Half-year report 2015
Period 6 ends on 14 June, 2015

Ballast Nedam N.V.

Foreword

Key figures

x € 1 million	**first half year 2015***	first half year 2014	2014
Revenue	**420**	515	1 166
EBIT	**(10)**	(45)	(65)
Margin	**(2.4%)**	(8.7%)	(5.6%)
Profit before income tax	**(15)**	(50)	(69)
Profit for the period	**(15)**	(51)	(103)
Order book	**789**	1 188	1 026
Shareholders´ equity	**(1)**	36	11
Solvency	**0%**	4%	2%
Financing position	**(48)**	(116)	38

* Consists of six periods of four weeks ending on June 14, 2015

Ballast Nedam had a loss-making first half-year with a negative operating result (EBIT) of €10 million, including €4 million of restructuring costs and €1 million book profit on the disposals of the interests in PPP projects; the Benelux Secondary PPP fund I B.V. and Pi2 B.V. The result also includes non-recurring income of €3.2 million in respect of an earn-out fee relating to the sale of Ballast Phoenix Ltd in 2014. A positive development is that the losses on the A15 Maasvlakte-Vaanplein and A2 Maastricht projects did not rise further in the first half of 2015 from the end-2014 level. The Erasmus project also made a positive contribution during the first half of the year. The negative operating result was caused in part by project losses on the Nobo Otrobanda Hospital project in Curaçao of €-1.4 million and the settlement of the OVT Breda claim amounting to €-1.5 million. Disappointing project results were recorded in the South and North-West areas of the Building & Development division. In the Infrastructure division the result was adversely impacted by insufficient coverage of overheads as a result of lower revenue in the first half of the year. A positive development is that the Infrastructure division faced no further major setbacks in terms of project results. The Specialized Companies & Supplies division performed as expected, despite capacity utilization problems in the concrete factories. Few major new projects were acquired in the domestic market during the past half-year. Revenue in the first half of 2015 decreased by 18% compared to the first half of 2014 to €420 million. The decrease in revenue was caused by the Infrastructure and Specialized Companies & Supplies divisions. Solvency decreased to zero. The completion of the rights issue will lead to an improvement in solvency in the second half of 2015.

On 22 July 2015 RC RÖNESANS İNŞAAT TAAHHÜT A.Ş. ("Renaissance Construction") and Ballast Nedam N.V. jointly announced that they have reached conditional agreement in connection with a public offer by Renaissance Construction for all of the issued and outstanding depositary receipts in respect of ordinary shares in the capital of Ballast Nedam. Renaissance Construction, Ballast Nedam N.V. and the relevant banks have entered into arrangements in respect of the continued availability of the financing and the separate bank loans as well as certain amendments to the existing terms and conditions, in each case in connection with the intended Offer. In connection with the Offer, the implementation of the rights issue that was previously announced at 29 April 2015 will be put on hold till at least 31 December 2015. A further explanation is included on page 29 subsequent events.

Developments concerning continuity and liquidity
Ballast Nedam recorded a net loss of €103 million (2013: €41 million) in 2014. The deterioration of the result during that year was particularly due to further cost overruns on the A15 Maasvlakte-Vaanplein and A2 Maastricht projects. The solvency rate at the end of 2014 consequently fell to 2%. In view of this negative result and an additional financing requirement, Ballast Nedam began discussions in early 2015 with its main financiers on an adjustment to the financing for the short and long term. On 27 April 2015 these discussions resulted in an agreement in principle between Ballast Nedam and the banking syndicate, comprising ING Bank, Rabobank and the Royal Bank of Scotland on a refinancing of the company. The final financing documents were signed on 17 June 2015.

Main basis of continuity: a financed business plan
The financing requirement is based on a revised 2015-2016 business plan, which assumes a continuation of the current basis of the Building & Development and Specialized Companies & Supplies divisions. With regard to the Infrastructure division, Ballast Nedam has decided to actively scale back its interests in two existing large-scale infrastructure projects, as announced in the letters of intent of April 2015 for the A15 Maasvlakte-Vaanplein and A2 Maastricht projects. This will reduce Ballast Nedam's risk profile.

- *A15 Maasvlakte-Vaanplein project: economic and legal interest reduced from 40% to 10%. A letter of intent has been concluded with Strukton and Strabag, partners in the A15 Maasvlakte-Vaanplein project, under which Ballast Nedam will reduce its share of the project on the implementation of the agreement from 40% to 10%. Strukton and Strabag are each increasing their share to 45%. This change will be effective in the second half of 2015. Ballast Nedam will pay €4 million to Strabag and €6 million to Strukton in 2016 as a risk premium. The expected impact of this transaction on the assets and results will be approximately €13 million positive in the second half of 2015. The share in any future claim proceeds, reduced by the decrease in the share from 40% to 10%, had not been recognized as at the balance sheet date.*

- *A2 Maastricht project: transfer of infrastructure part to Strukton; transfer of property development to Ballast Nedam. A letter of intent has been concluded with Strukton, our partner in the A2 Maastricht project, for the takeover of Ballast Nedam's share in the infrastructure activities in the project. Strukton's share in the property development of the A2 Maastricht project will be transferred to Ballast Nedam. Ballast Nedam is paying €22 million to Strukton to acquire the infrastructure activities. This payment will be spread over the second half of 2015. Ballast Nedam will acquire the right to the land positions for the property development. On the completion of the tunnel, Ballast Nedam will pay approximately €40 million to Strukton, for which external financing will be sought. The expected impact of this transaction on the assets and results will be zero in the second half of 2015.*

These two transactions have recently been finalized and are expected to be signed in the third quarter of 2015.
The Infrastructure division will focus on medium-sized, integrated infrastructure projects and smaller specialist projects in concrete and civil engineering, and industrial construction. Tendering will be carried out on a highly selective basis for both Dutch and international projects, with the aim of striking the right balance between risk, capacity and return. Close attention will be paid in particular to the risk profile in relation to the margin. As a result, the extent of the infrastructure activities will decrease, necessitating a capacity adjustment for the Infrastructure division.

Nature of the refinancing
The refinancing has the following components:
- Two bridge loans granted by Sanderink Investments B.V. and the banking syndicate totalling €20 million until completion of the planned rights issue in the second half of 2015;
- A subordinated bank loan of €10 million maturing on 31 March 2017;
- A subordinated bank loan of €43 million maturing on 31 March 2017;
- A revolving credit facility of €8.9 million expiring on 31 December 2015; and
- A committed guarantee facility of initially €261 million being phased out on the basis of a scaling back of major infrastructure projects, including the A2 Maastricht and A15 Maasvlakte-Vaanplein projects.

In addition to the refinancing by the banking syndicate, the following existing loans have been adjusted:

- An FGH mortgage loan of €28.6 million maturing on 31 December 2016 (extension)
- A Rabobank loan of €50 million maturing on 31 December 2016 (extension).

Ballast Nedam had access to the existing credit facility of €38 million until the refinancing documentation was finally adopted on 17 June 2015. Part of this is the escrow account on which the €52,8 million proceeds of the sale of Ballast Nedam offshore at the end of 2014 are held. The funds on this account were available to Ballast Nedam conditionally for ongoing payments until the final adoption of the financing documentation on 17 June 2015. €28 million of this was used to repay the existing credit facility on 17 June 2015, with the remainder (€24.5 million) being placed in a blocked account as collateral for the guarantee facility. From that moment this blocked account will be presented as fixed asset.

Financial covenants
The financing is subject to three financial covenants which will be measured quarterly from the third quarter of 2015: a guarantee capital floor, a net cash floor and an EBITDA floor. The covenants are based on the revised business plan 2015-2016, including a €5 million headroom.

- The guarantee capital floor: shareholders' equity plus the subordinated loans
- Net cash floor: own freely available liquid assets netted against the drawn credit facility
- EBITDA floor: EBITDA corrected for impairments, book profits/losses and restructuring costs.

€20 million rights issue in second half of 2015
Ballast Nedam will conduct a rights issue in the second half of 2015 in which tradable rights will be offered to existing holders of depositary receipts to subscribe for depositary receipts for shares totalling €20 million. In connection with the intended public offer on 22 July 2015 by RC RÖNESANS İNŞAAT TAAHHÜT A.Ş. this rights issue will be detained until 31 December 2015 at the latest. In the event of completion and settlement of the Offer, RC RÖNESANS İNŞAAT TAAHHÜT A.Ş will make a capital contribution to Ballast Nedam N.V. of €30 million. This capital contribution will replace the planned €20 million rights issue and will be used to repay the bridge loans and improve the solvency.

