Financial statements

Consolidated income statement

Amounts in thousands of euros

	Note		2009		2008
Revenue	1		4,418,518		4,873,725
Operating expenses					
Cost of raw materials and consumables		(1,047,606)		(1,274,006)	
Cost of outsourced work and other external costs		(2,197,392)		(2,340,844)	
Personnel expenses	2	(942,726)		(923,260)	
Depreciation and impairment of property, plant and equipment	3	(70,896)		(68,540)	
Amortisation and impairment of intangible assets	3	(10,059)		(9,365)	
Other expenses		(75,780)		(109,730)	
			(4,344,459)		(4,725,745)
Result on sale of participating interests	28		502		4,052
Share in result of associates and joint ventures after taxes	8		42,568		31,466
Result from operating activities			117,129		183,498
Finance income		38,380		44,845	
Finance expenses		(34,762)		(42,702)	
Net finance result	4		3,618		2,143
Result before tax			120,747		185,641
Income tax	5		(29,736)		(39,467)
Result for the financial year			91,011		146,174
Attributable to:					
Shareholders of the company			90,792		145,413
Non-controlling interests			219		761
Result for the financial year			91,011		146,174
Basic earnings per share (euros)			2.71		4.34

Consolidated statement of comprehensive income

Amounts in thousands of euros

	Note	2009	2008
Result for the financial year		91,011	146,174
Foreign currency exchange differences		8,613	(16,924)
Actuarial results	21	(5,881)	(3,395)
Deferred tax on actuarial results		2,003	563
Share in the result of associates and joint ventures		(551)	(875)
Effective portion of changes in fair value of cash flow hedges		(5,004)	(24,773)
Deferred tax on changes in fair value of cash flow hedges		1,336	6,638
Result recognised directly in equity after tax		516	(38,766)
Total comprehensive income for the financial year		91,527	107,408
Attributable to:			
Owners of the company		91,299	106,647
Non-controling interests		228	761
Total comprehensive income for the financial year		91,527	107,408

Consolidated balance sheet as at 31 December

Amounts in thousands of euros

	Note		31 December 2009		31 December 2008
Land and buildings		164,327		151,082	
Machinery and equipment		257,557		235,000	
Other operating assets		31,562		28,519	
Property, plant and equipment under construction		3,147		4,577	
Property, plant and equipment	6		456,593		419,178
Goodwill		69,680		69,438	
Other intangible assets		10,562		10,981	
Intangible assets	7		80,242		80,419
Investments in associates and joint ventures	8		239,574		241,625
Long term receivables	9		315,397		300,375
Other non-current assets	10		6,327		5,193
Deferred tax assets	11		15,856		17,761
Total non-current assets			1,113,989		1,064,551
Land	12	245,383		250,176	
Property classified as held for sale	13	24,230		10,653	
Inventories	14	142,101		143,169	
Work in progress	15	332,353		319,076	
Trade and other receivables	16	995,885		1,187,961	
Cash and cash equivalents	17	309,523		320,238	
Total current assets			2,049,475		2,231,273
Total assets			3,163,464		3,295,824

Consolidated statement of financial position as at 31 December

Amounts in thousands of euros

	Note		31 December 2009		31 December 2008
Equity					
Issued share capital		83,843		83,843	
Share premium reserve		67,339		67,339	
Other reserves		689,116		610,270	
Unappropriated result		90,792		145,413	
Equity attributable to equity holders of VolkerWessels			931,090		906,865
Non-conrolling interests			4,233		3,083
Total equity	18		935,323		909,948
Loans and borrowings	19	366,785		354,728	
Derivatives	20	30,506		25,835	
Employee benefits	21	31,700		27,682	
Provisions	22	137,745		149,788	
Deferred tax liabilities	11	3,397		35,079	
Total non-current liabilities			570,133		593,112
Bank overdrafts	23	18,673		237,184	
Loans and borrowings		7,755		7,416	
Work in progress	15	373,720		326,125	
Trade and other payables	24	1,194,526		1,153,005	
Income tax payable		10,306		30,092	
Employee benefits	21	9,207		8,701	
Provisions	22	43,821		30,241	
Total current liabilities			1,658,008		1,792,764
Total liabilities			2,228,141		2,385,876
Total equity and liabilities			3,163,464		3,295,824

Consolidated statement of cash flows

Amounts in thousands of euros

	Note		2009		2008
Cash flow from operating activities					
Profit after tax		90,792		145,413	
Adjustments for:					
- Income tax					
- Financial income and expenses	5	29,736		39,467	
- Depreciation and impairment of property, plant and equipment	4	(3,618)		(2,143)	
- Amortisation and impairment of intangible assets	3	70,896		68,540	
- Proceeds from sale of property, plant and equipment	3	10,059		9,365	
- Result, less dividends paid, on associates and joint ventures		(2,330)		(2,577)	
		(7,009)		3,189	
Operating cash flow before changes in working capital and provisions			188,526		261,254
Changes in land/property classified as held for sale/inventories/work in progress		29,277		71,577	
Changes in trade and other receivables		196,747		(81,762)	
Changes in trade and other payables		7,863		232,084	
Changes in provisions and employee benefits		(15,496)		(52,372)	
Cash flow from operating activities			218,391		169,527
			406,917		430,781
Interest paid/received			4,676		409
Income tax paid/received			(52,559)		(34,133)
Net cash flow from operating activities			359,034		397,057
Cash flow from investing activities					
Acquisitions of subsidiaries	7	(10,810)		(58,076)	
Investments in property, plant and equipment	6	(94,155)		(109,372)	
Investments in other intangible assets	7	(2,681)		(3,879)	
Changes in financial non-current assets		6,124		(17,085)	
Divestments from sale of property, plant and equipment	6	8,818		7,509	
Divestments from sale of intangible assets	7	104		493	
Cash flow from investing activities			(92,600)		(180,410)
Cash flow from financing activities					
Drawing on non-current loans and borrowing		33,207		27,107	
Repayment of non-current loans and borrowing		(27,769)		(27,769)	
Dividends paid		(67,074)		(67,074)	
Other movements		1,151		(46)	
Cash flow from financing activities			(60,485)		(67,782)

