term until 2017 and a bridge loan of €30 million to be repaid from the proceeds of the intended rights issue of €30 million. The €80 million loans are partially a replacement of the existing (previously not committed) facility of €60 million. Income from any disposals of businesses that occur in the period up until 2017 will be used partly to repay the loans. In June 2014, an agreement in principle was entered into with the banks, containing a deferment of 12 months for repayment of loans from the proceeds of the disposals, up to a maximum amount of €15 million. The covenants with regard to refinancing will be established in the third quarter of 2014.

All 5%-plus shareholders have committed to the rights issue for €20.6 million, and the remainder of €9.4 million has been underwritten by Rabobank and ING. The rights issue will take place in the third quarter.

The reinforcement of the financial structure and improvement of the solvency of Ballast Nedam will have to take place by way of the aforementioned rights issue of €30 million, the package of identified disposals, further implementation of the disposals programme, proceeds from current claims and other compensation, and by improving the operational results in the coming years based on the adjusted business plan for 2014-2016. With this in mind, an improvement programme was started in the first half-year. Besides an improvement project to control working capital, the programme contains various projects focused on cost saving. Even though the expected results of the programme are promising based on the first report, it is still too early to indicate any specific results. The implementation of the improvement programme will be continued in the second half of 2014.

Based on the aforementioned measures we are confident that the company's continuity is safeguarded.

- **Progress in the disposals programme**

Progress has been made in the disposal programme announced in February. In the medium term the portfolio of companies will be brought further in line with the strategic focus through the controlled disposal of companies that do not contribute to integrated projects and industrialisation of the construction process.The previously announced sale of Ballast Phoenix Ltd., a subsidiary of Recycling Maatschappij Feniks B.V., trading on the British market, took place to H2 Equity Partners (H2) in the first half-year. The company was sold for an amount of €38 million (100%, including €3.5 million earnout). This resulted in a book profit of €22 million for Ballast Nedam.

In addition, Ballast Nedam identified the following companies as a group which is immediately available for sale and which fits within the strategy of improving Ballast Nedam's financial position: Ballast Nedam's 30% interest in Beheersmaatschappij Fr. Bontrup B.V. and the companies CNG Net B.V., LNG24 B.V., CNG Net Realisatie en Onderhoud B.V., Rademakers Gieterij B.V., TBS Soest B.V. and Recycling Maatschappij Feniks B.V.. These companies form part of the divisions Specialized Companies & Supplies and Building & Development.

Ballast Nedam's 30% interest in Beheersmaatschappij Fr. Bontrup B.V. will be sold around book value to the owner of the other 70% of the shares in this family company F. Bontrup Holding B.V. to strengthen the liquidity and solvency position.

Strategic measures:

- **Development of differentiated market approach within the strategic focus**

A differentiated market approach has been developed for the three divisions Infrastructure, Building & Development, and Specialized Companies & Supplies within the strategic focus of Ballast Nedam. The strategic focus is targeted at successfully acquiring and carrying out integrated projects in the working areas of housing, mobility, energy, and nature in the Netherlands and internationally. We will expand related activities in niche markets and work on projects where we can make a difference for the client with our expert knowledge and skills. Ballast Nedam creates enduring quality at the lowest possible life-cycle costs for its clients and society through further industrialization of the building process by using innovative modular concepts and standardization.

Operational measures:

- **Restructuring Building & Development division on schedule**

The commencement of the restructuring of the Building & Development division announced this year is running according to schedule. This means that the Building & Development division is more suitable for the differentiated market approach of Ballast Nedam due to the integrated collaboration and the shared ownership within this division. In accordance with the strategic plan, the Building & Development division focuses, mainly in the Netherlands but abroad as well, on the successful acquisition and performance of complex, integrated projects, and projects where we can make a difference for the client due to our specialized knowledge and expertise in non-residential building, house construction, renovation, major maintenance, and restoration.

- **Organizational change to Infrastructure division in line with Ballast Nedam's differentiated market approach**

In order to bring the nationwide integrated infrastructure business further in line with Ballast Nedam's differentiated market approach, an organizational change was recently initiated at the Infrastructure division. In accordance with the strategic plan, the Infrastructure division focuses in the Netherlands and internationally on the successful acquisition and performance of large, integrated projects, expanding related activities in offshore niche markets, industrial construction, and projects where we can make a difference for the client due to our expert knowledge in concrete construction and road and civil engineering.

In the coming period the organizational changes will be further implemented.

- **Corporate Governance**

The appointment of Mr Erik van der Noordaa (age 53) as chairman of the Board of Management of Ballast Nedam was presented to the Extraordinary General Meeting of Shareholders on 27 June 2014. Mr van der Noordaa is appointed in this function for a period of four years, and he forms the Board of Management of Ballast Nedam together with Mr Peter van Zwieten, Chief Financial Officer. Mr Van der Noordaa entered employment on 1 June 2014, succeeding Theo Bruijninckx, who announced his departure as of 1 July 2014 in February.

On 28 May 2014, Mr Erik Staps (age 47) was appointed as director of the Infrastructure division. In this position, he will report to the Board of Management, and he will form part of the Group Council (CORA) of Ballast Nedam, which consists of the Board of Management and the directors of the three divisions. Erik Staps succeeds Mr Rob van Schravendijk, who will now manage Ballast Nedam International Projects.

The announced integration of the operational control from six clusters to the three divisions Infrastructure, Building & Development, and Specialized Companies & Supplies has been carried out. With effect from the 2015 financial year, the results for the Specialized Companies & Supplies division will also be integrated in the report.

Risks and uncertainties

The measures referred to for reinforcing liquidity and improving Ballast Nedam's solvency offer the company adequate financial room to focus on the expedited implementation of its strategy, which is focused on integrated projects. This does not alter the fact that there are uncertainties, which can be disadvantageous (but also advantageous) for Ballast Nedam. On the one hand, this concerns sensitivities in the business plan such as the time of contracting large projects and the settlement of ongoing judicial procedures. On the other hand, there are uncertainties in the effectuation of improvement projects, such as realizing sales of business divisions and cost-saving projects. In addition, the order book is a risk in relation to occupation. Ballast Nedam is of the opinion that based on the measures taken and the adjusted business plan 2014-2016, considering the identified sensitivities, the company will be able to remain within its credit limit. The adjusted business plan, together with expected proceeds from the sale of business divisions, also offers enough space for Ballast Nedam in the years to come to keep to the covenants to be made, which will be established together with the banks based on the adjusted business plan in the third quarter of 2014.

The financial results in 2013 and the first half-year of 2014 and the related low solvency means that the credit insurers have recently stopped their coverage for Ballast Nedam. Ballast Nedam is confident that based on the measures referred to and the confidence of the banks and the shareholders, even without this coverage a good collaboration with its suppliers and subcontractors can be continued in which their confidence in Ballast Nedam will be maintained.

The greatest risk for Ballast Nedam is the A15 Maasvlakte-Vaanplein project. The cost overruns can put serious pressure on the company's solvency and liquidity position. On the contrary, the expected compensation from the Directorate-General for Public Works and Water Management (not yet awarded) may positively affect the results. Following the disappointing results of the project A2 Maastricht, an internal audit has started within the project. In anticipation of the results of this audit, a provision has been made. The A2 Maastricht project is executed by the consortium Avenue2 in which Ballast Nedam participates for 50%.

In addition, Ballast Nedam's risk profile for its other projects can turn out either negatively or positively and this is part of the normal business risk.

INFRASTRUCTURE DIVISION

Infrastructure

x € 1 million	**first half year 2014**	first half year 2013	2013
Revenue	**186**	199	546
EBIT	**(59)**	5	4
Margin	**(31.7%)**	2.5%	0.7%
Order book	**488**	787	596
Assets	**263**	211	247

EBIT and revenue

The Infrastructure division had a major loss at a somewhat declining revenue of 6%. The declining revenue was caused by lower revenue in industrial construction. The considerable additional cost overruns for the A15 Maasvlakte – Vaanplein project, carried out by the A-Lanes A15 consortium, had by far the greatest impact on the disappointing, negative result. Project results for the Infrastructure division were disappointing, including the A2 Maastricht project . A provision amounting to € 14 million was included for this in anticipation of the results of a recently started audit within the project. The A2 Maastricht Project is carried out by the Avenue2 consortium , in which Ballast Nedam participates for 50%. The new projects accepted in accordance with the stricter acceptance procedure are performing in accordance with expectations. The niche market of offshore wind turbines and the smaller projects in industrial construction are achieving good results.