An agreement has been reached with Sanderink Investments B.V. whereby the latter will underwrite €10 million of the rights issue. Sanderink Investments B.V. granted a bridge loan for that amount in July 2015. The bridge loan will be repaid from the net proceeds of the intended capital injection.

The remaining €10 million of the rights issue will be underwritten by the banking syndicate comprising ING Bank, Rabobank and the Royal Bank of Scotland. A bridge loan will also be granted for this purpose, to be repaid from the net proceeds of the rights issue. The rights issue must be accompanied by a prospectus approved by the Netherlands Authority for the Financial Markets (AFM). On 29 June 2015 the General Meeting of Shareholders approved this rights issue and an amendment to the articles of association reducing the par value of the shares to €0.01. The reduction of the par value from €1.00 to €0.01 is necessary in order to achieve maximum flexibility for the success of the rights issue.
The rights issue and the subordinated loans affect the guarantee capital of Ballast Nedam in a positive way, and the solvency rate based on the guarantee capital is expected to improve at the end of 2015.

Additional measures and options

1. By 31 December 2015, as a risk control measure for the future, the company's legal structure will be adapted to the management and reporting structure of the divisions. This will create increased flexibility for disposals and prepare Ballast Nedam better for any setbacks.
    a. The companies operationally placed in the Specialized Companies & Supplies division will be legally transferred from the Infrastructure division to the Specialized Companies & Supplies division, the regional companies in the Building & Development division will be legally separated from the nationally operating company and Ballast Nedam ICT will be brought under the Building & Development division.
    b. These changes will be implemented in the coming period and will entail changes to issued statements of joint and several liability (403 verklaringen) and the employment contracts of employees working for the business units concerned.

2. On 19 May 2015 Ballast Nedam announced that it was conducting exploratory discussions with several foreign parties on the possibility of a merger or acquisition of the company. There is no certainty with regard to the outcome of these discussions. Ballast Nedam always considers serious options in the interests of its shareholders and stakeholders.

Criteria and uncertainties

The half-year results are in line with the revised business plan 2015-2016. The implementation of the revised business plan, on which the agreed refinancing is based, is essential for the continuity of the company, but is subject to a range of uncertainties. On the one hand, these relate to operational sensitivities, such as i) the inherent uncertainty concerning the scope and time of project execution, including the time at which new projects are contracted, ii) the forecast results and cashflows of operating activities, and iii) the results of negotiations relating to additional work and claims. On the other hand, uncertainties exist with regard to the attitude of the main financiers in the event of setbacks. Should these uncertainties have negative consequences, there is a risk that any liquidity shortfalls occurring at that time may not be financed or that loans may still become payable.

Conclusion concerning continuity and liquidity

Ballast Nedam believes that on the basis of the measures taken, the adopted refinancing, the proposed transfer of the A2 Maastricht and A15 Maasvlakte-Vaanplein projects and the revised 2015-2016 business plan the company will be able to operate within the specified financing agreements and thus have sufficient resources available to meet its obligations at least until the end of 2016, while it is fully aware of the sensitivities and uncertainties set out above and the provisional nature of the agreements and the consequences should they turn out negatively. On the basis of the above actions, plans and expectations, the 2015 half-year financial statements have been prepared in accordance with the continuity assumption.

The expected impact of the proposed bid by effectuation thereof is described in the subsequent events.

Corporate governance

The integration of the operating management from six clusters to the three divisions of Infrastructure, Building & Development and Specialized Companies & Supplies announced in 2014 was put into effect from 1 January 2015. For comparison purposes, however, figures for the two parts of the Specialized Companies & Supplies division will continue to be provided together with a commentary.

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 accelerated implementation of its strategy focused on complex integrated projects. This does not alter the fact that there are uncertainties, which may prove disadvantageous (but also advantageous) for Ballast Nedam. On the one hand, this concerns sensitivities in the revised business plan, such as the time of contracting projects and the settlement of ongoing legal proceedings. On the other hand there are uncertainties surrounding the completion of improvement processes, such as cost savings and faltering confidence among contractors and suppliers in the creditworthiness of the company. There are also risks with regard to the availability of temporary surplus liquidity in joint ventures and the raising of project finance for development projects. Ballast Nedam believes that on the basis of the measures taken and the revised 2015-2016 business plan, taking into account the identified sensitivities, the company will be able to remain within its credit limit and comply with the specified financial covenants in the years ahead.

Segment information

INFRASTRUCTURE DIVISION

Infrastructure

x € 1 million	**first half year 2015**	first half year 2014	2014
Revenue	**81**	186	458
EBIT	**(9)**	(59)	(59)
Margin	**(11.1%)**	(31.7%)	(12.9%)
Order book	**484**	488	559
Assets	**93**	263	116

EBIT and revenue

The Infrastructure division recorded an operating loss of €9 million. Revenue declined by 56% compared to the first half of 2014, mainly due to lower revenue in industrial construction and disposals of the offshore activities at the end of 2014. The loss was amongst others due to insufficient coverage of overheads as a result of underutilization of capacity. Project losses remained largely limited, except with regard to the share in the Nobo Otrobanda Hospital in Curaçao amounting to €0.7 million. There was no further rise in the losses on the A15 Maasvlakte-Vaanplein and A2 Maastricht projects from the end-2014 level.

The total assets of the Infrastructure division decreased compared to the half-year and year-end 2014 figures to €93 million due to disposals of the offshore activities, the completion of work in progress and the settlement of receivables from various projects.

Market and order book

As part of the changed strategy announced during the presentation of the 2014 annual figures, Ballast Nedam will reduce its interests in major infrastructure projects. Volumes in the infrastructure market remain under sustained pressure.

In the first half-year the order book decreased by €75 million to €484 million due to the progress made on a number of large long-term projects, the exit from the capacity-driven markets, and because few major projects were acquired in the domestic market during the past half-year.

BUILDING & DEVELOPMENT DIVISION

Building & Development

x € 1 million	**first half year 2015**	first half year 2014	2014
Revenue	**283**	263	611
EBIT	**2**	(3)	(7)
Margin	**0.7%**	(1.1%)	(1.2%)
Order book	**463**	613	625
Assets	**304**	293	332

EBIT and revenue

In the first half-year the Building & Development division recorded an operating profit of €2 million on an 8% increase in revenue. This result includes a €1 million book profit on the disposals of the interests in the Benelux Secondary PPP Fund I B.V. and PI2 PPP projects in the first half of 2015. The results were negatively impacted by project losses on the Nobo Otrobanda Hospital in Curaçao (€0.7 million), settlement of the OVT Breda claim (€1.5 million), development project Beusichem (€1.3 million) and a number of projects in the North-West and South areas. The Erasmus project made a positive contribution, as did higher overhead coverage and lower tender costs.

The assets of the Building & Development division amounted to €304 million and were €28 million lower than at the end of 2014 as a result of disposals in the PPP projects.

Market and order book

We are seeing a very slow pick-up in the residential market. Cautious signs of recovery include the increase in home sales in the Randstad area in particular. The historically low level of mortgage interest rates is helpful in this regard. However, the tightening of restrictions on financing for private individuals and structural changes in the mortgage market are still having a depressive effect. Housing associations are still highly reluctant to invest. Planned development projects are still being delayed or cancelled. We are also seeing a decrease in average maintenance and renovation per housing association home. Overall, 2015 remains a difficult year and recovery is not expected until mid-2016 at the earliest. There is a positive outlook in the market for investors in 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 newbuild homes and the demographic trends. The office market will take longer to recover in view of the current large number of vacant properties and the 'New Way of Working'. Opportunities for non-residential construction lie particularly in renovation and repurposing, and companies such as Concrete Valley with façade systems and URSEM Modulaire Bouwsystemen with modular products such as prefabricated bathrooms can take advantage of this. A slowly emerging but growing trend is increased energy efficiency of existing property.

The order book showed a decline of 26% to €463 million in the first half-year. There were fewer projects in the market in the past half-year and no integrated, complex projects were taken on. The joint venture Erasmus has received an additional contract of €41 million. A contract was nevertheless won for the Rijkskantoor de Knoop PPP project in Utrecht, in which Ballast Nedam is participating in the joint venture. A provisional contract was also awarded for the new building for the VUmc image center in Amsterdam. These two projects have not yet been entered in the order book on account of their provisional nature.