Consolidated statement of cash flows

Amounts in thousands of euros

	Note	2009	2008
Change in cash and cash equivalents			
Cash and cash equivalents as at 1 January		83,054	(57,595)
Effect of exchange rate differences on cash and cash equivalents and bank overdrafts		1,847	(8,216)
Net cash flow from operating activities		359,034	397,057
Cash flow from investing activities		(92,600)	(180,410)
Cash flow from financing activities		(60,485)	(67,782)
Cash and cash equivalents as at 31 December		290,850	83,054
Composition of cash position as at 31 December			
Cash and cash equivalents	17	309,523	320,238
Bank overdrafts	23	(18,673)	(237,184)
		290,850	83,054

Consolidated statement of changes in equity

Amounts in thousands of euros

	Issued share capital	Share premium reserve	Translation reserve	Legal reserve for participating interests	Legal development costs reserve	Actuarial reserve	Hedging reserve	Other reserves
Balance as at 1 January	83,843	67,339	0	47,634	2,533	0	(1,107)	521,189
Result recognised directly in equity			(16,924)			(2,832)	(19,010)	
Result for the financial year other changes				(3,013)	1,231			1,782
Total comprehensive income for the financial year			(16,924)	(3,013)	1,231	(2,832)	(19,010)	1,782
Addition to the reserves								78,787
Dividend for 2007								
Balance as at 31 December	83,843	67,339	(16,924)	44,621	3,764	(2,832)	(20,117)	601,758

	Issued share capital	Share premium reserve	Translation reserve	Legal reserve for participating interests	Legal development costs reserve	Actuarial reserve	Hedging reserve	Other reserves
Balance as at 1 January	83,843	67,339	(16,924)	44,621	3,764	(2,832)	(20,117)	601,758
Result recognised directly in equity			8,604			(3,878)	(4,219)	
Result for the financial year other changes				4,131	(181)			(3,950)
Total comprehensive income for the financial year			8,604	4,131	(181)	(3,878)	(4,219)	(3,950)
Added to reserves								
Dividend for 2008								78,339
Capital contribution non-controlling interest								
Balance as at 31 December	83,843	67,339	(8,320)	48,752	3,583	(6,710)	(24,336)	676,147

Un-appropriated result	2008 Shareholders' equity	Non-controlling interests	2008 Total equity
145,861	867,292	4,558	871,850
	(38,766)		(38,766)
145,413	145,413	761	146,174
	0		0
145,413	106,647	761	107,408
(78,787)	0		0
(67,074)	(67,074)	(2,236)	(69,310)
145,413	906,865	3,083	909,948

Un-appropriated result	**2009** Shareholders' equity	Non-controlling interests	**2009** Total equity
145,413	906,865	3,083	909,948
	507	9	516
90,792	90,792	219	91,011
	0		0
90,792	91,299	228	91,527
(78,339)	0		0
(67,074)	(67,074)	(378)	(67,452)
		1,300	1,300
90,792	931,090	4,233	935,323

Main accounting policies

GENERAL INFORMATION

Koninklijke Volker Wessels Stevin nv has its registered office in Rotterdam, the Netherlands. The consolidated financial statements of the Company for the 2009 financial year include the Company and its subsidiaries (together referred to as the 'Group'). The shares of VolkerWessels are indirectly held by Storm Investments bv. VolkerWessels is a major construction group with a decentralised organisation involved in design, development, realisation and management of the built environment. Through these activities, VolkerWessels aims to contribute to the construction challenge resulting from the planning and mobility demands in contemporary society. The management adopted the financial statements on 10 March 2010.

Statement of compliance
The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU-IFRS), and the statutory requirements for financial statements contained in Part 9 of Book 2 of the Netherlands Civil Code (BW). In these first consolidated financial statements based on EU-IFRS standards, the Group has applied all EU-IFRS standards that were in force on or before 31 December 2009, as well as the standards of EU-IFRS 1 First-time Adoption of International Financial Reporting Standards. An overview of the transition from DUTCH GAAP to EU-IFRS and its impact is included on pages 62 to 71 of the notes. The separate financial statements of Koninklijke Volker Wessels Stevin nv are prepared in accordance with the statutory requirements of Part 9, Book 2 of the Netherlands Civil Code and Section 2:402 of the Netherlands Civil Code.

Policies applied to the financial statements
The consolidated financial statements are presented in euros, which is the Group's functional currency. All amounts in the financial statements are in thousands of euros unless stated otherwise. The financial statements are prepared on the basis of historical cost, except that the following assets and liabilities are measured at fair value: derivative financial instruments, financial instruments classified as available for sale and plan assets.

Assets held for sale and disposal groups are measured at the lower of carrying amount and fair value less estimated costs to sell.

The net share of post-tax results in associates and joint ventures is part of the operating result. This promotes insight into the Group's result and is customary in the sector.