The total assets for Infrastructure have increased compared to half-year and year-end 2013 to €263 million due to an increase in receivables.

A15 Maasvlakte – Vaanplein

Because the talks initiated by A-Lanes A15 with the client Directorate-General for Public Works and Water Management have not led to a solution, at the end of April the parties agreed to follow the contractually recorded dispute resolution procedure. In accordance with the DBFM contract, an Experts Committee will issue binding advice on the financial responsibility for the various cost overruns.

Pursuant to the following two contractual obligations on the side of the client, the Directorate-General for Public Works and Water Management, Ballast Nedam expects, along with A-Lanes A15, that the Experts Committee will at least partially decide in favour of the consortium, with a substantial improvement in results for A-Lanes A15 (and therefore for Ballast Nedam) in due course as a result.

- An active role is expected from the Directorate-General for Public Works and Water Management in acquiring timely and consistent collaboration from the relevant public stakeholders in granting permits. For this, the Directorate-General for Public Works and Water Management has concluded an administrative agreement *Bestuursovereenkomst verbreding rijksweg 15 (Maasvlakte-Vaanplein)* with the public parties involved. On behalf of the central government, the Minister has the coordinating tasks and powers pursuant to the Dutch Transport Infrastructure (Planning Procedures) Act. This concerns around 1000 permits with public parties with which A-Lanes A15 does not have a contractual relationship.
- Under the DBFM contract, collaboration with the Directorate-General for Public Works and Water Management is also expected for the change procedure, whereby unclear, non-performable, or conflicting requirements of public stakeholders can be rectified. This specifically concerns approximately 200 client changes, whereby there is no financial consensus for a number of essential changes. In order to prevent the delay as a result of this, A-Lanes A15 has had to make extra efforts, which has resulted in major inefficiencies and cost overruns. Currently construction work is going according to schedule.

To prevent further delay and subsequent additional cost overruns, in April 2014 the Directorate-General for Public Works and Water Management has committed itself to cooperate on a number of additional works and current client changes. If this cooperation committed to by the Directorate-General for Public Works and Water

Management is not carried out, A-Lanes A15 expects that the cost overruns for the remaining term of the project will rise even further.

Offshore wind niche market

The installation of the 80 foundations for the German offshore wind farm Butendiek is advancing well. In June, Ballast Nedam installed its 500th foundation at this project in the German Bocht, 32 kilometres west of the German island Sylt; this is a tremendous milestone since the start of Ballast Nedam's activities in this market. In recent years, Ballast Nedam has optimized the working manner according to the feeder concept, where the heavy-lift ship *Svanen* stays on the sea, resulting in an extremely effective and efficient installation cycle. The contract for Westermeerwind for designing, delivering, and installing the foundations for 48 wind turbines for a wind turbine park in the Noordoostpolder in 2015 has not yet been included in the order book. The financial close is expected end of July.

Alternative fuels niche market

Ballast Nedam is active on the niche market for alternative fuels by combining knowledge and expertise in the areas of design, realization, financing, management, maintenance, and operation of filling stations. This leads to a unique and hence distinctive proposition in this market. The companies CNG Net and LNG24 invest in public networks for green filling stations for the private market and filling stations for LNG (Liquefied Natural Gas) for the transport market. CNG Net opened its 58th public filling station last quarter. In addition, CNG Net manages 11 bespoke filling locations for customers using green gas. CNG Net is the market leader in this segment. LNG24's second LNG filling station will be realized in Delfgauw. This station will serve many carriers carrying out inner-city goods transport, helping them to drive more cleanly and quietly on LNG. Permits have already been granted for LNG filling stations in Roosendaal and Rotterdam Zuid. Ballast Nedam will leave this niche market in due course when it completes its intended disposal of CNG Net, LNG24 and related activities.

Market and order book

The volume in the infrastructure market is under continued pressure. The tendency of the Dutch government to postpone major infrastructural projects due to financial constraints is continuing. In addition, we see foreign companies coming onto the Dutch market, featuring a more limited number of infrastructural projects which are becoming increasingly larger. With regard to the existing area, governments continue to invest in management and maintenance; in the next few years there will be an additional investment of €900 million. Competition is also increasing in the niche market of industrial construction. On the other hand, the niche market of offshore wind turbines is still good. In the last half-year the order intake for the Infrastructure division stagnated.

In the first half-year the order book decreased by €108 million to €488 million due to the progress on a number of large long-term projects, the exit from the capacity-driven markets, and because no major projects were acquired on the domestic market in the last half-year.

The policy pursued by the Dutch government is focused on increase in scale, and alternative contract forms for infra projects are also being implemented for the wet projects. As well as the A9 Gaasperdammerweg tender, we see opportunities in the DBFM navigation locks programme, including the Limmel navigation lock and the High Water Protection Programme. These projects are extremely well suited to the strategy used by Ballast Nedam and the experience obtained in large-scale DBFM projects. As well as the large integrated projects, the Infrastructure division will increasingly and proactively focus on medium-sized projects and exporting the knowledge and expertise acquired in integrated projects and niche markets.

Organizational change to Infrastructure division

In order to bring the nationally operating integrated infrastructure business further in line with Ballast Nedam's differentiated market approach, an organizational change was recently initiated at the Infrastructure division with a clear strategic focus on five market segments: 1.) Large, integrated Infrastructure projects (NL); 2.) Smaller (specialized) concrete, road and civil engineering projects (NL); 3.) Western European projects in the field of Offshore wind; 4.) International specialized projects; and 5.) Road construction.
The new organization affects individual functions and roles. We expect a limited impact on the work opportunity.

BUILDING & DEVELOPMENT DIVISION

Building & Development

x € 1 million	**first half year 2014**	first half year 2013	2013
Revenue	**263**	232	531
EBIT	**(3)**	1	(11)
Margin	**(1.1%)**	0.4%	(2.1%)
Order book	**613**	654	691
Assets	**293**	300	289

EBIT and revenue
In the first half-year the Building & Development division obtained an operational loss of €3 million at a 13% higher revenue. The results are in line with the business plan and in particular are negatively affected by one-off reconstruction costs. Without taking restructuring costs into account there was an operational result of €1 million positive. In general, large complex projects and regional works obtained a positive contribution and property development was slightly positive or break-even.

The assets of Building & Development were €293 million, and are €4 million higher than at the end of 2013.

Market and order book
We are seeing the residential market recovering slowly. First signs of recovery are the increase in sales of homes in the Randstad area in particular. The historically low mortgage interest is helpful here. However, the restrictions on financing possibilities for private persons and system changes on the mortgage market are still having a pressuring effect. Housing associations are still highly reluctant to invest. Planned development projects are still being delayed or cancelled. We are also seeing the average intervention for maintenance and renovation decline per housing association home. Overall, 2014 is a difficult year and recovery is only expected at the earliest in mid-2015. There are positive expectations in the market for investors of rental homes where Ballast Nedam can offer an attractive proposition with the iQwoning® concept.

The housing market offers long-term prospects due to the current low production of new builds and the demographic developments. The office market will recover later due to the current huge vacancy and ‘the new way of working’. Opportunities for non-residential construction are renovation and repurposing in particular, and companies such as Concrete Valley with façade systems and URSEM Modulaire Bouwsystemen with modular products such as prefabricated bathrooms can profit from this. A slowly emerging but growing trend is increasing the energy efficiency of existing property.

The order book in the first half-year has shown a drop of 11% to €613 million. In the last half-year there were fewer projects on the market and no large, complex projects were taken on. In March, Ballast Nedam was awarded the renovation of the Thialf stadium in Heerenveen. In the first quarter Ballast Nedam was also awarded the renovation of the Hotel Krasnapolsky on Dam Square in Amsterdam. Good progress was made on the complex, integrated projects.