Residential building activities: property development exposure and land bank

Exposure property development

x € 1 million	**first half year 2015**	2014
Land positions	**128**	130
Unsold stock under construction	**3**	4
Unsold stock delivered	**7**	7
Total on balance	**138**	141
Liabilities to complete projects under c	**-**	-
Liabilities to acquire land positions	**33**	35
Total liabilities off-balance	**33**	35
Exposure property development	**171**	176

The total exposure to property development, consisting of investments in land positions, investments in unsold property and outstanding obligations, decreased in the first half-year by €5 million to €171 million. The aim is to reduce the capital invested in property in the years ahead. This will remain difficult in view of the current market conditions and outstanding purchase obligations of €33 million. Of this amount, €15 million falls in the period 2015 to 2020 and €18 million in 2021 and subsequent years.

The total investment in unsold property, both completed and under construction, fell in the first half-year by €1 million to €10 million.

Unconditional purchase obligations decreased by €2 million compared to the end of 2014 as a result of land purchase due to the start of a housing project.

Residential construction

Division Building & Development started on the construction of 368 homes in the first half of 2015. That is higher than the number that entered production in the whole of 2014. 445 homes were also completed in the first half of 2015, more than the 428 completed in the whole of 2014. This rise was partly due to the (Y)ours Leiden student campus project.

Land positions

x € 1 million	**first half year 2015**	2014
1 January	**130**	142
Net investment	**(2)**	(8)
Write-down	**-**	(4)
31 December	**128**	130

Land positions decreased by €2 million to €128 million. This was mainly due to the sale of a number of smaller positions. There were no write-downs in the first half-year.

SPECIALIZED COMPANIES & SUPPLIES DIVISION

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

The Specialized Companies & Supplies division is highly capable of meeting the challenges of the market with the ongoing reorganizations and process improvements. The cost level of the businesses has been sharply reduced, and innovation and commercial capabilities have been strengthened on various fronts. The management is working towards permanently implementing these improvements.

Specialized Companies

x € 1 million	**first half year 2015**	first half year 2014	2014
Revenue	**61**	97	190
EBIT	**1**	1	5
Margin	**1.6%**	1.0%	2.6%
Order book	**56**	73	49
Assets	**49**	87	69

EBIT and revenue

The first half of 2015 ended, as in 2014, with a positive result of €1 million.

Revenue in the first half-year decreased by €36 million to €61 million as a result of a reduction in certain activities and the completion of work on the A15 Maasvlakte-Vaanplein and A2 Maastricht.

The assets of Specialized Companies amounted to €49 million, €38 million less than in the first half of 2014. This was due to a sharp focus on working capital reduction and the decrease in activities.

Market and order book

The markets remain challenging in the short term with low price levels. The indicators of recovery in the medium term generally show a slightly positive picture.

The order book grew by €7 million to €56 million in the first half of the year due to a larger volume of orders for specialties. Opportunities for Funderingen/Van Leeuwen and Specialistisch Grondverzet in relation to the SAA A9 Gaasperdammerweg project are not included in the orderbook.
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Supplies

x € 1 million	**first half year 2015**	first half year 2014	2014
Revenue	**43**	74	151
EBIT	**3**	23	17
Margin	**7.0%**	31.1%	11.3%
Order book	**39**	47	61
Assets	**92**	192	135

EBIT and revenue

The revenue of Supplies decreased by €31 million to €43 million as a result of the disposals of Ballast Phoenix Ltd and Bontrup Beheer BV in 2014. The closure of the Omnia concrete factory in 2014 also led to lower revenue. Furthermore, the concrete factories had to contend with capacity utilization problems in the first half of 2015. Raw materials had a good first half of 2015. Supplies recorded an operating result of €3 million, compared to €23 million last year. The result was positively impacted by the receipt of a €3.2 million earn-out fee resulting from the sale of Ballast Phoenix Ltd in 2014. The result for the first half of 2014 included a €22 million book profit on the sale of Ballast Phoenix Ltd, as well as impairments and reorganization costs totalling €5 million. Without these exceptional items, the operating result would have been €6 million. The lower operating result in the first half of 2015 of zero (before non-recurring income) was due in particular to utilization losses in the concrete factories in the first half of 2015.

The assets of Supplies amounted to €92 million, €43 million less than at the end of 2014 as a result of a lower working capital requirement and internal economic movements of the entities IQ woningen and the participation in Ursem.

Market and order book

The margins in the prefabrication market remain under pressure, in particular for the standard products. However, the differentiated market approach and a focus on innovative, high-quality products of the prefabrication factories are contributing to a high-quality order intake. The raw materials market for sand and grit also remained under pressure in the first half-year. The markets were reasonable in volume terms, partly due to the mild winter, but prices remained low. Overall, the supply companies are having to contend with an extremely competitive market.

In the first half-year the order book decreased by €22 million to €39 million because few large projects were taken on by the Infrastructure and Building & Development divisions. The order book for the concrete factories was well filled, however, for the second half of 2015.
As well as the Ballast Nedam projects, the supply companies will therefore continue to focus on the development of a third-party market, such as in Belgium and Germany.

Detailed analysis of consolidated financial information

Revenue

x € 1 million	**first half year 2015**	first half year 2014	2014
Infrastructure	**81**	186	458
Building & Development	**283**	263	611
Specialized Companies	**61**	97	190
Supplies	**43**	74	151
	468	620	1 410
Other	**(48)**	(105)	(244)
	420	515	1 166

Total revenue decreased by 18% from €515 million to €420 million. This was caused particularly by the decrease in the Infrastructure division due to the completion of major projects and the disposal of the offshore activities at the end of 2014. The decrease in Specialized Companies resulted from the slimming down and reduction of activities, while in Supplies the decrease was the result of the disposals of Ballast Nedam Phoenix Ltd and the associate Bontrup. A rise was recorded in the Building & Development division, with contributions from both regional companies and major projects. The negative revenue in other activities concerns the elimination of internal revenue.

EBIT	Reported			Normalized		
x € 1 million	**first half year 2015**	first half year 2014	2014	**first half year 2015**	first half year 2014	2014
Infrastructure	**(9)**	(59)	(59)	**(9)**	(59)	(112)
Building & Development	**2**	(3)	(7)	**1**	1	(1)
Specialized Companies	**1**	1	5	**1**	1	5
Supplies	**3**	23	17	**-**	6	7
Other	**(7)**	(7)	(21)	**(3)**	(1)	(1)
	(10)	(45)	(65)	**(10)**	(52)	(102)
Write-down				**-**	(4)	(11)
Bookprofit				**1**	22	76
Exceptional gains				**3**	-	-
Restructuring costs				**(4)**	(11)	(28)
				(10)	(45)	(65)

The operating loss (EBIT) amounted to €10 million. Before restructuring costs and book profits, the operating loss amounted to €10 million. That is €35 million better than in the first half of 2014. The improvement was evident in both the Infrastructure and Building & Development divisions. The decrease in Supplies was due to the disposal of Ballast Phoenix Ltd and Bontrup. The operating results were affected by restructuring costs of €4 million and a book profit of €1 million and the receipt of the earn out of €3 million. The result of other activities concerns holding costs.

Margin

	first half year 2015	first half year 2014	2014
Infrastructure	**(11.1%)**	(31.7%)	(12.9%)
Building & Development	**0.7%**	(1.1%)	(1.2%)
Specialized Companies	**1.6%**	1.0%	2.6%
Supplies	**7.0%**	31.1%	11.3%
	(2.4%)	(8.7%)	(5.6%)

The margin on a group basis was 2.4% negative. If restructuring costs and book profits are excluded, the margin remains negative at 1.7%. In the first half of 2014 it was 8.7% negative.

Profit for the period

x € 1 million	**first half year 2015**	first half year 2014	2014
EBIT	**(10)**	(45)	(65)
Net finance income and expense	**(2)**	(5)	(7)
Share in profits of associates	**(3)**		3
Profit before income tax	**(15)**	(50)	(69)
Income tax expense	**-**	(1)	(34)
Profit for the period	**(15)**	(51)	(103)

Compared to the first half of 2014, interest expenses decreased by €3 million to €2 million as a result of lower finance expenses due to the disposal of the PPP projects. The result from associates was negative due to losses on the PI2 Zaanstad project, part of the Building & Development division, in the first half of 2015. The tax charge is zero, €1 million lower than in the first half of 2014, as a result of the disposals of Ballast Phoenix Ltd, which generated positive taxable profit in the previous year.