PRINCIPAL ESTIMATES AND ASSESSMENTS IN THE FINANCIAL STATEMENTS

The preparation of the financial statements in accordance with EU-IFRS requires the management to make judgements, estimates and assumptions that influence the application of policies and reported amounts of assets and liabilities and of income and expenses. Estimates and assumptions are constantly evaluated and are based on past experience and various other factors, including predictions regarding future events that, in view of the circumstances, can reasonably be expected to occur. VolkerWessels applies estimates and assumptions with respect to the future. The reality may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognised in the period in which the estimate is revised if the revision only affects the period in question, or in the period of revision and future periods if the revision affects both the reporting and future periods.

Main accounting policies

In particular, information concerning significant estimation uncertainties and critical assessments concerning the application of the accounting policies that have the most significant effect on the figures included in the financial statements are discussed in the following sections of the notes:

Note 7: Intangible assets
Note 8: Investments in associates and joint ventures
Note 11: Deferred tax assets and liabilities
Note 15: Work in progress
Note 16: Trade and other receivables
Note 21: Employee benefits
Note 22: Provisions
Note 27: Financial instruments

PRINCIPLES OF CONSOLIDATION

Subsidiaries (full consolidation)
Subsidiaries are entities controlled by the Company. Control exists when the Company directly or indirectly has the power to determine the financial and operating policies of an entity so as to obtain benefits from the entity's activities. In assessing the level of control, potential voting rights that can be exercised or converted at that time are taken into account. The financial statements of the subsidiaries are included in the consolidated financial statements with effect from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Associates (equity method)
Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised earnings and expenses of equity accounted investees from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, including any other receivables, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

Joint Ventures (equity method)
Joint ventures are entities over which the Group exercises joint control with other parties, with this control established in a contract. The consolidated financial statements include the Group's share of the earnings and expenses of equity accounted joint ventures from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.
When the Group's share of the losses exceeds the value of its holding in a joint venture, including any other receivables, the entity's carrying amount in the Group's statement of financial position is written down to zero, and additional losses not taken into account, except insofar as the Group has undertaken a legally enforceable or actual obligation, or has made payments on behalf of a joint venture.

Other non-current assets
Other non-current assets concern equity participations in entities in which VolkerWessels has no significant influence and are accounted for as securities available for sale. On disposal, the cumulative fair value adjustment of the relevant other investments are eliminated and carried in

Main accounting policies

profit or loss. If no reliable fair value can be set, the remaining investments are measured at cost. The dividend, as well as the gain or loss on the sale of these other investments, are recognised in the statement of comprehensive income.

Loans and other receivables
Loans and other receivables are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and other receivables are measured at amortised cost on the basis of the effective interest method, less impairment losses.

Eliminations of transactions on consolidation
Intra-group balances and any unrealised gains and losses on intra-group transactions were eliminated in the preparation of the consolidated financial statements. Unrealised gains and losses from transactions with investees and entities over which joint control is exercised, are eliminated in proportion to the Group's share in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only insofar as there is no indication of impairment.

FOREIGN CURRENCY

Foreign currency transactions
Transactions in foreign currencies are translated to euros at the exchange rate applying at the date of transaction. Monetary assets and liabilities denominated in foreign currency at the statement of financial position date are translated to euro at the exchange rates prevailing on that date. Foreign currencies held, as well as assets and liabilities received or paid in foreign currencies are translated at exchange rates prevailing at the reporting date. Exchange differences ensuing from the translation are recognised in the profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are measured on the basis of historical cost are translated at the applicable rate applying at the date of transaction.

Foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into euros at foreign exchange rates applying at reporting date. Income and expenses of foreign operations are translated to euro at the approximate exchange rate at the date of transaction. Translation gains and losses are taken directly to a separate component of equity (the foreign currency translation reserve).

When preparing the opening IFRS statement of financial position, VolkerWessels opted to apply IAS 21 prospectively, which means that the cumulative exchange differences for all foreign operations on the date of transition to EU-IFRS (1 January 2008) are set to zero. After 1 January, these exchange differences are included in the translation reserve. If a foreign operation is totally or partially sold, the amount in question is transferred from the translation reserve to profit or loss

Exchange rates
The rate of the euro against the important currencies for the Group are:

Rate of exchange at the statement of financial position date	**2009**	**2008**
US dollar	0.69	0.71
Canadian dollar	0.66	0.59
Pound sterling	1.13	1.05

Average exchange rate	**2009**	**2008**
US dollar	0.72	0.71
Canadian dollar	0.63	0.64
Pound sterling	1.12	1.26

Main accounting policies

Derivative financial instruments
The Group uses derivative financial instruments to hedge the interest and exchange rate risks arising from operating, financial and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial statements for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments. Derivative financial instruments are measured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

Hedging
Cash flow hedges
When a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective portion of any gain or loss on the derivative financial instrument is recognised directly in equity. When the forecast transaction subsequently results in the recognition of a non-financial asset or non financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost of the non-financial asset or non-financial liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, then the associated gains and losses that were recognised directly in equity are transferred to profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss. For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is transferred from equity to profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective portion of any gain or loss is recognised immediately in profit or loss.
When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy only when the transaction occurs. If the hedged transaction is no longer expected to take place, then the cumulative unrealised gain or loss recognised in equity is immediately transferred to profit or loss.

Hedging of monetary assets and liabilities
When a derivative financial instrument is used as an economic hedge of the foreign exchange exposure of a recognised monetary asset of liability, hedge accounting is not applied and any gain or loss on the hedging instrument is recognised in the income statement.

Hedging of a net investment in foreign operations
The portion of the profit or loss on an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognised directly in equity. The non-effective portion is taken to profit or loss.

Financing costs
Finance costs directly attributable to the acquisition, construction or production of a qualifying asset must be applied to all comparable assets, including the work in progress. This means that a proportion of the finance costs are allocated to the work in progress.