At the beginning of May, the Pi2 consortium, a joint venture of Ballast Nedam (65%) and Royal Imtech (35%), started work on the PPP project for the Zaanstad Penitential Institution. This PPP project concerns the design, new build, maintenance, funding, and facilities management with a term of 25 years from availability. The project's nominal value is around €300 million. Ballast Nedam is the sole shareholder of this PPP project.

Definitive consensus was reached with the municipality of Rotterdam with regard to the PPP project Hart van Zuid. A total investment of around €330 million was involved in the realization of the area development Hart van Zuid over a 20-year period. The financial close is expected at the beginning of 2015. This project has not yet been included in the order book.

The integrated area development of the Food Center Amsterdam commenced on signing the realization and operation agreement with the municipality of Amsterdam in May. The new Food Center Amsterdam is a 25-year concession whereby the consortium of VolkerWessels Vastgoed and Ballast Nedam manages the speed and programme of transformation of the current site of around 23 hectares into a modern Food Center of around 100,000 m² of business premises, construction of around 1600 homes, and restoration of the nationally listed Centrale Markthal building. This project has not yet been included in the order book.

Industrial construction
The third pilot home has been completed in the 'Stroomversnelling', the innovation deal of six housing associations and four large construction companies to sustainably renovate 111,000 homes. In line with its strategic plan, Ballast Nedam's solution is focused on using innovative modular construction methods and systems; the ultimate objective is to renovate a home in one day with minimal nuisance to the resident and the vicinity. With the pilot homes, Ballast Nedam is testing and developing this approach in collaboration with URSEM Modulaire Bouwsystemen (41% Ballast Nedam), which ultimately guarantees a profitable business case for housing associations.

Residential building activities: exposure property development and land bank
The residential building activity decreased by 128 homes from 929 homes under construction to 801 at the end of 2013. In the first half-year 65 homes were under construction, 57 from our own property development, and 193 homes were completed. Of these 193 homes, 78 iQwoning® homes were completed for the Berckelbosch project in Eindhoven.

Exposure property development

x € 1 million	**first half year 2014**	2013
Land positions	**136**	142
Unsold stock under construction	**5**	5
Unsold stock delivered	**9**	10
Total on balance	**150**	157
Liabilities to complete projects under c	**4**	3
Liabilities to acquire land positions	**43**	44
Total liabilities off-balance	**47**	47
Exposure property development	**197**	204

The total exposure on property development, consisting of the investments in land positions, the investments in unsold property, and the obligations still to be fulfilled, decreased in the first half-year by €7 million to €197 million. The aim is to decrease the assets invested in property in the next few years. This will be difficult to achieve in view of the current market circumstances and the purchase obligations still existing of €43 million. Of this amount, €25 million falls in the period 2014 to 2017 and €18 million in 2018 and later.

The total investment in unsold property, both delivered and under construction, dropped in the first half-year by €1 million to €14 million. The number of unsold homes rose at the end of 2013 from 96 homes to 100 homes. The number of unsold delivered homes decreased by 11 homes to 16 in the first half-year from 27 homes at the end of 2013. These are distributed over six projects. As well as the 16 homes, there was the completed unsold property of 4112 m^2 and 1000 m^2 unleased commercial property.

The unconditional purchase obligations decreased by €1 million compared to the end of 2013 in relation to the land decrease because of the start of a residential building project. The conditional purchase obligations increased by €33 million; this can mainly be explained by the signing of the development agreement for the holiday home project De Klepperduinen in Ouddorp.

Land positions

x € 1 million	**first half year 2014**	2013
1 January	**142**	152
Net investment	**(6)**	(9)
Write-down	**-**	(1)
31 December	**136**	142

The land positions decreased by €6 million to €136 million. This consisted in particular of the sale of a number of smaller land positions and the second stage of the area development in construction Strand Resort Nieuwvlietbad. There were no depreciations in the first half-year.

Transition division Building & Development
The commencement of the restructuring of the Building & Development division announced this year is running according to schedule. Restructuring concentrated on putting the strategic focus on complex, integrated projects mainly in the Netherlands, but also abroad. This means Heddes Bouw & Ontwikkeling and Laudy Bouw & Ontwikkeling continue to operate as regional companies in the Randstad conurbation and the south of the Netherlands. Maintaining the regional branches makes optimum use of local presence, whereas business operations profit from the synergy of an integrated, operating company. The fourteen Bouwborg branches have been further transformed into a nationally operating maintenance and renovation company.

The property and development activities have been further integrated into the business unit Concessions - Development with the focus on financial feasibility; the creative ability of this business depends more and more on new earning models, a strong network in the financial world, and prior careful management of financial risks. Here the disciplines of Ballast Nedam Development and Ballast Nedam Concessions, which also manage the book of PPP and concession projects, directly affect one another. Due to the synergy in the work of the aforementioned companies, there is better knowledge sharing and more efficient and sturdy organization.

This means that the Building & Development division is better positioned for the *differentiated market approach* of Ballast Nedam due to the integrated collaboration and the shared ownership within this division.

<u>SPECIALIZED COMPANIES & SUPPLIES DIVISION</u>

The results of the specialized and supplies companies have been positively affected by the well-filled order book at the prefabricated concrete companies and the results of the policy pursued for cost saving and innovations in recent years. In addition, the successful disposal programme is going according to plan and the division has ceased a number of loss-making products and/or activities.

The Specialized Companies & Supplies division is highly capable of meeting the challenges of the market with the reorganizations and process improvements made. The cost level of the businesses has been strongly reduced, and innovative ability and commerce has been strengthened on various fronts. The management is working towards permanently implementing these improvements.

In accordance with the strategic plan, the Specialized Companies & Supplies division focuses on delivering products and services which, due to their distinctive character, contribute towards the demonstrable competitive advantage within the strategic focus of Ballast Nedam.

Specialized Companies

x € 1 million	**first half year 2014**	first half year 2013	2013
Revenue	**97**	114	260
EBIT	**1**	(4)	(19)
Margin	**1.0%**	(3.5%)	(7.3%)
Order book	**73**	107	113
Assets	**87**	113	115

EBIT and revenue
The enormous turnaround of heavy losses in 2013 at a number of business divisions, the major reorganizations implemented for five specialized companies, and the merger of a number of business divisions is beginning to show in the figures. The first half-year ended with a positive result of €1 million as opposed to €4 million negative in 2013.

The revenue for the first half-year decreased by €17 million to €97 million as a result of reduction in activities.

The assets of Specialized Companies were €87 million and therefore €28 million less than the first half of 2013. This is because of the major focus on work capital reduction and the decrease of activities.

Market and order book
The markets, with low price levels, continue to be a challenge in the short term. The indications for recovery in the medium term show a slightly positive picture in general.

In the first half-year the order book decreased by €34 million to €107 million due to the capacity reduction in a number of specialized companies and the decrease in market volume as a derivative of the markets for infrastructure and construction. In addition to the Ballast Nedam projects, the specialized companies will also continue to work on developing a third-party market.

The activities with regard to the alternative fuels niche market of Ballast Nedam IPM were integrated into CNG Net in the last half-year.

Supplies

x € 1 million	**first half year 2014**	first half year 2013	2013
Revenue	**74**	68	184
EBIT	**23**	1	8
Margin	**31.1%**	0.7%	4.3%
Order book	**47**	61	55
Assets	**192**	198	187

EBIT and revenue
The revenue of Supplies decreased slightly by €4 million to €74 million due to less revenue, in particular in primary raw materials, and as a result of closing Omnia. Supplies obtained an operational result of €23 million compared to €1 million last year. The book profit from the sale of Phoenix Ltd. was €22 million. A minority participation in the Helmond asphalt plant was also sold in the last half-year. Without taking into account the book profit, impairment of assets and reorganization costs of Omnia, Supplies has a result of €6 million.