Order book

x € 1 million	**first half year 2015**	first half year 2014	2014
Infrastructure	**484**	488	559
Building & Development	**463**	613	625
Specialized Companies	**56**	73	49
Supplies	**39**	47	61
	1 042	1 221	1 294
Other	**(253)**	(33)	(268)
	789	1 188	1 026

The order book decreased by €399 million compared to the first half of 2014 to €0.8 billion. The decrease occurred in all three divisions. The largest fall occurred in the Building & Development division as a result of high production in projects such as Erasmus and regional projects. Few projects were taken on in the past half-year. The joint venture Erasmus has received an additional contract of €41 million. The negative order book of other activities concerns the elimination of the PI Zaanstad and SAA A9 Gaasperdammerweg (IXAS) PPP projects, which have not been included in the order book on a consolidated basis based on IFRS standards that Ballast Nedam applies (these joint ventures are valued based on the equity method).

Capital and cash flows

Ballast Nedam's shareholders' equity decreased to €-1 million due to the loss in the first half of 2015. Solvency consequently decreased from 2% at the end of 2014 to 0%.

Total assets decreased by €114 million compared to the end of 2014 to €540 million as a result of the sale of the share in the Pi2 B.V. (€52 million), lower receivables (€13 million) and lower liquid assets (€50 million).

The cash flow for the first half of 2015 was €88 million negative versus a negative cash flow of €55 million in the same period in 2014.

Operating cash flow in the first half of 2015 deteriorated by €10 million compared to the first half of 2014 to €92 million negative due to lower receivables, expiring advance payments and creditor payments.

The cash flow from investing activities was €7 million positive versus €17 million positive in the first half of 2014. This cash flow consisted of the sale of two PPP interests in the first half of 2015, Benelux Secondary PPP fund and Pi2 B.V. The positive cash flow in the first half of 2014 was mainly from the sale of Ballast Phoenix Ltd.

The negative cash flow from financing activities of €3 million consisted of repayments of long-term loans and the payment of financial lease instalments.

Financing position

x € 1 million	**first half year 2015**	first half year 2014	2014
Cash	**35**	43	70
Escrow account	**38**		53
Bank overdrafts	**(41)**	(68)	(3)
Net cash	**32**	(25)	120
Recourse loans	**(80)**	(91)	(82)
Financing position	**(48)**	(116)	38
Non-recourse loans	**(4)**	(14)	(5)
Financing position including non-recourse	**(52)**	(130)	33

Ballast Nedam's financing position deteriorated by €86 million from €38 million positive at the end of 2014 to a debt position of €48 million in the first half of 2015. The financing position including non-recourse loans decreased by €85 million from €33 million positive at the end of 2014 to a debt position of €52 million in the first half of 2015. Net liquid assets in the first half of 2015 deteriorated by €88 million to €32 million. The deterioration resulted from the use of funds for operating activities. €38 million was drawn under the working capital facility (€38 million maximum) in the first half of the year. That is €22 million less than in the first half of 2014. The financing requirement during the year is higher than at the year-end. The cash includes €38 million held in an escrow account as a result of the disposal of offshore activities. This amount is not freely available due to the agreements entered into for the refinancing. €52.8 million was held in the escrow account at the end of 2014.

Loans

x € 1 million	**first half year 2015**	first half year 2014	2014
PPP loans	**-**	14	-
Land bank financing	**32**	40	34
Business loans	**49**	50	49
Finance leases	**1**	1	2
Other loans	**2**	-	2
	84	105	87
Recourse	**80**	91	82
Non recourse	**4**	14	5
	84	105	87
Current loans	**31**	2	31
Long-term loans	**53**	103	56
	84	105	87

The Rabobank business loan of €49 million matures on 31 December 2016. The loan has a fixed interest rate of 5.4% and is secured by a mortgage on a number of properties used by Ballast Nedam. The land bank financing of €32 million includes another large loan of €28 million to finance a number of land positions in a separate company. This loan matures on 31 December 2016 and has an interest rate of Euribor plus a margin. It is secured by a mortgage on the land positions concerned. The other loans consists of the land bank financing and financial leases totalling €7 million concern various project loans and loans to partnerships. There is no recourse to Ballast Nedam for €4 million of the €84 million of loans.

Statement of the Board of Management

To the best of the Board of Management's knowledge, the half-year financial statements 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 report gives a true and fair view of the main events in the first six periods of 2015 and their effect on the half-year financial statements, a true and fair account of the main risks and uncertainties for the remaining periods of the year and a true and fair view of the main transactions with related parties.

Nieuwegein, 21 July 2015

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

Half-year financial statements 2015

Consolidated income statement

x € 1 million		**first half year 2015**		first half year 2014		2014
Revenue		**420**		515		1 166
Other operating income		**1**		22		76
Costs of raw materials and subcontractors	**(317)**		(450)		(984)	
Employee benefits	**(93)**		(119)		(229)	
Other operating expenses	**(16)**		(3)		(71)	
		(426)		(572)		(1 284)
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**(5)**		(35)		(42)
Depreciation and amortization of property, plant and equipment and intangible assets		**(5)**		(7)		(16)
Impairment of tangible and intangible assets		**(0)**		(3)		(7)
Earnings before interest and taxes (EBIT)		**(10)**		(45)		(65)
Finance income	**-**		-		-	
Finance expense	**(2)**		(5)		(7)	
Net finance income and expense		**(2)**		(5)		(7)
Share in profits of associates		**(3)**				3
Profit before income tax		**(15)**		(50)		(69)
Income tax expense		**(0)**		(1)		(34)
Profit for the period		**(15)**		(51)		(103)
Attributable to owners of the company:						
Basic earnings per share (€)		**(0,78)**		(5, 22)		(5, 33)
Diluted earnings per share (€)		**(0,78)**		(5, 22)		(5, 33)

Consolidated statement of comprehensive income

x € 1 million	**first half year 2015**	first half year 2014	2014
Profit for the period	**(15)**	(51)	(103)
Other results:			
Net changes in hedging reserve, associates	**(0)**	0	2
Net changes in hedging reserve	**3**	(3)	(4)
Other comprehensive income	**3**	(3)	(2)
Total comprehensive income for the period	**(12)**	(54)	(105)
Attributable to:			
Owners of the company	**(12)**	(54)	(105)
Non-controlling interests	**-**	-	-
Total comprehensive income for the period	**(12)**	(54)	(105)

Consolidated statement of financial position

x € 1 million	**first half year 2015**		first half year 2014		2014	
Non-current assets						
Intangible assets	**16**		20		16	
Property, plant and equipment	**75**		88		78	
Financial assets	**5**		28		5	
Disposals of associates	**9**		0		9	
Deferred tax assets	**(0)**		33		(0)	
		105		169		108
Current assets						
Inventories	**147**		157		148	
Work in progress	**57**		106		52	
Receivables	**158**		300		171	
Cash	**38**		43		70	
Escrow account	**35**		-		53	
Assets held for sale	**-**		97		52	
	435		703		546	
Current liabilities						
Bank overdrafts	**(41)**		(68)		(3)	
Current portion of long-term loans	**(31)**		(2)		(31)	
Prepayments on inventories	**(2)**		(2)		(2)	
Work in progress	**(82)**		(153)		(88)	
Trade payables	**(144)**		(200)		(191)	
Income tax expense	**(0)**		1		(0)	
Other liabilities	**(170)**		(231)		(195)	
Provisions	**(12)**		(21)		(17)	
Liabilities held for sale	**-**		(48)		(51)	
	(482)		(724)		(578)	
Current assets minus current liabilities		**(47)**		(21)		(32)
Capital employed		**58**		148		76
Non-current liabilities						
Loans	**53**		103		56	
Derivatives	**-**		1		(0)	
Deferred tax liability	**0**		(0)		1	
Personnel expenses	**4**		4		4	
Provisions	**2**		4		4	
		59		112		65
Total equity						
Equity attributable to owners of the company	**(1)**		36		11	
Non-controlling interest	**-**		-		-	
		(1)		36		11
Finance		**58**		148		76
Solvency		**0%**		4%		2%

Summary consolidated statement of equity

x € 1 million

2015	Issued share capital	Share premium	Repurchased own Shares	Currency translation reserve	Reserves of associates	Hedging reserve	Other reserves	Profit for the period	**Total equity**
31 December 2014	**20**	**119**	**(5)**	**-**	**33**	**(5)**	**(48)**	**(103)**	**11**
Profit for the period								(15)	(15)
Net changes in hedging reserve, associates						**-**			**-**
Net changes in hedging reserve						**3**			**3**
Comprehensive income						**3**		**(15)**	**(12)**
Dividend paid									
Option scheme									
Repurchased own shares									
Transactions with shareholders									
Appropriation of 2014 result							(103)	103	-
Rights issue / other	-								
Change in nominal value									
15 June 2015	**20**	**119**	**(5)**	**-**	**33**	**(2)**	**(151)**	**(15)**	**(1)**