Main accounting policies

PROPERTY, PLANT AND EQUIPMENT

Owned assets
Items of property, plant and equipment are measured at deemed cost less accumulated depreciation and accumulated impairment losses. The cost includes direct acquisition costs of the asset. The cost of self-constructed assets includes the cost of materials, direct labour costs, financing costs and any other costs directly attributable to bringing the assets to a working condition for their intended use. The cost of self-constructed assets also includes the costs of dismantling and removing the items and restoring the site on which they are located as estimated at the time of installation, as well as changes in the amount of existing obligations with respect to dismantling and removal. When property, plant and equipment consist of components that have different useful lives, the component approach is applied.

Leased assets
Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. The leased asset is measured at an amount equal to the lower of its fair value and the present value of the nominal lease payments at inception of the lease, less accumulated depreciation and accumulated impairment losses.

Costs after initial recognition
In the carrying amount of an asset, the Group includes the cost of replacing part of that asset when these costs are incurred. This occurs if it is probable that the future economic benefits of the asset in question will accrue to the Group and if the cost of the asset can be reliably determined. All other costs are recognised in profit or loss as incurred.

Depreciation of property, plant and equipment
Depreciation is recognised in profit or loss according to the straight-line method based on the estimated useful life of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful life is as follows:

Buildings	20-30 years
Plant and equipment	5-20 years
Other operating assets	3-5 years

The residual value is reassessed annually, unless insignificant.

INTANGIBLE ASSETS

Goodwill
All business combinations are accounted for using the acquisition method. Goodwill is recognised in respect of acquisitions of subsidiaries, associates and joint ventures. For associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment. Goodwill represents the difference between the cost price of the acquisition and the fair value of the identifiable assets and liabilities recognised at the time of acquisition. Goodwill is stated at cost, less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not systematically amortised. Impairment testing is carried out annually or when there evidence that this is necessary. For acquisitions before 1 January 2008, goodwill is based on the value attributed to them by virtue of accounting principles generally accepted in the Netherlands. Negative goodwill from an acquisition is recognised directly in profit or loss.

Main accounting policies

Development costs
Expenditure on development aimed at obtaining research findings in order to plan or design the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially viable. The capitalised expenditure comprises cost of materials, direct labour costs, and a reasonable share of the indirect costs. The capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets
Intangible assets with a limited lifespan acquired by the Group are carried at cost less accumulated amortisation and accumulated impairment losses.

Expenditure after initial recognition
Expenditure for intangible assets after initial recognition, other than goodwill, is only capitalised if it is expected that this will increase the future economic benefits contained in the specific asset for which the expenditure is made. All other expenditure is recognised is recognised in profit or loss when it is incurred.

Amortisation
Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the intangible assets, unless this useful life is indefinite. The amortisation starts as soon as the assets are ready for use. The estimated useful life is as follows:

Software	3-10 years
Customer files/contracts	5-10 years
Capitalised product development costs	5-10 years
Trademarks	10 years

Goodwill and intangible assets with an indefinite useful life are tested systematically for impairment at each annual reporting date.

LAND

Land acquired for development and construction activities is stated at acquisition price plus the costs of infrastructural development and other costs ensuing from ownership, less such provisions for development risks as considered necessary. Interest is capitalised from the time of the building permit application. If no development activities take place during a longer period, interest is no longer capitalised. When development and construction activities commence on the land, the land is included at carrying amount under construction contracts or under (housing) projects inventory.

REAL ESTATE HELD FOR SALE

Property held for sale is carried at the lower of cost and fair value.

Main accounting policies

INVENTORIES

The inventories of raw materials and semi-finished products are carried at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and sale. The cost of inventories is based on the first-in, first-out (FIFO) method and includes expenses incurred in acquiring the inventories and the related purchase costs. In the case of manufactured inventories, cost includes a reasonable share of the indirect overheads based on normal production capacity.
Sandpits are carried at their acquisition price plus the directly attributable costs. A provision is made if there is a restoration obligation for the acquired sandpit.
Housing and other projects not covered by the definition of construction contracts are classified under inventories. For those housing projects where the transfer of risks and rewards takes place in proportion to the stage of completion, revenue and results are recognised in proportion to completion. These projects are shown in the financial statements as a balance of progress billings, costs and expected losses.

WORK IN PROGRESS

Work in progress is carried at cost plus profit recognised to date, less a provision for anticipated losses and less progress billings. Cost includes all the expenses directly related to specific projects and an allocation of the fixed costs and variable indirect costs in connection with the Group's contract work based on normal production capacity. The progress rate is the ratio of the recognised costs to the total expected costs, to be considered for each individual project. The costs of preparation of major projects are capitalised as work in progress when the project is awarded or if VolkerWessels is designated as preferred bidder.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially recognised at fair value plus any directly attributable transaction costs. After initial recognition, trade and other receivables are carried at amortised cost, which in general corresponds with the nominal value less a value adjustment for bad debts.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Immediately before classification as held for sale, the assets (and all the assets and liabilities of a disposal group) are remeasured in accordance with the applicable IFRS standard. Thereafter, the assets and disposal groups are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification are recognised in profit or loss. Discontinued operations are defined as such upon disposal or, if earlier, when the business activity satisfies the criteria for classification as held for sale. A disposal group that is to be abandoned may also meet this definition.

Main accounting policies

EQUITY

Issued share capital
Ordinary shares are part of the equity

Reserves
The reserves comprise a statutory reserve for participating interests, a statutory reserve for capitalised development costs, an actuarial reserve, a hedging reserve and a reserve for exchange differences.

The statutory reserve for participating interests concerns unappropriated results from participating interests, the distribution of which is subject to restrictions.