With the exception of Omnia, the prefabrication companies broke even. As a result of the closure of Omnia Plaatvloer B.V. in Coevorden, announced at the beginning of April, production was definitively ceased in June.

Assets will be sold insofar as possible. The closure was caused by continual losses and a lack of long-term prospects.

The assets of Supplies were €192 million and therefore €5 million more than at the end of 2013.

Market and order book

The margins in the prefabrication markets remain under pressure in particular for the standard products. However, the differentiated market approach and focus on innovative, high-quality products of the prefabrication factories contribute to a qualitative order intake. The raw materials market for sand and grit also remained under pressure in the first half-year. The markets were reasonable with regard to volumes also thanks to the mild winter but prices remained low. All in all the producing companies had to deal with an extremely competitive market.

In the first half-year the order book decreased by €8 million to €47 million because no large projects were taken on by the Infrastructure and Building & Development divisions.
As well as the Ballast Nedam projects, the producing companies will also further develop a third-party market, such as in Belgium and Germany.

Secondary raw materials niche market

Feniks Recycling had a good result on the niche market for secondary raw materials. There is a lot of demand this year for AVI bottom ash. In addition, Feniks is closely involved in the preparations for the details of the Green Deal.

Revenue

x € 1 million	**first half year 2014**	first half year 2013	2013
Infrastructure	**186**	199	546
Building & Development	**263**	232	531
Specialized Companies	**97**	114	260
Supplies	**74**	68	184
	620	613	1 521
Other	**(105)**	(127)	(281)
	515	486	1 240

Revenue rose by 3% from €496 million to €515 million. This increase is entirely ascribable to the Building & Development division. Both the regional companies as well as the major projects contributed to this.

EBIT

x € 1 million	**first half year 2014**	first half year 2013	2013	**first half year 2014**	first half year 2013	2013
Infrastructure	**(59)**	5	4	**(59)**	5	4
Building & Development	**(3)**	1	(11)	**1**	1	-
Specialized Companies	**1**	(4)	(19)	**1**	(4)	(14)
Supplies	**23**	1	8	**6**	1	9
Other	**(7)**	(2)	(12)	**(1)**	(2)	(11)
	(45)	1	(30)	**(52)**	1	(12)
Write-down				**(4)**	-	(6)
Bookprofit				**22**	-	-
Significant Restructuring Costs				**(6)**	-	-
Restructuring costs				**(5)**	-	(12)
				(45)	**1**	(30)

The operational loss was €45 million. The operational loss exclusive of impairments, tangible fixed assets, goodwill, book profits, and restructuring costs was €52 million. This is €53 million worse than the first half-year of 2013. The operational result of the Supplies segment was affected by book profit of €22 million on the sale of Ballast Phoenix Ltd. in the first half-year of 2014. The result under ‘Other’ concerns mainly holding costs.

Margin

	first half year 2014	first half year 2013	2013
Infrastructure	**(31.7%)**	2.5%	0.7%
Building & Development	**(1.1%)**	0.4%	(2.1%)
Specialized Companies	**1.0%**	(3.5%)	(7.3%)
Supplies	**31.1%**	0.7%	4.3%
	(8.7%)	0.2%	(2.4%)

The margin on a group basis was negative 8.7%. Without taking impairments and restructuring costs into account, the margin remains negative (5%). This was 0% over the first half-year of 2013.

Profit for the period

x € 1 million	**first half year 2014**	first half year 2013	2013
EBIT	**(45)**	1	(30)
Net finance income and expense	**(5)**	(4)	(7)
Profit before income tax	**(50)**	(3)	(37)
Income tax expense	**(1)**	-	(4)
Profit for the period	**(51)**	(3)	(41)

Compared to the first six months of 2013, the interest charges rose by €1 million to €5 million as a result of higher rates and greater use of the working capital facility. The tax burden was €1 million, which is €1 million more than in the first half of 2013. The tax burden was caused by positive results outside the tax unit. The net loss was €51 million.

Order book

x € 1 million	**first half year 2014**	first half year 2013	2013
Infrastructure	**488**	787	596
Building & Development	**613**	654	691
Specialized Companies	**73**	107	113
Supplies	**47**	61	55
	1 221	1 609	1 455
Other	**(33)**	(42)	5
	1 188	1 567	1 460

The order book dropped by €379 million to €1.2 billion compared to the first half of 2013. This drop occurred in all three divisions. The largest drop was in Infrastructure as a result of high production in projects such as A15 Maasvlakte - Vaanplein and A2 Maastricht, the exit from the capacity-driven markets, and because no major projects were acquired on the domestic market in the first half-year. The drop in the other segments was caused by higher production and projects ending.

Ballast Nedam's strategic focus and differentiated market approach from the three divisions provide a framework for the disciplined acquisition of projects and maintenance of stricter acceptance procedures.

Capital and cash flows

Ballast Nedam's shareholders' equity decreased to €36 million because of the net result of €51 million negative.

Because of the loss, solvency decreased from 11% at the end of 2013 to 4% at half-year 2014.

The total assets rose by €44 million to €872 million as a result of higher PPP receivables for Pi2 Zaanstad (€18 million) and higher receivables of €86 million. Working capital dropped by €17 million as a result of higher advance payments (€48 million) and higher other debts (€28 million). This also includes the provisions for A15 Maasvlakte – Vaanplein and A2 Maastricht.

The cash flow for the first half-year of 2014 was €25 million negative versus a cash flow of €17 million negative in the same period in 2013.

Operational cash flow for the first half-year of 2014 deteriorated by €6 million compared to the first half-year of 2013 to €82 million negative due to less work in progress and higher advance payments.

The cash flow from investment activities was €17 million negative versus €9 million negative in the first half of 2013. Investments consisted of €6 million in the intangible and tangible fixed assets and €11 million in the financial fixed assets. This mainly concerned PPP receivables for the penitential institution Zaanstad Pi2. The positive cash flow from the sale of subsidiaries after deduction of the closed cash was €29 million and refers to the sale of Ballast Phoenix Ltd.

The positive cash flow activities of €10 million from financing activities consisted of long-term loans taken out for the PPP funding of the penitential institution Zaanstad Pi2.

Financing position

x € 1 million	**first half year 2014**	first half year 2013	2013
Cash and cash equivalents	**43**	36	52
Bank overdrafts	**(68)**	(53)	(22)
Net cash	**(25)**	(17)	30
Recourse loans	**(91)**	(99)	(91)
Financing position	**(116)**	(116)	(61)
Non-recourse loans	**(14)**	(13)	(17)
Financing position including non-recourse	**(130)**	(129)	(78)

The financing position of Ballast Nedam deteriorated by €55 million from a debt of €61 million at the end of 2013 to a debt position of €116 million over the first half-year of 2014. Compared to the first half of 2013 the debt position remained unchanged. The financing position including the non-recourse loans dropped by €52 million from a debt position of €78 million at the end of 2013 to €130 million in the first half-year of 2014. The net liquid assets over the first half-year of 2014 deteriorated by €6 million to a negative €25 million compared to the first half-year of 2013 of negative €17 million. The deterioration was caused by higher current accounts. In the first half-year of 2014 €60 million was withdrawn from the working capital facilities (€110 million). This is €12 million more than in the first half-year of 2013. During the year financing needs are greater at the end of the year.

Loans

x € 1 million	**first half year 2014**	first half year 2013	2013
PPP loans	**14**	0	2
Land bank financing	**40**	42	40
Business loans	**50**	51	51
Finance leases	**1**	6	4
Other loans	**-**	13	11
	105	112	108
Recourse	**91**	99	91
Non recourse	**14**	13	17
	105	112	108
Current loans	**2**	9	8
Long-term loans	**103**	103	100
	105	112	108

The large business loan of €50 million has a term until April 2017. The loan has fixed interest of 5.4% and a mortgage has been established on a number of properties used by Ballast Nedam as security. In the land bank financing included is another large loan of €33 million, which is mainly for financing a number of land positions in a separate company. This loan has a term until October 2015 and an interest of Euribor plus surcharge. Mortgage is established on the land positions in question as security. The PPP loans of €14 million concern non-recourse financing of the penitential institution Zaanstad Pi2. The other remaining loans of the land bank financing and financial leases of € 8 million in total, concern various project loans and proportional consolidated participations. For €14 million of the €105 million of loans, there is no recourse option on Ballast Nedam.