2014	Issued share capital	Share premium	Repurchased own Shares	Currency translation reserve	Reserves of associates	Hedging reserve	Other reserves	Profit for the period	**Total equity**
31 December 2013	**60**	**52**	**(5)**	**-**	**36**	**(3)**	**(9)**	**(41)**	**90**
Profit for the period								(51)	(51)
Net changes in hedging reserve, associates						**-**			**-**
Net changes in hedging reserve						**(3)**			**(3)**
Comprehensive income						**(3)**		**(51)**	**(54)**
Dividend paid									
Option scheme									
Repurchased own shares									
Transactions with shareholders									
Appropriation of 2013 result							(41)	41	-
Rights issue / other	-								
Change in nominal value									
15 June 2014	**60**	**52**	**(5)**	**-**	**36**	**(6)**	**(50)**	**(51)**	**36**

Consolidated statement of cash flows

x € 1 million	**first half year 2015**		first half year 2014		2014	
Net cash - opening balance		**120**		30		29
Profit for the period	**(15)**		(51)		(103)	
Adjustments:						
Depreciation	**5**		7		15	
Amortization	**(0)**		(0)		1	
Impairment (in)tangible assets	**(0)**		4		7	
Finance expense	**2**		5		7	
Finance income	**-**		-		-	
Share-based payments	**-**		-		-	
Gain from disposal of fixed assets and subsidiaries	**(1)**		22		(76)	
Income tax expense	**-**		(0)		34	
Share in profits of associates	**(0)**		-		(3)	
Movements:						
Movement in inventories	**1**		(3)		26	
Movement in work in progress	**(11)**		76		66	
Movement in fair value investments	**(0)**		-		-	
Movement in other receivables	**19**		(117)		53	
Movement in provisions and employee benefits	**(7)**		(3)		(23)	
Change in other current liabilities	**(83)**		(17)		(31)	
Interest paid	**(2)**		(5)		(7)	
Interest paid on hedging instruments	**-**		-		-	
Interest received	**-**		-		-	
Income taxes paid	**(0)**		(0)		(2)	
PPP receivables					(43)	
Net cash from operating activities		**(92)**		(82)		(79)
Intangible assets						
investments	**0**		(1)		(2)	
income from disposals	**0**		-		1	
Property, plant and equipment						
investments	**(2)**		(5)		(12)	
income from disposals	**2**		3		13	
Financial assets						
investments	**0**		(11)		(3)	
income from disposals	**0**		2		-	
other fair value investments	**(0)**		-		-	
income from other receivables	**0**		-		-	
Disposals of associates and joint ventures	**0**		-		3	
Disposal of subsidiaries after deduction of disposed cash	**-**		-		-	
Sale of subsidiaries after deduction of disposed cash	**7**		29		111	
Net cash used in investing activities		**7**		17		111
Income from long-term loans drawn	**(0)**		13		48	
Repayment of long-term loans	**(2)**		(2)		(14)	
Handling charges paid on new loans	**-**		-		-	
Finance lease instalments paid	**(1)**		(1)		(2)	
Acquisition of non-controlling interest	**-**		-		-	
Dividend paid	**(0)**		-		-	
Proceeds from claim emission	**(0)**		-		27	
Net cash from financing activities		**(3)**		10		59
Effect of exchange rate fluctuations on cash held		**-**		0		-
Net cash on balance		**(88)**		(55)		91
Net cash - closing balance		**32**		(25)		120

Net cash

x € 1 million	**first half year 2015**	first half year 2014	2014
Cash	**35**	43	70
Escrow account	**38**		53
Bank overdrafts	**(41)**	(68)	(3)
Net cash	**32**	(25)	120
Fully consolidated	**4**	(49)	87
Share in joint operations	**28**	24	33
Net cash	**32**	(25)	120

Net financing position

x € 1 million	**first half year 2015**	first half year 2014	2014
Net cash	**32**	(25)	120
Current portion of long-term loans	**(31)**	(2)	(31)
Long-term loans	**(53)**	(103)	(56)
	(52)	(130)	33

Notes to the half-year financial report

1. Segmentation

Revenue

x € 1 million	**first half year 2015**	first half year 2014	2014
Infrastructure	**81**	186	458
Building & Development	**283**	263	611
Specialized Companies	**61**	97	190
Supplies	**43**	74	151
	468	620	1 410
Other	**(48)**	(105)	(244)
	420	515	1 166

Total revenue decreased by 18% from €515 million to €420 million. This decrease was caused particularly by the Infrastructure division as a result of the completion of major projects and the disposal of the offshore activities at the end of 2014. The decrease in Specialized Companies resulted from the slimming down and reduction of activities. In Supplies the decrease was the result of the disposals of Ballast Phoenix Ltd and the associate Bontrup. A rise was recorded in the Building & Development division, with contributions from both regional companies and major projects. The negative revenue in other activities concerns the elimination of internal revenue.

EBIT

x € 1 million	Reported first half year 2015	Reported first half year 2014	Reported 2014	Normalized first half year 2015	Normalized first half year 2014	Normalized 2014
Infrastructure	**(9)**	(59)	(59)	**(9)**	(59)	(112)
Building & Development	**2**	(3)	(7)	**1**	1	(1)
Specialized Companies	**1**	1	5	**1**	1	5
Supplies	**3**	23	17	**-**	6	7
Other	**(7)**	(7)	(21)	**(3)**	(1)	(1)
	(10)	(45)	(65)	**(10)**	(52)	(102)
Write-down				**-**	(4)	(11)
Bookprofit				**1**	22	76
Exceptional gains				**3**	-	-
Restructuring costs				**(4)**	(11)	(28)
				(10)	(45)	(65)

The operating loss amounted to €10 million. Before restructuring costs and book profits, the operating loss amounted to €10 million. That is €35 million better than in the first half of 2014. The improvement was evident in both the Infrastructure and Building & Development divisions. The decrease in Supplies was due to the disposal of Ballast Phoenix Ltd and Bontrup. In addition to non-recurring income of €3.2 million (Ballast Phoenix Ltd earn-out), the operating results were impacted by restructuring costs of €4 million and a book profit of €1 million. The other activities result concerns holding costs.

Margin

	first half year 2015	first half year 2014	2014
Infrastructure	**(11.1%)**	(31.7%)	(12.9%)
Building & Development	**0.7%**	(1.1%)	(1.2%)
Specialized Companies	**1.6%**	1.0%	2.6%
Supplies	**7.0%**	31.1%	11.3%
	(2.4%)	(8.7%)	(5.6%)

The margin on a group basis was 2.4% negative. If restructuring costs and book profits are excluded, the margin remains negative at 1.7%. In the first half of 2014 it was 8.7% negative.

Profit for the period

x € 1 million	**first half year 2015**	first half year 2014	2014
EBIT	**(10)**	(45)	(65)
Net finance income and expense	**(2)**	(5)	(7)
Share in profits of associates	**(3)**		3
Profit before income tax	**(15)**	(50)	(69)
Income tax expense	**-**	(1)	(34)
Profit for the period	**(15)**	(51)	(103)

Compared to the first half of 2014, interest expenses decreased by €3 million to €2 million as a result of lower finance expenses due to the disposal of the PPP projects. The result from associates was negative as a result of losses on the PI Zaanstad project in the first half of 2015. The tax charge was zero, €1 million lower than in the first half of 2014, as a result of the disposals of Ballast Phoenix Ltd and Bontrup.

Order book

x € 1 million	**first half year 2015**	first half year 2014	2014
Infrastructure	**484**	488	559
Building & Development	**463**	613	625
Specialized Companies	**56**	73	49
Supplies	**39**	47	61
	1 042	1 221	1 294
Other	**(253)**	(33)	(268)
	789	1 188	1 026

The order book decreased by €399 million compared to the first half of 2014 to €0.8 billion. The decrease occurred in all three divisions. The largest fall occurred in the Building & Development division as a result of high production in projects such as Erasmus and regional projects. Few projects were taken on in the past half-year. The joint venture Erasmus has received an additional contract of €41 million. The negative order book of other activities concerns the elimination of the PI Zaanstad) and SAA A9 Gaasperdammerweg (IXAS) PPP projects, which have not been included in the order book on a consolidated basis under the IFRS consolidation and control standards applied by Ballast Nedam.