The statutory reserve for capitalised development costs comprises the amount capitalised at year-end in the statement of financial position in respect of development costs.

The actuarial reserve consists of the cumulative change in the fair value of pension liabilities as a result of changes in the actuarial principles.

The hedging reserve comprises the cumulative change in the fair value of the hedging instruments when the hedged transactions have not yet taken place or the hedged position has not yet been terminated. The reserve for exchange differences covers all the gains and losses from the translation of the net investments of VolkerWessels in foreign subsidiaries. In accordance with IFRS 1, the cumulative foreign exchange gains and losses as at 1 January 2008 were set at zero.

Other reserves
This item concerns the cumulative results from prior financial years net of the agreed dividend and changes in the statutory reserves.

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

INTEREST-BEARING LOANS

Interest-bearing loans are recognised initially at fair value, less attributable transaction costs. Subsequently, interest-bearing loans are recognised at amortised cost, with any difference between cost and the redemption value being recognised in profit or loss over the term of the loans on an effective interest basis.

EMPLOYEE BENEFITS

Defined contribution plans
For defined contribution plans, the Group pays contributions on a mandatory, contractual or voluntary basis to pension funds or insurance companies. Apart from paying contributions, the Group has not other liabilities. Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when the contributions are due.

Defined benefit plans
Defined benefit plans are post-employment benefit plans other than defined contribution plans. The net liabilities of the Group with respect to defined benefit plans are calculated separately for each plan by estimating the amount of future pension entitlements that employees have accrued in return for their services during the current and prior periods. These benefits are discounted

Main accounting policies

to determine the present value, and the fair value of the plan assets are deducted from this. The yield at the reporting date of gilt-edged corporate bonds of which the term approaches that of the Group's obligations serves as the discount rate. The calculation is made by a qualified actuary using the projected unit credit method. This method takes account of future salary increases as a result of employees' career opportunities and general wage trends, including adjustments for inflation.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the entitlements vest immediately, the expense is recognised immediately in profit or loss. The Group takes actuarial gains and losses with respect to defined benefit plans directly to equity. When the plan assets exceed the liability, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the fund or lower future pension premiums.

Other long-term employee benefits
The Group's net obligation for long-term employee benefits other than pension plans is the amount of future entitlements, such as long-service awards, bonuses and gratuities that employees have earned in return for their service in the current and prior periods. The liabilities are calculated using the projected unit credit method and are discounted to the present value. The yield at the reporting date of gilt-edged corporate bonds of which the term approaches that of the Group's obligations serves as the discount rate. Any actuarial gains or losses are recognised in profit or loss in the period in which they occur.

PROVISIONS

A provision is formed in the statement of financial position if the Group has a present legal or constructive obligation as the result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and this obligation can be reliably determined. If the effect is material, provisions are calculated by discounting the future cash flows using a pre-tax discount rate that reflects the current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

Guarantees
A guarantee provision is recognised if the underlying products or services have been sold and delivered. The provision is based on historical return information and a weighting of all the possible outcomes on the basis of the probability that they will indeed occur.

Restructuring provision
Restructuring provisions are recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. No provision is made for future operating expenses.

Onerous contracts
A provision for onerous contracts is included in the statement of financial position if the unavoidable costs of meeting the obligation under the contract exceed the economic benefits expected to be received under it.

TRADE AND OTHER PAYABLES

Trade and other payables are stated at amortised cost. The initial recognition is at fair value less attributable transaction costs.

Main accounting policies

REVENUE

Construction contracts
As soon as a reliable estimate can be made of the result on a construction contract, the contract revenues and expenses are recognised in profit or loss in proportion to the stage of completion of the project. The stage of completion is assessed on the basis of the ratio of the recognised costs to the total expected costs. If the outcome of a project cannot be estimated reliably, revenue is only recognised to the extent that the contract expenses in all probability can be recovered. Expected losses on projects are taken directly to profit or loss.

A distinction is made between revenue from the main contract, changes to the main contract, claims and incentives. Approved variations on the main contract are accounted for in the same way as the main contract. Claims include the cost of delays caused by the client, errors in specifications and design, and disputed variations in contract work. Revenues arising from claims are recognised only when negotiations with the client are at an advanced stage such that it is probable that the client will accept the claim. Revenues from incentives are recognised only when the work is sufficiently advanced that it is probable that the incentive will be received.

Goods sold and services rendered
Proceeds from the sale of goods are recognised in profit or loss when the main risks and rewards of ownership have been transferred to the buyer. For those housing projects where the transfer of risks and rewards takes place by means of the transfer of the land to the buyer before the construction commences, income and results are recognised in proportion to the stage of completion of the project. The stage of completion is assessed on the basis of the ratio of the recognised costs to the total expected costs. Revenues from services rendered are recognised in the income statement in proportion to the stage of completion of the transaction as at reporting date. The stage of completion is assessed on the basis of the ratio of the recognised costs to the total expected costs.

Government grants
Grants to compensate costs incurred by the Group are systematically taken to profit or loss in the same period in which the costs were incurred. Grants to compensate costs incurred by the Group for an asset are systematically taken to profit or loss as income over the useful life of the asset.

EXPENSES

Lease payments under operating leases
Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Lease payments under financial leases
Lease payments under financial leases are split into borrowing costs and repayment of the obligation. The finance charge is allocated to each period during the lease term so as to produce a constant rate of interest for the remaining term of the obligation.

Finance income and costs
Interest expenses include the expenses payable on borrowings calculated on the basis of the effective interest method, as well as exchange rate losses. Finance income includes interest income on invested funds, exchange rate gains and the expected return on fund investments.