Statement of the Board of Management
To the best of the Board of Management's knowledge, the half-year financial accounts give a true and fair view of the assets, liabilities, financial position and profit of Ballast Nedam N.V. and the undertakings included in the consolidation taken as a whole. To the best of the Board of Management's knowledge, the half-year financial report give a fair review of the material events in the first half-year and their effect on the half-year financial statements, a fair account of the main risks and uncertainties for the remaining periods of the year, and a fair review of the material transactions with related parties.

Nieuwegein, 4 July 2014

Board of Management
E. van der Noordaa
P. van Zwieten

HALF-YEAR ACCOUNTS

(*) The comparative 2013 figures have been adjusted as a result of a system change regarding IFRS 11 (see note 4).
([1])These comparative 2013 figures have not been reviewed or audited.

Condensed consolidated income statement

x € 1 million		**first half year 2014**		first half year 2013 [1]*		2013*
Revenue		**515**		486		1 240
Other operating income		**22**		-		-
Costs of raw materials and subcontractors	**(450)**		(326)		(921)	
Employee benefits	**(119)**		(137)		(268)	
Other operating expenses	**(3)**		(12)		(57)	
		(572)		(475)		(1 246)
Share in profits of associates		**-**		-		-
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**(35)**		11		(6)
Depreciation and amortization of property, plant and equipment and intangible assets		**(7)**		(10)		(21)
Impairment of tangible and intangible assets		**(3)**		-		(3)
Earnings before interest and taxes (EBIT)		**(45)**		1		(30)
Finance income	**-**		-		-	
Finance expense	**(5)**		(4)		(7)	
Net finance income and expense		**(5)**		(4)		(7)
Profit before income tax		**(50)**		(3)		(37)
Income tax expense		**(1)**		-		(4)
Profit for the period		**(51)**		(3)		(41)
Attributable to owners of the company:						
Basic earnings per share (€)		**(5.22)**		(0.31)		(4.22)
Diluted earnings per share (€)		**(5.22)**		(0.31)		(4.22)

Consolidated statement of comprehensive income

x € 1 million	**first half year 2014**	first half year 2013 [1]*	2013*
Profit for the period	**(51)**	(3)	(41)
Other comprehensive income:			
Foreign currency translation differences	**-**	-	-
Net changes in hedging reserve	**(3)**	-	1
Total comprehensive income for the period	**(54)**	(3)	(40)
Attributable to:			
Owners of the company	**(54)**	(3)	(40)
Non-controlling interests	**-**	-	-
Total comprehensive income for the period	**(54)**	(3)	(40)

Condensed consolidated statement of financial position

x € 1 million

	first half year 2014		first half year 2013 [1*]		2013*	
Non-current assets						
Intangible assets	**20**		30		20	
Property, plant and equipment	**88**		145		130	
Financial assets	**28**		12		23	
Deferred tax assets	**33**		32		32	
		169		219		205
Current assets						
Inventories	**157**		188		162	
Work in progress	**106**		109		147	
Receivables	**300**		232		214	
Cash and cash equivalents	**43**		36		52	
Assets held for sale	**97**		35		48	
	703		600		623	
Current liabilities						
Bank overdrafts	**(68)**		(53)		(22)	
Current portion of long-term loans	**(2)**		(9)		(8)	
Prepayments on inventories	**(2)**		(2)		(2)	
Work in progress	**(153)**		(98)		(105)	
Trade payables	**(200)**		(196)		(231)	
Income tax expense	**1**		(1)		(1)	
Other liabilities	**(231)**		(178)		(203)	
Provisions	**(21)**		(22)		(28)	
Liabilities held for sale	**(48)**		(20)		(27)	
	(724)		(579)		(627)	
Current assets minus current liabilities		**(21)**		21		(4)
		148		240		201
Non-current liabilities						
Loans	**103**		103		100	
Derivatives	**1**		(0)		0	
Deferred tax liability	**0**		3		0	
Employee benefits	**4**		3		4	
Provisions	**4**		3		7	
		112		112		111
Total equity						
Equity attributable to owners of the company	**36**		128		90	
Non-controlling interest	**-**		-		-	
		36		128		90
		148		240		201
Solvency		**4%**		16%		11%

Condensed consolidated statement of changes in equity

x € 1 million	**first half year 2014**	first half year 2013 [1]*	2013*
Share capital	**60**	60	60
Share premium	**52**	52	52
Reserves	**(22)**	19	19
Opening	**90**	131	131
Foreign currency translation differences	**(0)**	-	-
Net change in hedging reserve	**(3)**	-	1
Other comprehensive income	**(3)**	-	1
Profit for the period	**(51)**	(3)	(41)
Dividend paid	**-**	-	-
Other	**-**	-	(1)
Closing	**36**	128	90

Condensed consolidated statement of cash flows

x € 1 million	**first half year 2014**		first half year 2013 [1]*		2013*	
Net cash - opening balance		**30**		76		76
Profit for the period	**(51)**		(3)		(41)	
Adjustments:						
Depreciation	**7**		9		21	
Amortization	**(0)**		1		(0)	
Impairment (in)tangible assets	**4**		-		3	
Finance expense	**5**		4		7	
Finance income	**-**		-		(0)	
Share-based payments	**-**		-		(0)	
Gain from disposal of fixed assets and subsidiaries	**22**		-		(0)	
Income tax expense	**(0)**		-		1	
Share in profits of associates	**-**		-		(0)	
Movements:						
Movement in inventories	**(3)**		5		27	
Movement in work in progress	**76**		(24)		(41)	
Movement in fair value investments	**-**		-		0	
Movement in other receivables	**(117)**		(12)		5	
Movement in provisions and employee benefits	**(3)**		(13)		(7)	
Change in other current liabilities	**(17)**		(39)		8	
Interest paid	**(5)**		(4)		(7)	
Interest paid on hedging instruments	**-**		-		(0)	
Interest received	**-**		-		(0)	
Income taxes paid	**(0)**		-		(2)	
Net cash from operating activities		**(82)**		(76)		(26)
Intangible assets						
investments	**(1)**		(1)		(6)	
income from disposals	**-**		-		2	
Property, plant and equipment						
investments	**(5)**		(7)		(19)	
income from disposals	**3**		-		7	
Financial assets						
investments	**(11)**		-		(7)	
income from disposals	**2**		-		1	
dividends received	**-**		-		0	
income from other receivables	**-**		-		(0)	
Disposals of associates	**-**		(1)		(2)	
Disposal of subsidiaries after deduction of disposed cash and cash equivalents	**-**		-		0	
Sale of subsidiaries after deduction of disposed cash and cash equivalents	**29**		-		8	
Net cash used in investing activities		**17**		(9)		(16)
Income from long-term loans drawn	**13**		-		14	
Repayment of long-term loans	**(2)**		(8)		(15)	
Handling charges paid on new loans	**-**		-		(0)	
Finance lease instalments paid	**(1)**		-		(3)	
Acquisition of non-controlling interest	**-**		-		(0)	
Dividend paid	**-**		-		(0)	
Proceeds from repurchase of own shares	**-**		-		(0)	
Net cash from financing activities		**10**		(8)		(4)
Effect of exchange rate fluctuations on cash held		**0**		-		(0)
Net cash - closing balance		**(25)**		(17)		30

The above statement of cash flows includes € 11 million of investments in PPP receivables which are part of the net cash flow from investing activities.