2. Key events

Ballast Nedam had a loss-making first half-year with a negative operating result (EBIT) of €10 million, including €4 million of restructuring costs and €1 million book profit on the disposals of the interests in the Benelux Secondary PPP fund I B.V. and PI2 B.V.. The result also includes non-recurring income of €3.2 million in respect of an earn-out fee relating to the sale of Ballast Phoenix Ltd in 2014. A positive development is that the losses on the A15 Maasvlakte-Vaanplein and A2 Maastricht projects did not rise further in the first half of 2015 from the end-2014 level. The Erasmus project also made a positive contribution during the first half of the year. The negative operating result was caused by project losses on the Nobo Otrobanda Hospital project in Curaçao of €-1.4 million and the settlement of the OVT Breda claim amounting to €-1.5 million. Disappointing project results were recorded in the South and North-West areas of the Building & Development division. In the Division Infrastructure the result was adversely impacted by insufficient coverage of overheads due to lower revenue in the first half of the year. A positive development is that the Infrastructure division faced no further major setbacks in terms of project results. No major new losses occurred in the projects. The Specialized Companies & Supplies division performed as expected, despite capacity utilization problems in the concrete factories. Few major new projects were acquired in the domestic market during the past half-year. Revenue in the first half of 2015 decreased by 18% compared to the first half of 2014 to €420 million. The decrease in revenue was caused in particular by the Infrastructure and Specialized Companies & Supplies divisions. Solvency decreased to zero. The completion of the rights issue will lead to an improvement in solvency in the second half of 2015.

Compared to the first half of 2014, interest expenses decreased by €3 million to €2 million as a result of lower finance expenses due to the disposal of the PPP projects. The tax charge was zero (first half of 2014: €1 million). The net loss was €15 million.

Tangible and intangible fixed assets fell sharply compared to the first half of 2014 as a result of impairments in 2014 and a lower level of investment. Financial fixed assets decreased compared to the first half of 2014 due to disposals of the Pi2 B.V PPP project. The deferred tax asset was written off completely in 2014.

Current assets were €111 million lower than in the end of 2014 due to lower inventories and work in progress. Receivables were 7.6% lower than at the end of 2014. The lower balances were due the expiry and completion of projects. Current liabilities were also substantially lower than at the end of 2014, with a decrease of €96 million. Work in progress, creditors and other liabilities were lower as a result of payments and the completion of projects. Working capital improved overall compared to the first half of 2014 and full-year 2014 by €26 million and €15 million respectively.

The net financing position deteriorated by €85 million compared to the end of 2014. This was due to higher utilization of the credit facility for operating activities in the first half of 2015.

3. Continuity and liquidity of the company

Ballast Nedam recorded a net loss of €103 million (2013: €41 million) in 2014. The deterioration of the result during that year was particularly due to further cost overruns on the A15 Maasvlakte-Vaanplein and A2 Maastricht projects. The solvency rate at the end of 2014 consequently fell to 2%. In view of this negative result and an additional financing requirement, Ballast Nedam began discussions in early 2015 with its main financiers on the consequences and an adjustment to the financing for the short and long term. On 27 April 2015 these discussions resulted in an agreement in principle between Ballast Nedam and the banking syndicate, comprising ING Bank, Rabobank and the Royal Bank of Scotland on a refinancing of the company. The final financing documents were signed on 17 June 2015.

Main basis of continuity: a financed business plan

The financing requirement is based on a revised 2015-2016 business plan, which assumes a continuation of the current basis of the Building & Development and Specialized Companies & Supplies divisions. With regard to the Infrastructure division, Ballast Nedam has decided to actively scale back its interests in two existing large-scale infrastructure projects, as announced in the letters of intent of April 2015 for the A15 Maasvlakte-Vaanplein and A2 Maastricht projects. This will further reduce Ballast Nedam's risk profile.

- A15 Maasvlakte-Vaanplein project: economic and legal interest reduced from 40% to 10%. An agreement letter of intent has been concluded with Strukton and Strabag, partners in the A15 Maasvlakte-Vaanplein project, under which Ballast Nedam will reduce its share of the project on the implementation of the agreement from 40% to 10%. Strukton and Strabag are each increasing their share to 45%. This change will be effective in the second half of 2015. Ballast Nedam will pay €4 million to Strabag and €6 million to Strukton in 2016 as a risk premium. The impact of this transaction on the assets and results will be approximately €13 million positive in the second half of 2015. The share in aAny future claim proceeds, reduced by the decrease in the share from 40% to 10%, had not been recognized as at the balance sheet date.

- A2 Maastricht project: transfer of infrastructure part to Strukton; transfer of property development to Ballast Nedam.
  An agreement letter of intent has been concluded with Strukton, our partner in the A2 Maastricht project, for the takeover of Ballast Nedam's share in the infrastructure activities in the project. Strukton's share in the property development of the A2 Maastricht project will be transferred to Ballast Nedam. Ballast Nedam is paying €22 million to Strukton to acquire the infrastructure activities. This payment will be spread over the second half of 2015. Ballast Nedam will acquire the right to the land positions for the property development. On the completion of the tunnel, Ballast Nedam will pay approximately €40 million to Strukton, for which external financing will be sought. The impact of this transaction on the assets and results will be zero in the second half of 2015.

These two transactions have recently been finalized and are expected towill be signed in the third quarter of 2015.
The Infrastructure division will focus on medium-sized, integrated infrastructure projects and smaller specialist projects in concrete and civil engineering, and industrial construction. Tendering will be carried out on a highly selective basis for both Dutch and international projects, with the aim of striking the right balance between risk, capacity and return. Close attention will be paid in particular to the risk profile in relation to the margin. As a result, the extent of the infrastructure activities will decrease, necessitating a capacity adjustment for the Infrastructure division.

Nature of the refinancing
The refinancing has the following components:
- Two bridge loans granted by Sanderink Investments B.V. and the banking syndicate totalling €20 million until completion of the planned rights issue in the second half of 2015;
- A subordinated bank loan of €10 million maturing on 31 March 2017;
- A subordinated bank loan of €43 million maturing on 31 March 2017;
- A revolving credit facility of €8.9 million expiring on 31 December 2015; and
- A committed guarantee facility of initially €261 million being phased out on the basis of a scaling back of major infrastructure projects, including the A2 Maastricht and A15 Maasvlakte-Vaanplein projects.

In addition to the refinancing by the banking syndicate, the following existing loans have been adjusted:
- An FGH mortgage loan of €28.6 million maturing on 31 December 2016 (extension)
- A Rabobank loan of €50 million maturing on 31 December 2016 (extension).

Financial covenants
The financing is subject to three financial covenants which will be measured quarterly from the third quarter of 2015: a guarantee capital floor, a net cash floor and an EBITDA floor.

- The guarantee capital floor: shareholders' equity plus the subordinated loans
- Net cash floor: own freely available liquid assets netted against the drawn credit facility
- EBITDA floor: EBITDA corrected for impairments, book profits/losses and restructuring costs.

Ballast Nedam had access to the existing credit facility of €38 million until the refinancing documentation was finally adopted on 17 June 2015. Part of this is the escrow account on which the €53 million proceeds of the sale of Ballast Nedam offshore at the end of 2014 are held. The funds on this account were available to Ballast Nedam conditionally for ongoing payments until the final adoption of the financing documentation on 17 June 2015. €28 million of this was used to repay the existing credit facility on 17 June 2015, with the remainder (€24.5 million) being placed in a blocked account as collateral for the guarantee facility. From that moment this blocked account will be presented as fixed asset.

Financial covenants
The financing is subject to three financial covenants which will be measured quarterly from the third quarter of 2015: a guarantee capital floor, a net cash floor and an EBITDA floor. The covenants are based on the revised business plan 2015-2016, including a €5 million headroom.

- The guarantee capital floor: shareholders' equity plus the subordinated loans
- Net cash floor: own freely available liquid assets netted against the drawn credit facility
- EBITDA floor: EBITDA corrected for impairments, book profits/losses and restructuring costs.

€20 million rights issue in second half of 2015
Ballast Nedam will conduct a rights issue in the second half of 2015 in which tradable rights will be offered to existing holders of depositary receipts to subscribe for depositary receipts for shares totalling €20 million. Agreement has been reached with Sanderink Investments B.V. whereby the latter will underwrite €10 million of the rights issue. Sanderink Investments B.V. granted a bridge loan for that amount in July 2015. In connection with the intended public offer on 22 July 2015 by RC

RÖNESANS İNŞAAT TAAHHÜT A.Ş. this rights issue will be detained until 31 December 2015 at the latest. In the event of completion and settlement of the Offer, RC RÖNESANS İNŞAAT TAAHHÜT A.Ş will make a capital contribution to Ballast Nedam N.V. of €30 million. This capital contribution will replace the planned €20 million rights issue and will be used to repay the bridge loans and improve the solvency.