Main accounting policies

INCOME TAX

Income tax comprises payable, offsettable, and deferred income tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available for the realisation of the temporary difference. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income tax arising from the distribution of dividends is recognised at the same time as the liability to pay the related dividend.

Segment reporting
Within VolkerWessels, information is provided on five segments. This segmentation is aligned with the administrative structure and internal reporting structure of the Group. Management reports are produced for all business units and reviewed by the Board of Management. VolkerWessels distinguishes the following segments:
- Building & Property Development Netherlands
- Civil Engineering, Roads and Rail
- Civil Engineering, Roads and Building USA/Canada
- Civil Engineering, Roads and Building UK
- Infrastructure Technology and Telecommunications
- Supplies and Service Delivery

CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method. The cash position in the statement of cash flows comprises cash and cash equivalents, less bank overdrafts.

Exchange differences are recognised directly under the relevant items. The cost of acquired group companies and the selling price of disposed group companies are classified under the cash flows from investing activities. Any cash in disposed or acquired group companies is deducted from the selling or acquisition price respectively. Investments in property, plant and equipment are stated after deducting the obligations arising from property, plant and equipment on order, as recognised under other liabilities. Transactions that involve no transfer of funds are excluded from the statement of cash flows.

Main accounting policies

NEW STANDARDS AND INTERPRETATIONS NOT YET APPLIED

The following standards and interpretations not yet effective in 2008/2009 were not applied to these financial statements

IFRS 3 - Business Combinations (2008)
The revised version of IFRS 3 includes changes to the measurement of contingent liabilities and non-controlling interests in the acquiree. In addition, on the basis of the revised standard, the transaction costs should be charged tot the result during the period in which they were incurred. The revised version of IFRS 3 Business Combinations, application of which is mandatory for the Group's financial statements from 2010, is applied prospectively and therefore has no effect on prior periods included in the 2010 consolidated financial statements.

IAS 27 - Consolidated and Separate Financial Statements
The revised version of IAS 27 stipulates that changes to the Group's ownership interest in a subsidiary whilst retaining control are accounted for as an equity transaction. If the Group no longer exercises control over the subsidiary, any remaining interest in the former subsidiary is stated at fair value, and the ensuing gains or losses is recognised in profit or loss. The changes to IAS 27, application of which is mandatory for the Group's financial statements from 2010, are not expected to have a significant influence on the consolidated financial statements.

IAS 9 - Financial Instruments
IFRS 9 is effective for financial statements starting on or after 1 January 2013. IFRS 9 has not yet been endorsed by the European Union. IFRS 9 addresses the classification and measurement of financial assets. The publication of IFRS 9 represents the completion of the first part of the project consisting of three parts to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 increases the possibilities for investors and other users of financial information to understand the accounting for financial assets and reduces complexity. VolkerWessels is currently investigating what the impact of IFRS 9 will be on the consolidated financial statements.

IAS 24 - (Revised) Related Party Disclosures
IFRS 24 (Revised) is effective for annual periods starting on or after 1 January 2011. IAS 24 (Revised) has not yet been endorsed by the European Union. The revised standard simplifies the disclosure requirements for government-related entities by a partial exemption for government-related entities and clarifies the definition of a related party. VolkerWessels is currently investigating what the impact of IAS 24 (Revised) will be on the consolidated financial statements.

IFRIC 15 Agreements for the Construction of Real Estate
IFRIC 15 provides additional guidance regarding IAS 11 Construction Contracts and IAS 18 Revenue. It specifies how to determine whether a particular contract qualifies as a construction contract, an agreement for the rendering of services or an agreement for the sale of goods. IFRIC 15 concludes that certain projects do not qualify as construction contracts, because the design and major specifications have not been specifically negotiated with the buyer. The company must recognise the proceeds from the projects concerned according to the standards of IAS 18. Therefore, if there is a continuous transfer of the significant risks and rewards of ownership of work in progress, revenues are recognised in proportion to stage of completion of the sale and/or delivery. The Group is currently reviewing the possible consequences for the consolidated financial statements of the application of IFRIC 15, which will become mandatory in 2010.

Notes to the consolidated income statement

(1) Revenue

	2009	2008
Construction contracts	3,290,960	3,537,268
Projects under development	309,981	607,726
Service and maintenance	453,834	419,999
Other	363,743	308,732
Total	4,418,518	4,873,725

(2) Personnel expenses

	2009	2008
Wages and salaries	(763,307)	(745,529)
Pension costs	(70,532)	(70,407)
Other social security charges	(108,887)	(107,324)
Total	(942,726)	(923,260)

(3) Depreciation and impairment of property, plant and equipment and amortisation and impairment of intangible assets

	2009		2008	
Impairment of goodwill	(6,989)		(6,480)	
Amortisation of other intangible assets	(3,070)		(2,885)	
Total amortisation of intangible assets		(10,059)		(9,365)
Depreciation of property, plant and equipment	(70,864)		(68,388)	
Impairment on property, plant and equipment	(32)		(152)	
		(70,896)		(68,540)
Total		(80,955)		(77,905)

Notes to the consolidated income statement

(4) Net finance result

		2009		2008
Interest income from non-current receivables	1,831		6,191	
Interest income from current receivables	11,250		11,250	
Proceeds from Nigerian promissory notes	15,385		19,632	
		28,466		37,073
Interest expenses for non-current liabilities	(5,628)		(15,015)	
Interest expenses for current liabilities	(22,504)		(25,678)	
		(28,132)		(40,693)
Exchange differences		2,447		(1,930)
Unwind of discount on provisions		4,342		4,029
Capitalised interest on work in progress		(1,846)		(1,759)
Expected return on plan assets		2,076		7,487
Interest on employee benefit obligation		3,125		3,743
Other finance income		(4,870)		(5,190)
		(1,990)		(617)
Total		3,618		2,143