Condensed statement of net cash

x € 1 million	**first half year 2014**	first half year 2013 [1]*	2013*
Cash and cash equivalents	**43**	36	52
Bank overdrafts	**(68)**	(53)	(22)
Net cash	**(25)**	(17)	30
Fully consolidated	**(49)**	(35)	(3)
Proportionately consolidated	**24**	18	33
Net cash	**(25)**	(17)	30

Net financing position

x € 1 million	**first half year 2014**	first half year 2013 [1]*	2013*
Net cash	**(25)**	(17)	30
Current portion of long-term loans	**(2)**	(9)	(8)
Long-term loans	**(103)**	(103)	(100)
	(130)	(129)	(78)

Operating segments

Revenue

x € 1 million	**first half year 2014**	first half year 2013	2013
Infrastructure	**186**	199	546
Building & Development	**263**	232	531
Specialized Companies	**97**	114	260
Supplies	**74**	68	184
	620	613	1 521
Other	**(105)**	(127)	(281)
	515	486	1 240

Revenue rose by 3% from €496 million to €515 million. This increase is entirely ascribable to the Building & Development division. Both the regional companies as well as the major projects contributed to this.

EBIT

x € 1 million	**first half year 2014**	first half year 2013	2013	**first half year 2014**	first half year 2013	2013
Infrastructure	**(59)**	5	4	**(59)**	5	4
Building & Development	**(3)**	1	(11)	**1**	1	-
Specialized Companies	**1**	(4)	(19)	**1**	(4)	(14)
Supplies	**23**	1	8	**6**	1	9
Other	**(7)**	(2)	(12)	**(1)**	(2)	(11)
	(45)	1	(30)	**(52)**	1	(12)
Write-down				**(4)**	-	(6)
Bookprofit				**22**	-	-
Significant Restructuring Costs				**(6)**	-	-
Restructuring costs				**(5)**	-	(12)
				(45)	**1**	(30)

The operational loss was €45 million. The operational loss exclusive of impairments, tangible fixed assets, goodwill, book profits, and restructuring costs was €52 million. This is €53 million worse than the first half-year of 2013. The operational result of the Supplies segment was affected by book profit of €22 million on the sale of Ballast Phoenix Ltd. in the first half-year of 2014. The result under 'Other' concerns mainly holding costs.

Margin

	first half year 2014	first half year 2013	2013
Infrastructure	**(31.7%)**	2.5%	0.7%
Building & Development	**(1.1%)**	0.4%	(2.1%)
Specialized Companies	**1.0%**	(3.5%)	(7.3%)
Supplies	**31.1%**	0.7%	4.3%
	(8.7%)	0.2%	(2.4%)

The margin on a group basis was negative 8.7%. Without taking impairments and restructuring costs into account, the margin remains negative (5%). This was 0% over the first half-year of 2013.

Profit for the period

x € 1 million	**first half year 2014**	first half year 2013	2013
EBIT	**(45)**	1	(30)
Net finance income and expense	**(5)**	(4)	(7)
Profit before income tax	**(50)**	(3)	(37)
Income tax expense	**(1)**	-	(4)
Profit for the period	**(51)**	(3)	(41)

Compared to the first six months of 2013, the interest charges rose by €1 million to €5 million as a result of higher rates and greater use of the working capital facility. The tax burden was €1 million, which is €1 million more than in the first half of 2013. The tax burden was caused by positive results outside the fiscal unity. The net loss was €51 million.

Order book

x € 1 million	**first half year 2014**	first half year 2013	2013
Infrastructure	**488**	787	596
Building & Development	**613**	654	691
Specialized Companies	**73**	107	113
Supplies	**47**	61	55
	1 221	1 609	1 455
Other	**(33)**	(42)	5
	1 188	1 567	1 460

The order book dropped by €379 million to €1.2 billion compared to the first half of 2013. This drop occurred in all three divisions. The largest drop was in Infrastructure as a result of high production in projects such as A15 Maasvlakte - Vaanplein and A2 Maastricht, the exit from the capacity-driven markets, and because no major projects were acquired on the domestic market in the first half-year. The drop in the other segments was caused by higher production and projects ending.

Ballast Nedam's strategic focus and differentiated market approach from the three divisions provide a framework for the disciplined acquisition of projects and maintenance of stricter acceptance procedures.

Significant events

Ballast Nedam has just had a heavy loss-making first half-year, with a negative operational result of €45 million, €15 million of which is restructuring costs, reorganisation costs and impairments and €22 million is book profit on disposals. In particular, the huge loss on the Maasvlakte - Vaanplein project caused by considerable additional cost overruns, had a negative effect on the results. Project results for the Infrastructure division were disappointing, including the A2 Maastricht Project, which is carried out by the Avenue2 consortium. A provision amounting to € 14 million was included for this in anticipation of the results of a recently started audit within the project. The restructuring costs of €15 million consist of €4 million of impairments and goodwill, resulting from the sale of business units and the closing of Omnia Plaatvloeren B.V., €5 million of reorganisation costs in the Building & Development division and €6 million of refinancing costs in the Holding. Good results were achieved in the offshore niche market. A number of large complex building projects also resulted in a good contribution. In the past six months, no new major projects have been acquired on the domestic market.

Revenue in the first half-year increased by 5% compared to the first half of 2013 to €515 million. This increase resulted from high production in projects such as A15 Maasvlakte - Vaanplein and A2 Maastricht and higher revenues in the regional construction companies.

Compared to the first six months of 2013, the interest charges rose by €1 million to €5 million as a result of higher rates and greater use of the working capital facility. The tax burden was €1 million, which is €1 million more than in the first half of 2013. The tax burden was caused by positive results outside the Dutch fiscal unity. The net loss was €51 million.

Intangible and tangible fixed assets fell sharply as a result from transfer of assets to current assets as assets held for sale, to be sold within a year. Financial assets increased compared to the half-year and the full year 2013, because of increased investments in the PPP project penitential institution Zaanstad.

Current assets is €103 million higher than the half-year 2013 due to higher receivables, including proceeds from the buyer of Ballast Phoenix Ltd., and higher trade receivables. The item assets held for sale is €62 million higher than the half-year and the full year 2013. The item stocks fell sharply compared to the half-year 2013, with more than €31 million. This decrease is due to decrease of the land holdings by €15 million and lower trading stocks.

The current liabilities increased by €145 million compared to the half-year 2013. This increase was due to significant higher prepayments on a number of projects in infrastructure, offshore and construction. The item other payables increased by €53 million compared to half-year 2013. This increase is due to higher provisions for losses on some projects. The item liabilities held for sale increased by €28 million compared to the half-year 2013.

On balance, working capital compared to the half-year and the full year 2013 improved by €42 million and €17 million, respectively.

The net debt is at a similar level of half-year 2013 to the first half 2013, but has deteriorated with €52 million, compared to the full year 2013. This was due to higher utilization of the credit facility and increased PPP loans (non-recourse).

Continuity and liquidity of the business
In the last half-year, Ballast Nedam incurred a net loss of €51 million (for the entire year of 2013 this was a loss of €41 million), and the solvency percentage dropped from 11% to 4%.

In February 2014, refinancing was realized with the support of all 5%-plus shareholders and banks. The refinancing of € 110 million consists of new committed loans of €80 million with a term until 2017 and a bridge loan of €30 million to be repaid from the proceeds of the intended rights issue of €30 million. The €80 million loans are partially a replacement of the existing (previously not committed) facility of €60 million. Income from any disposals of businesses that occur in the period up until 2017 will be used partly to repay the loans. In June 2014, an agreement in principle was entered into with the banks, containing a deferment of 12 months for repayment of loans from the proceeds of the disposals, up to a maximum amount of €15 million. The covenants with regard to refinancing will be established in the third quarter of 2014.

All 5%-plus shareholders have committed to the rights issue for €20.6 million, and the remainder of €9.4 million has been underwritten by Rabobank and ING. The rights issue will take place in the third quarter.

The reinforcement of the financial structure and improvement of the solvency of Ballast Nedam will have to take place by way of the aforementioned rights issue of €30 million, the package of identified disposals, further implementation of the disposals programme, proceeds from current claims and other compensation, and by improving the operational results in the coming years based on the adjusted business plan for 2014-2016. With this in mind, an improvement programme was started in the first half-year. As well as an improvement project to control working capital, the programme contains various projects focused on cost saving. Even though the expected results of the programme are promising based on the first report, it is still too early to indicate any specific results. The implementation of the improvement programme will be continued in the second half of 2014.