Agreement has been reached with Sanderink Investments B.V. whereby the latter will underwrite €10 million of the rights issue. Sanderink Investments B.V. granted a bridge loan for that amount in July 2015. The bridge loan will be repaid from the net proceeds of the intended capital injection.

The remaining €10 million of the rights issue will be underwritten by the banking syndicate comprising ING Bank, Rabobank and the Royal Bank of Scotland. A bridge loan will also be granted for this purpose, to be repaid from the net proceeds of the rights issue. The rights issue must be accompanied by a prospectus approved by the Netherlands Authority for the Financial Markets (AFM). On 29 June 2015 the General Meeting of Shareholders approved this rights issue and an amendment to the articles of association reducing the par value of the shares to €0.01. The reduction of the par value from €1.00 to €0.01 is necessary in order to achieve maximum flexibility for the success of the rights issue. The rights issue and the subordinated loans affect the guarantee capital of Ballast Nedam in a positive way, and the solvency rate based on the guarantee capital is expected to improve at the end of 2015.

Additional measures and options

1. By 31 October December 2015, as a risk control measure for the future, the company's legal structure will be adapted to the management and reporting structure of the divisions. This will create increased flexibility for disposals and prepare Ballast Nedam better for any setbacks.
    a. The companies operationally placed in the Specialized Companies & Supplies division will be legally removed transferred from the Infrastructure division to the Specialized Companies & Supplies division, the regional companies in the Building & Development division will be legally separated from the nationally operating company and Ballast Nedam ICT will be brought under the Building & Development division.
    b. These changes will be implemented in the coming period and will entail changes to issued statements of joint and several liability (403 verklaringen) and the employment contracts of employees working for the business units concerned.

2. On 19 May 2015 Ballast Nedam announced that it was conducting exploratory discussions with several foreign parties on the possibility of a merger or acquisition of the company. There is no certainty with regard to the outcome of these discussions. Ballast Nedam always considers serious options in the interests of its shareholders and stakeholders.

Criteria and uncertainties

The half-year results are in line with the revised business plan 2015-2016. The implementation of the revised business plan, on which the agreed refinancing is based, is essential for the continuity of the company, but is subject to a range of uncertainties. On the one hand, these relate to operational sensitivities, such as i) the inherent uncertainty concerning the scope and time of project execution, including the time at which new projects are contracted, ii) the forecast results and margins cashflows of operating activities, and iii) the results of negotiations relating to additional work and claims. On the other hand, uncertainties exist with regard to the attitude of the main financiers in the event of setbacks. Should these uncertainties have negative consequences, there is a risk that any liquidity shortfalls occurring at that time may not be financed or that loans may still become payable.

Conclusion concerning continuity and liquidity

Ballast Nedam believes that on the basis of the measures taken, the adopted refinancing, the proposed transfer of the A2 Maastricht and A15 Maasvlakte-Vaanplein projects and the revised 2015-2016 business plan the company will be able to operate within the specified financing agreements and thus have sufficient resources available to meet its obligations at least until the end of 2016, while it is fully aware of the sensitivities and uncertainties set out above and the provisional nature of the agreements and the consequences should they turn out negatively. On the basis of the above actions, plans and expectations, the 2015 half-year financial statements have been prepared in accordance with the continuity assumption.

The expected impact of the proposed bid by effectuation thereof is described in the subsequent events.

4. Disposals

The following disposals took place in the first half of 2015. On 1 April Ballast Nedam sold 75% of its interest in the SPC for the Pi2 B.V. PPP project to a subsidiary of HICL Infrastructure Company Limited for €11.5 million. On 27 March 2015 Ballast Nedam sold its 20% share in the Benelux Secondary PPP Fund I B.V. for approximately €4.5 million to its joint venture partner DG Infra Yield.

Compressed overview of desinvestments

x€ 1 million

Financial assets	3
Receivables	-
Other liabilities	-
Loans	3
Net assets and liabilities	**6**

x€ 1 million

Considerations received in cash	7
Disposed cash and cash equivalents	-
Net cash - inflow	**7**

5. Significant accounting policies

Ballast Nedam N.V. is established in Nieuwegein in the Netherlands. The half-year financial report of Ballast Nedam N.V. covers the first six periods of the 2015 financial year from 1 January 2015 to 14 June 2015 (2014: 1 January to 15 June). This report includes Ballast Nedam N.V., the head of the group and its subsidiaries, collectively referred to as Ballast Nedam, and Ballast Nedam’s participation in associated companies and entities that are controlled jointly.

The consolidated financial statements of Ballast Nedam N.V. for the 2014 financial year are available through www.ballast-nedam.nl.

6. Statement of compliance

The half-year financial report has been prepared in conformity with International Financial Reporting Standard IAS 34 “Interim Financial Reporting” as adopted by the European Union (hereinafter: ‘EU-IFRS’). It has not been audited. The half-year financial report does not contain all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for the 2014 financial year.

This half-year report was prepared and approved by the Board of Management on 21 July 2015. The auditor has issued a review opinion on this half-year report.

7. Policies applied in the preparation of the half-year financial report

The policies applied in the preparation of the half-year financial report are consistent with the policies described in the financial statements for the 2014 financial year. On the basis of the actions, plans and expectations stated in this report, the figures for the first half of 2015 have been prepared in accordance with the continuity assumption.

The Board of Management regularly uses segment information to take decisions on resource allocation and to assess results. The decisions on resource allocation and the assessment of results are based on earnings before interest and tax (EBIT) and capital employed.

8. New and amended standards issued by the IASB, endorsed by the European Union and applicable to the current financial year

IFRIC 21 'Interpretation for Levies' offers a guide to the administrative processing of levies of the government on entities operating in specific markets, such as a specific country, a specific region or a specific sector in a particular country. IFRIC 21 applies to all levies provided they do not fall within the scope of application of other standards (e.g. IAS 12 'Income taxes') and penalties or other sanctions for violations of the law. Levies are defined as an outflow of resources in which economic advantages can be imposed by governments on entities in accordance with the legislation. The scope of application of this interpretation is very broad and includes various obligations which are imposed by governments in accordance with legislation and not always described as levies. Therefore entities making payments to governments must determine carefully whether the payment falls within the scope of IFRIC 21. The interpretation must be applied with retroactive effect. For entities which apply EU-IFRS, this applies to annual periods commencing on or after 17 June 2014. This change has no material effect on the results for the first half year of 2015 or in the comparative (interim) figures.
Improvements to IFRS 2011-2013 Cycle (published in December 2013)
The IASB has published the 2011-2013 cycle improvements to its standards and interpretations. These improvements relate to the following standards and subjects.

IFRS 3 Business Combinations – scope of exceptions for joint ventures:
- Joint agreements, and not only joint ventures, fall outside the scope of IFRS 3.
- This scope of exemption applies only to the bookkeeping in the financial statements of the joint arrangement itself.

- IFRS 13 Fair Value Measurement

- IAS 40 Investment Property - connection between IFRS 3 and IAS 40: The description of the supporting services in IAS 40 draws a distinction between investment property and property for own use (i.e. tangible fixed assets).

The improvements were approved by the EU on 18 December 2014. For entities which apply EU-IFRS, the improvements apply to annual periods commencing on or after 1 January 2015. The improvements have no significant impact on the half-year report of Ballast Nedam.

9. Seasonal patterns

Ballast Nedam has the usual seasonal pattern in the construction industry. This has an impact on the reported results, balance sheet and cash flows. In the first six periods of four weeks the revenue and operating results are historically lower in the first half of a year than in the second half (seven periods of four weeks). The working capital requirement and net debt are generally higher in the middle of the year than at the end of the year.

10. Related party transactions

The parties related to Ballast Nedam are the company's management (Board of Management and Supervisory Board), its subsidiaries, associates, joint ventures, Stichting Pensioenfonds Ballast Nedam and the directors and senior officers of these entities.

The main task of Stichting Pensioenfonds Ballast Nedam is to implement the pension scheme for the employees of Ballast Nedam. Stichting Pensioenfonds Ballast Nedam uses the services of employees of Ballast Nedam companies. The actual expenses are passed on.

Ballast Nedam buys and sells goods and services from and to various related parties in which Ballast Nedam holds an interest of 50% or less, or with natural persons and legal entities holding at least 10% of the Ballast Nedam shares. All these transactions are executed at arm's length, in a comparable manner as for transactions with third parties.