(5) Income tax

	2009	2008
Current income tax liability	(56,174)	(78,553)
Deferred income tax	26,438	39,086
	(29,736)	(39,467)

The effective tax rate was 24.6%. The difference from the nominal Dutch tax rate of 25.5% was caused by the following items:

	2009	2008
Profit before income tax	120,747	185,641
Tax calculated at the basic Dutch tax rate	30,790	47,338
Tax effects of:		
- Effect of different tax rates in various countries	327	1,407
- Participation exemption	(3,249)	(1,033)
- Impairment of goodwill	1,782	1,653
- Adjustment for prior periods	(4,000)	(11,639)
- Loss arising from liquidation	(3,500)	–
- Unrecognised losses	5,853	3,711
- Other differences	1,733	(1,970)
Effective tax burden	29,736	39,467
Effective tax rate (%)	24.6%	21.3%

Results for 2009 per sector

All amounts in millions of euros,

	Building & property Development Netherlands	Civil eng., Roads and Rail	Civil eng., Roads and Buildings USA/Canada	Civil eng., Roads and Buildings UK	Infrastructure Technology and Telecom-munications	Supplies and Service Delivery	Not allocated/ eliminated	Total
Operating income	1,640	1,252	167	513	1,036	148	(337)	4,419
Other operating expenses	(1,564)	(1,232)	(151)	(502)	(1,032)	(101)	318	(4,264)
Depreciation of property, plant and equipment	(10)	(16)	(5)	(4)	(6)	(22)	(8)	(71)
Result from participating interests	4	24	3	(4)	9	0	7	43
EBITA	70	28	14	3	7	25	(20)	127
Amortisation	(2)	0	0	0	(7)	0	(1)	(10)
EBIT	68	28	14	3	0	25	(21)	117
Net finance result								4
Result from ordinary activities before taxation								121
Taxation								(30)
Result from ordinary activities after taxation								91
Non-controlling interests								0
Profit after taxation								91

Results for 2008 per sector

All amounts in millions of euros,

	Building & property Development Netherlands	Civil eng., Roads and Rail	Civil eng., Roads and Buildings USA/Canada	Civil eng., Roads and Buildings UK	Infrastructure Technology and Telecom-munications	Supplies and Service Delivery	Not allocated/ eliminated	Total
Operating income	1,995	1,206	202	785	967	70	(351)	4,874
Other operating expenses	(1,891)	(1,170)	(179)	(765)	(945)	(27)	330	(4,647)
Depreciation of property, plant and equipment	(12)	(16)	(5)	(4)	(6)	(19)	(7)	(69)
Result from participating interests	17	3	1	4	9	0	1	35
EBITA	109	23	19	20	25	24	(27)	193
Amortisation	(2)	(4)	0	0	(3)	0	0	(9)
EBIT	107	19	19	20	22	24	(27)	184
Net finance result								2
Result from ordinary activities before taxation								186
Taxation								(40)
Result from ordinary activities after taxation								146
Non-controlling interests								(1)
Profit after taxation								145

Other information for 2009 per sector

All amounts in millions of euros,

	Building & property Development Netherlands	Civil eng., Roads and Rail	Civil eng., Roads and Buildings USA/Canada	Civil eng., Roads and Buildings UK	Infrastructure Technology and Telecom-munications	Supplies and Service Delivery	Not allocated eliminated	Total
Assets	1,070	575	188	189	477	144	520	3,163
Liabilities	543	480	45	139	361	29	458	2,055
Capital employed	527	95	143	50	116	115	62	1,108
Associates	16	15	29	0	1	0	3	64
Joint Ventures	92	51	0	1	16	0	15	175
Net investments in property, plant and equipment	10	14	1	2	9	47	13	96
Net investments in intangible assets	3	0	0	0	3	0	1	7

Other information for 2008 per sector

All amounts in millions of euros,

	Building & property Development Netherlands	Civil eng., Roads and Rail	Civil eng., Roads and Buildings USA/Canada	Civil eng., Roads and Buildings UK	Infrastructure Technology and Telecom-munications	Supplies and Service Delivery	Not allocated eliminated	Total
Assets	1,073	590	172	249	522	121	569	3,296
Liabilities	493	424	58	206	335	25	633	2,174
Capital employed	580	166	114	43	187	96	(64)	1,122
Associates	12	12	27	0	1	0	3	55
Joint Ventures	89	55	0	4	25	0	14	187
Net investments in property, plant and equipment	13	31	3	4	6	41	19	117
Net investments in intangible assets	3	5	0	3	2	0	7	20

Notes to the consolidated balance sheet

(6) Property, plant and equipment

					2008
	Land and buildings	Machinery and equipment	Other operating assets	Assets under construction	Total property plant and equipment
Balance as at 1 January					
Cost	206,304	507,675	96,863	5,826	816,668
Accumulated depreciation and impairment	(58,189)	(309,656)	(68,015)	–	(435,860)
Carrying amount as at 1 January	148,115	198,019	28,848	5,826	380,808
Changes					
Reclassification	72	1,653	(1,478)		247
Consolidated	2,345	8,754	912		12,011
Deconsolidated	0	(28)	(60)		(88)
Investments	12,929	75,759	12,908	7,776	109,372
Disposals	(134)	(3,966)	(832)		(4,932)
Commissioned	1,536	7,163	40	(8,739)	–
Depreciation	(7,911)	(48,772)	(11,705)		(68,388)
Impairment loss	(32)	(82)	(38)		(152)
Exchange differences	(5,838)	(3,500)	(76)	(286)	(9,700)
Total changes	2,967	36,981	(329)	(1,249)	38,370
Balance as at 31 December					
Cost	240,242	555,400	106,584	4,577	906,803
Accumulated depreciation and impairment	(89,160)	(320,400)	(78,065)	–	(487,625)
Carrying amount	151,082	235,000	28,519	4,577	419,178