The measures referred to for reinforcing liquidity and improving Ballast Nedam's solvency offer the company adequate financial room to focus on the expedited implementation of its strategy, which is focused on integrated projects. This does not alter the fact that there are uncertainties, which can be disadvantageous (but also advantageous) for Ballast Nedam. On the one hand, this concerns sensitivities in the business plan such as the time of contracting large projects and the settlement of ongoing judicial procedures. On the other hand, there are uncertainties in the effectuation of improvement projects, such as realizing sales of business divisions and cost-saving projects. In addition, the order book is a risk in relation to occupation.

Based on the aforementioned measures we are confident that the company's continuity is safeguarded.

Disposals

On 15 June 2014 Ballast Nedam reached agreement on the sale of the British activities of the subsidiary Recycling Maatschappij Feniks B.V. (Feniks Recycling) to H2 Equity Partners (H2). The British activities are carried out by Ballast Phoenix Ltd, market leader in recycling of incinerator bottom ash (IBA) in the United Kingdom.

Ballast Phoenix Ltd will be sold for €38 million (100%, including €3.5 million earnout), resulting in a book profit of €22 million for Ballast Nedam.

Compressed overview disposals

x € 1 million

	first half year 2014
Financial assets	-
Deferred tax asset	-
Property, plant and equipment	9
Inventories	-
Receivables	5
Trade payables	(5)
Derivatives	-
Loans	(2)
Net assets and liabilities	**7**

x € 1 million

Considerations received in cash	30
Disposed cash and cash equivalents	(1)
Net cash - inflow	**29**

Assets and liabilities held for sale

Ballast Nedam values assets held for sale at the lower of its carrying amount and fair value less costs to sell. Ballast Nedam has identified the following companies of the group in the first half-year of 2014 which are directly available for sale and which fit within the strategy of improving Ballast Nedam's financial position: the 30% participation in Beheersmaatschappij Fr. Bontrup B.V, the companies CNG Net B.V., LNG24 B.V., CNG Net Realisatie en Onderhoud B.V., Rademakers Gieterij B.V., TBS Soest B.V. and Recycling Maatschappij Feniks B.V. These companies form part of the Specialized Companies & Supplies and Building & Development divisions. The impact on the consolidated balance sheet of Ballast Nedam is shown in the table below. It is expected that these sales will take place in the third quarter of 2014.

Compressed overview assets held for sale

x € 1 million	first half year 2014
Intangible assets	9
Property, plant and equipment	48
Financial assets	2
Current assets	38
	97
Current liabilities	(22)
Non-current liabilities	(26)
	(48)

Explanatory notes on the half-year financial report

1. Important financial reporting principles

Ballast Nedam N.V. has its registered office in the Netherlands in Nieuwegein. Ballast Nedam N.V.'s half-year financial report concerns the first six periods of the 2014 financial year from 1 January 2014 up to and including 15 June 2014 (2013: 1 January up to and including 16 June). This report covers Ballast Nedam N.V. (the head of the group) and its subsidiaries, referred to collectively as Ballast Nedam, and the interest of Ballast Nedam in associated participations and entities where control is carried out jointly.

Ballast Nedam N.V.'s consolidated financial statements for the 2013 financial year can be obtained at www.ballast-nedam.nl.

2. Statement of compliance

The half-year financial report has been drawn up in accordance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting' as accepted within the European Union (hereinafter: 'EU-IFRS'). No audit was carried out. The half-year financial report does not contain all information required for complete financial statements and must be read in cohesion with the consolidated financial statements for the year 2013.

This half-year financial report was drawn up and approved by the Board of Management on 4 July 2014. The figures for the half-year 2014 and the comparative figures for half-year 2013 have been assessed by the accountant. The annual results of 2013 have been audited.

3. Accounting principles used to compile the half-year financial report.

The accounting principles used to compile the half-year financial report are the same as the principles described in the financial statements of the 2013 financial year. Based on the actions, plans, and expectations referred to in this report, the figures for the first half-year of 2014 have been compiled on a going-concern basis.

The Board of Management regularly uses information per segment to take decisions on allocating resources and assessing results. The decisions on allocating resources and assessing results take place based on the Earnings before Income Tax (EBIT) and Active Capital.

4. New and amended standards issued by the IASB and endorsed by the European Union and applicable in the current fiscal year

IFRS 10 - 'Consolidated Financial Statements'
IFRS 10 introduces a new approach for determining whether an investor must consolidate an investee, and a uniform principle for determining whether an investor controls an investee. They have no material impact on Ballast Nedam's comparative figures or equity. This standard is effective as of January 1, 2014.

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities - Non-Monetary Contributions by participants in a joint venture. IFRS 11 distinguishes two types of partnerships, depending on whether the parties actually exposed to the advantages and disadvantages of the individual assets and liabilities (joint operation), or only exposed to the advantages and disadvantages of the net assets (joint venture). The essential distinction of a joint venture in relation to a joint operation is in principle unlimited liability of a participant in a joint operation for its share of the debt, the liability of a participant in a joint venture is in principle limited to its contributions the entity in which cooperation is included. Joint ventures are no longer proportionally consolidated as from 2014, but must be recognized against the equity method. A "joint operator" must take its share of the assets, liabilities, income and expenses. This standard is effective as of January 1, 2014. The standard has no impact on the result and equity, but does have impact on the composition of the result and leads to balance sheet reduction, as Ballast Nedam used to proportionally consolidate the joint ventures until 2013 in accordance with IAS 31. Ballast Nedam from 2014 criteria established for the purpose of application of IFRS 11 to which the collective agreements have been tested. On this basis, for which there is a cooperative joint venture with the result that the processing of these joint ventures under IFRS 11 from 2014 takes place by means of the equity method instead of proportional consolidation. The comparative figures have been adjusted in line with this. The impact on the balance sheet and profit and loss account is described in the table below. The impact on cash flow, order book and segmentation is reviewed by management and is limited. The transition has no effect on the income of the Group or of the basic and diluted earnings per share.

The impact of this system change is shown in the table below.

	first half year 2014	**first half year 2013**	**2013**
Revenue decrease	**(10)**	(10)	(28)
Decrease in costs raw materials	**10**	10	28
Decrease in EBIT	**-**	-	-
Decrease in interest	**-**	-	-
Decrease in income tax expense	**-**	-	-
Net income effect	**-**	-	-
Impact on the statement of financial position			
Decrease in Intangible assets	**(5)**	(7)	(6)
Decrease in property, plant and equipment			
Increase in financial assets			
Decrease in current assets	**(8)**	(7)	(11)
Decrease in current liabilities	**7**	5	9
Liabilities	**6**	9	8
Net impact on equity	**-**	-	-

IFRS 12 Disclosure of Interests in Other Entities
The objective of IFRS 12 is to enable to assess the objective and the associated risks of interests in other entities and also to assess. The effects of those interests on its financial position, performance and cash flows users of financial statements This includes additional annual disclosures and has no influence on the result and equity. This standard is effective as of January 1, 2014.

Changes in IFRS 10, IFRS 11 and IFRS 12 - Transitional provisions
These changes in IFRS 10 - Consolidated Financial Statements, IFRS 11 - Joint Arrangements and IFRS 12 - Disclosures of Interests in Other Entities, are designed to facilitate the transition to the new standards. The information about the specific items required by IAS 8:20 is limited to the most recent comparative period. This change is effective as of January 1, 2014 and was adopted by the EU in the fourth quarter of 2012.

IAS 27 Separate Financial Statements
This is a reissue of IAS 27. Requirements for consolidation that were previously included in IAS 27 are set out in IFRS 10. The revised standard is intended for the separate financial statements of entities which also

prepare consolidated accounts. This standard has no impact on the consolidated financial statements of Ballast Nedam and is effective as of January 1, 2014.

IAS 28 Investments in associates
IAS 28, the accounting for investments in associates and laid out the requirements for the processing of investments in associates and joint ventures using the equity method. This standard has no impact on earnings or equity and is effective as of January 1, 2014.