11. Segment information

An operating divisiont 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. For an overview of the division information shall be referred to the chapter 1 of the half-year report.
The Board of Management regularly uses division information to take decisions on resource allocation and to assess results.
The prices for transactions between divisions are determined on an objective, businesslike basis. The results, assets and liabilities of a segment comprise items that can be attributed to the divisiont either directly or on a reasonable basis.

12. Fair value statement of financial instruments

Ballast Nedam uses derivative financial instruments to hedge exposure to currency, interest rate and market risks arising from operating, financing and investing activities. Ballast Nedam uses hedge accounting to hedge the interest rate risk on its PPP loans. During the first half of the year no significant change occurred in the fair value compared to the end of 2014. The hedges are tested for effectiveness every quarter. The interest rate risk on these loans is fully hedged. During the first half of the year the hedges remained effective, so this did not lead to material changes in the income statement of Ballast Nedam.

13. Estimates and judgements by management

In preparing the half-year figures, the management of Ballast Nedam has made estimates and judgements that affect the amounts recognized for assets, liabilities, revenue, costs and the associated notes on contingent and off-balance-sheet liabilities. Estimates and judgements are evaluated on a regular basis.

Project results

Work in progress comprises, besides the recognized costs and invoiced instalments for each project, also the interim realized gain or the recognized loss provision. The gain and loss are both based on an estimate of the ultimate profit for each project: the end of work forecast.

The uncertainty in this profit estimate increases in line with factors such as:

- An agreed contract form that entails more risks for the contractor, such as the design risk that contractors accept in design & construct contracts, plus, for a DBMO contract, the responsibility for maintenance and operation;
- A project that is still in an early design or implementation stage. When developing a preliminary design into a final design, substantial deviations from the preliminary design may arise. This may be because an initial solution turns out with hindsight to be unfeasible, or because the underlying conditions are better or worse than expected, or because the dialogue with stakeholders is far more complicated, and therefore more expensive, than foreseen. Countless risks may also arise in the implementation phase that are for the account of the contractor. These deviations may be positive or negative.
- The term of the contract being longer and hence the forecast for the ending of the work inherently involving more estimation uncertainties.
- Projects being subject to additional work and claim situations.

Goodwill

The recoverable amount is measured using future cash flow forecasts. The budgets of the cash generating units are used to estimate future cash flows for the next three years. The assumptions of these budgets are based partly on historical profits and external information sources. Cash flows after three years are extrapolated with expected growth rates.

Land positions

Land positions are acquired and held for future development purposes and are recognized at the lower of historical cost and recoverable amount. The recoverable amount is the higher of the current market value and the present value of the estimated future cash flows. The future cash flows are estimated using scenario and sensitivity analyses. The present value estimates are based on a discount rate of 9%.

Recognition of income tax
At the close of the financial year, Ballast Nedam makes an assessment of the tax position of all fiscal entities. This involves estimating the actual short-term tax charges and income, and the temporary differences between the accounting carrying amounts and tax base of assets and liabilities. A decision is taken on the reporting date as to whether unused tax losses and deferred tax assets due to temporary differences may be recognized. Ballast Nedam recognizes deferred tax assets if these are likely to be realized. If the actual anticipated taxable profits differ from the estimates, and depending on the tax strategies which Ballast Nedam may introduce, recognized deferred tax assets may not be realized, thus affecting the financial position and results of Ballast Nedam. The half-year figures show no grounds at this stage to recognize any new deductible losses. This is in accordance with the recognition in the 2014 financial statements.

Provisions
Provisions relating to actual liabilities are based on estimates and judgements as to whether the criteria for treatment as a liability have been met, including an estimate of the size of the actual liability. Actual liabilities are recognized if it is likely that a liability will arise and its size can be reasonably estimated. Provisions for warranties are recognized for the expected expenses necessary to resolve known complaints. If the actual outcome differs from our assumptions as to anticipated costs, the estimated provisions must be revised, and this could have an effect on the financial position and results of Ballast Nedam.

14. Events after the reporting date
On 17 June 2015 Ballast Nedam finally signed and formalized the refinancing agreed at the end of April.

At the General Meeting of Shareholders of 29 June 2015 the Supervisory Board reappointed Mr Peter van Zwieten as CFO and as a member of the Board of Management of Ballast Nedam N.V. for a term of four years up to the end of the 2019 General Meeting of Shareholders. Mr J. Bout was also reappointed as a member of the Supervisory Board up to the end of the 2016 financial year.

The General Meeting of Shareholders approved the proposal to reduce the par value of each share in the capital of Ballast Nedam N.V. from EUR 1.00 to a par value of EUR 0.01 per share, without repayment to shareholders.
The General Meeting of Shareholders also approved the proposed amendment to the articles of association allowing the consolidation of shares on the basis of 30 alternative methods and authorized the Board of Management, with the approval of the Supervisory Board, to determine which of these methods is required to implement the consolidation.
In addition to the annual instructions for the issuance of shares and the restriction or exclusion of the preferential right established by law and the articles of association, the General Meeting of Shareholders authorized the Board of Management, with the approval of the Supervisory Board, for a period of six months from 1 July 2015 to 31 December 2015, to issue ordinary shares, grant rights and exclude or restrict the preferential right established by law and the articles of association in order to implement the rights issue.

Ballast Nedam informed the board of the Ballast Nedam Administration Office (SAK) of its wish to convert the depositary receipts into shares as soon as possible after completion of the rights issue. The conversion will be implemented in consultation with Euroclear, Euronext and the affiliated institutions concerned. The General Meeting of Shareholders approved the proposed amendment to the articles of association to prepare for the conversion of the depositary receipts.

[On 22 July 2015 RC RÖNESANS İNŞAAT TAAHHÜT A.Ş. ("Renaissance Construction") and Ballast Nedam N.V. jointly announce that they have reached conditional agreement in connection with a public offer by Renaissance Construction for all of the issued and outstanding depositary receipts in respect of ordinary shares in the capital of Ballast Nedam (each a "Depositary Receipt") at an offer price of € 1,55] (cum dividend) in cash for each Depositary Receipt, subject to customary conditions (the "Offer"). The Offer price represents a premium of 29,2% to the undisturbed closing price of 18 May 2015.

Financing and rights issue

Renaissance Construction, Ballast Nedam N.V. and the relevant banks have entered into arrangements in respect of the continued availability of the financing and the separate bank loans as well as certain amendments to the existing terms and conditions, in each case in connection with the intended Offer. In connection with the Offer, the implementation of the rights issue that was previously announced at 29 April 2015 will be put on hold till at least 31 December 2015.

Upon or after completion and settlement of the Offer:

- Upon successful completion and settlement of the Offer, Renaissance Construction shall make a capital contribution to Ballast Nedam N.V of €30 million, either in the form of a rights issue of EUR 20 million and a private placement of € 10 million at a market customary discount, or in the event that more than 95% is held by Renaissance Construction, in a form to be determined by Renaissance Construction at its own discretion;Renaissance Construction will make the Capital Contribution, which Ballast Nedam N.V. will apply in full prepayment towards the bridge loans and for strengthening its liquidity position;
- the subordinated bank loan of € 10 million will be repaid and cancelled in full;
- the rights issue announced on 29 April 2015 will not take place;
- the banking syndicate will accept a €10 million reduction of the subordinated bank loan of €43 million;
- Renaissance Construction will provide an on demand parent guarantee to the banking syndicate for 50% of the liabilities of Ballast Nedam N.V. under the subordinated bank loan of € 43 million as reduced by the haircut; and
- Ballast Nedam N.V. will be under an obligation to make repayments on the outstanding bank loans in a total amount of €10 million before 1 July 2016.

Nieuwegein, 21 July 2015

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 accompanying half year accounts as set out in the interim report 2015, of Ballast Nedam N.V., Nieuwegein, which comprises the statement of financial position as at 14 June 2015, the statement of income, the statements of comprehensive income, the condensed statement of changes in equity and statement of cash flows for the period 1 January 2015 to 14 June 2015 and the notes to the half year accounts, comprising a summary of the significant accounting policies and other explanatory information. 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 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 2015 to 14 June 2015 are not prepared, in all material respects, in accordance with IAS 34 "Interim financial reporting", as adopted by the European Union.

Emphasis of uncertainty with respect to the going concern assumption

We draw attention to the disclosure on continuity and liquidity as described in the note "Continuity and liquidity of the company" of the half year accounts 2015, which describes the developments with respect to the company's continuity as a going concern and liquidity. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. Our conclusion is not qualified in respect of this matter.

Utrecht, 21 July 2015

Ernst & Young Accountants LLP

signed by W.H. Kerst