IAS 32 Financial Instruments: Presentation
The amendment to IAS 32 is intended to provide, so the standard is applied in practice. Less inconsequential additional guidance This change has no impact on earnings or equity and is effective as of January 1, 2014.

Amendments to IAS 36 Impairment of Assets
These amendments clarify that the scope of the disclosure of the recoverable amount of assets is limited to assets subject, when recoverable amount of the fair value less costs to sell is based impaired. Contemplated This change is effective as of January 1, 2014.

New standards issued by the IASB but not yet endorsed by the European Union
- IFRS 14 Regulatory deferral accounts
- Amendments to IAS 19 Employee Benefits: Employee Contributions
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Improvements to International Financial Reporting Standards cycle 2010-2012
- Improvements to International Financial Reporting Standards cycle 2011-2013
- IFRIC Interpretation 21 Charges

Although these new requirements are currently being analyzed and the impact is not yet known, Ballast Nedam does not expect that the adoption of these revised standards will have a significant effect on the result and equity.

5. Seasonal patterns
Ballast Nedam is familiar with the usual seasonal patterns within the construction industry. This affects the reported results, balance sheet, and cash flows. Historically speaking, results and operational results are lower in the first half of the year than in the second half of the year. In general, the working capital use and the net debt are higher in the middle of the year than at the end of the year.

6. Transactions with related parties
The parties affiliated with Ballast Nedam are its management (Board of Management/Supervisory Board), its subsidiaries, associated participations, joint ventures, Stichting Pensioenfonds Ballast Nedam, and directors and executive officers of these parties.

The most important task of the pension fund Stichting Pensioenfonds Ballast Nedam is implementing the pension scheme for the Ballast Nedam employees. Stichting Pensioenfonds Ballast Nedam uses services of employees of Ballast Nedam companies. The actual costs are passed on.

Ballast Nedam purchases from and sells goods and services to various affiliated parties in which Ballast Nedam has an interest of 50% or less or with natural persons and legal entities that hold at least 10% of the shares in Ballast Nedam. These transactions are all carried out in accordance with the ‘at arm's length’ principle, which is comparable to that of transactions with third parties.

7. Segment information
An operational segment is a division of Ballast Nedam that carries out business activities which can contribute to proceeds and costs to an important extent, including proceeds and costs related to transactions with the other divisions of the Group.
The Board of Management regularly uses information per segment to take decisions on allocating resources and assessing results.

The prices for transactions between segments are determined on objective commercial grounds. The results, assets, and obligations of a segment contain items which can be directly, or reasonably, attributed to the segment.

8. Fair value valuation financial instruments

Ballast Nedam uses derived financial instruments to cover currency, interest, and market risks ensuing from business, financing and investment activities. Ballast Nedam uses hedge accounting to cover the interest rate on its PPP loans. In the first half-year, no change occurred in the fair value compared to the end of 2013. The effectiveness of the hedges is assessed each quarter. In the first half-year Ballast Nedam's total share in the PPP loans was € 6 million. The interest risk on these loans was fully covered. In the first half-year the hedges are still effective, meaning that this did not lead to mutations in Ballast Nedam's profit and loss account.

9. Estimates and opinion forming by the management

When the management of Ballast Nedam compiled the half-year figures, estimates and assessments were carried out which affect the amounts used for assets, liabilities, revenue, costs, and the related explanations of conditional obligations and off-balance sheet obligations. Estimates and assessments are regularly evaluated.

Project results

The item work in progress covers the interim realized profit or loss provision as well as the booked costs and instalments sent per project. Both this profit and this loss are based on an estimate of the final result per project, the end-of-work prognosis.

The result estimate referred to is less certain in cases such as the following:

- When an agreed contract form entails more risks for the contractor. For a design and construct contract the contractor always takes the design risk for its account. In a DBMO contract the responsibility for maintenance and operation is also included.

- When a project is still in an early stage of design or implementation. When developing a provisional design into a definitive design, considerable deviations from the provisional design can become apparent. This is possible because an initial solution is no longer possible after further consideration, or because the land conditions are better or worse than expected, or because the dialogue with stakeholders is much more complicated, and therefore costs more, than was previously assumed. In addition, during the implementation stage countless risks can become apparent which are the responsibility of the contractor. The above deviations can be either positive or negative.

Goodwill

The estimated future cash flows are used in the calculation of the realizable value. When determining future cash flows, schedules for the next three years for the relevant cash flow-generating unit. The suppositions from these schedules are also based on results from the past and external information sources. Cash flows are extrapolated with the expected growth percentages after three years.

Land positions

Land positions are acquired and kept for future developments and are valued at the historical purchase value or the value to be realized if this is lower. The cash value to be realized is the amount of the direct sales value and the cash value of the expected future cash flows. The expected future cash flows are determined based on scenario and sensitivity analyses. The discount rate used for the cash value determination is 9%.

Recognition income taxes

In the year-end closing, Ballast Nedam estimates the tax position for all tax entities. Estimates are made with regard to the actual tax charges and income to be set off in the short term as well as the temporary differences between the tax balance sheet position and the economic balance sheet position. For the fiscally compensatory losses and the deferred tax claim pursuant to temporary differences, it is determined per balance sheet date whether this can be valued. Ballast Nedam values deferred tax claims insofar as it is probable that they will be realized. If the actual expected taxable profit deviates from the estimates, and depending on the tax strategies which Ballast Nedam could implement, it may occur that the deferred tax claims valued are not realized, which may affect the financial position and results of Ballast Nedam.

As yet, no grounds have been found to recognize new tax losses in the half-year figures. This is consistent with the treatment in the 2013 financial statements.

Provisions
Provisions with regard to actual obligations depend on estimates and assessments whether the criteria for justifying it as an obligation are realized, including the estimate of the size of the actual obligation. Factual obligations are justified if it is probable that an obligation will arise and the scope of this obligation can reasonably be estimated. Guarantee provisions are taken for the expected expenses in settling known complaints. If the actual outcome differs from our assumptions of the expected expenses, the estimated provisions are revised, which could affect the financial position and results of Ballast Nedam.

10. Events after the reporting date

The appointment of Mr Erik van der Noordaa (age 53) as chairman of the Board of Management of Ballast Nedam was presented to the Extraordinary General Meeting of Shareholders. Mr van der Noordaa has been appointed chairman of the Board of Management of Ballast Nedam on 27 June 2014.

The contract for the sale of Ballast Nedam's 30% interest in Beheersmaatschappij Fr. Bontrup B.V. has been signed on Friday 4 July 2014.

Nieuwegein, 4 July 2014

Board of Management,
E. van der Noordaa
P. van Zwieten

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

Review report

To: the management board and supervisory board of Ballast Nedam N.V.

Introduction
We have reviewed the half year accounts as set out in the interim report 2014 on pages 16 to 29, of Ballast Nedam N.V., Nieuwegein, which comprises the condensed statement of financial position as at 15 June 2014, the condensed statement of income, condensed statement of changes in equity and condensed statement of cash flows for the period 1 January 2014 to 15 June 2014 and the notes to the half year accounts. Management is responsible for the preparation and presentation of these half year accounts in accordance with IAS 34, “Interim financial reporting” as adopted by the European Union. Our responsibility is to express a conclusion on these half year accounts based on our review.

Scope
We conducted our review in accordance with Dutch Law, including the Dutch Standard 2410 ‘Review of interim financial information performed by the independent auditor of the entity’. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Dutch auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying half year accounts for the period 1 January 2014 to 15 June 2014 are not prepared, in all material respects, in accordance with IAS 34 “Interim financial reporting”, as adopted by the European Union.

Emphasis of developments regarding continuity and liquidity
We draw attention to the note on continuity and liquidity on page 23, which describes the developments with respect to the company’s continuity as a going concern and liquidity. Our opinion is not qualified in respect of this matter.

Comparative information is not audited or reviewed
We have not audited the half year accounts for the period 1 January 2013 to 16 June 2013, nor have we performed a review engagement. Therefore, the comparative figures included in the profit and loss account are not audited or reviewed.

Utrecht, 4 July 2014

Ernst & Young Accountants LLP

Signed W.H. Kerst