The present value of land and building was determined based on valuations and as at 31 December 2009 amount to approximately € 270 million (2008: € 265 million), and the present value of machinery and equipment is determined based price lists, etc. and amounts to approximately € 288 million (2008: € 262 million). During the financial year no impairments were reversed

Inlcuded in property, plant and equipment are assets with a carrying amount of approximately € 5 million (2008: € 10 million), which have been financed by means of finance leases. Legal title to these assets is vested with third parties. The associated commitments are included under the current and long-term liabilities

Property, plant and equipment on order mainly relates to plant, equipment and machinery. For contractual obligations in respect of property, plant and equipment, please refer to note (25).

Notes to the consolidated balance sheet

(6) Property, plant and equipment

					2009
	Land and buildings	Machinery and equipment	Other operating assets	Assets under construction	Total property plant and equipment
Balance as at 1 January					
Cost	240,242	555,400	106,584	4,577	906,803
Accumulated depreciation and impairment	(89,160)	(320,400)	(78,065)	–	(487,625)
Carrying amount as at 1 January	151,082	235,000	28,519	4,577	419,178
Changes					
Reclassification	6,541	373	(140)		6,774
Consolidated	1,885	7,704	940		10,529
Deconsolidated	(11)	(1,910)	(235)		(2,156)
Investments	10,153	67,062	13,985	2,955	94,155
Disposals	(676)	(4,528)	(1,284)		(6,488)
Commissioned	149	2,955	1,297	(4,401)	–
Depreciation	(8,073)	(51,175)	(11,616)		(70,864)
Impairment loss		(11)	(21)		(32)
Exchange differences	3,277	2,087	117	16	5,497
Total changes	13,245	22,557	3,043	(1,430)	37,415
Balance as at 31 December					
Cost	260,463	608,269	113,243	3,147	985,122
Cumulative amortisation and impairment	(96,136)	(350,712)	(81,681)	–	(528,529)
Carrying amount	164,327	257,557	31,562	3,147	456,593

Below is an overview for each category of assets that have been financed by means of finance leases:

	2009	2008
Land and buildings	1,550	3,501
Machinery and equipment	3,260	3,410
Other operating assets	73	3,118
Property, plant and equipment	4,883	10.029

Notes to the consolidated balance sheet

(7) Intangible assets

					2008
	Goodwill	Software	Capitalised development expenses	Other intangible assets	Total intangible assets
Balance as at 1 January					
Cost	62,308	9,642	2,863	4,116	78,929
Accumulated amortisation	–	(4,611)	(330)	(1,161)	(6,102)
Carrying amount	62,308	5,031	2,533	2,955	72,827
Changes					
Restitution	(473)				(473)
Investment	21,106	2,291	1,588		24,985
Disposal		(215)		(278)	(493)
Impairment	(6,480)				(6,480)
Amortisation		(1,928)	(357)	(600)	(2,885)
		–			–
Exchange differences	(7,023)	(39)			(7,062)
Total changes	7,130	109	1,231	(878)	7,592
Balance as at 31 December					
Cost	75,918	10,986	3,790	3,000	93,694
Accumulated amortisation	(6,480)	(5,846)	(26)	(923)	(13,275)
Carrying amount	69,438	5,140	3,764	2,077	80,419

Notes to the consolidated balance sheet

((7) Intangible assets

					2009
	Goodwill	Software	Capitalised development expenses	Other intangible assets	Total intangible assets
Balance as at 1 January					
Cost	75,918	10,986	3,790	3,000	93,694
Accumulated amortisation	(6,480)	(5,846)	(26)	(923)	(13,275)
Carrying amount	69,438	5,140	3,764	2,077	80,419
Changes					
Restitution		14			14
Investment	5,054	1,940	741		7,735
Disposal		(104)			(104)
Impairment	(6,989)				(6,989)
Amortisation		(1,763)	(707)	(600)	(3,070)
		42			42
Exchange differences	2,177	18			2,195
Total changes	242	147	34	(600)	(177)
Balance as at 31 December					
Cost	83,149	11,969	4,531	3,000	102,649
Accumulated amortisation	(13,469)	(6,682)	(733)	(1,523)	(22,407)
Carrying amount	69,680	5,287	3,798	1,477	80,242

During the financial year no impairments were reversed.

Notes to the consolidated balance sheet

Impairment testing for cash-generating units to which goodwill has been allocated:
The following units contain significant goodwill items:

	2009	2008
Fitzpatrick ltd	16,914	15,762
G&S Bouw bv	8,588	8,588
Laser ltd	6,003	5,594
M.J.O. Holding bv	5,517	5,517
NMA Railway Systems bv	–	5,612
GrantRail ltd (VolkerRail UK)	3,999	3,727
TPA bv	3,450	3,450
Kroon bv	3,353	3,353
Planoform bv	2,444	2,444
Van Dulmen bv	2,907	–
Other	16,505	15,391
	69,680	69,438

The goodwill was tested for impairment by comparing the current carrying amounts of the assets including the allocated goodwill of the cash-generating units to their net realisable value. The net realisable values were calculated based on the forecast cash flows, which were based on forecasts concerning income and profit margin after taxation. The cash flows for the subsequent period following the fifth year were extrapolated based on annual growth. The forecasts were based on past realisations and expectations concerning the market and developments in the various segments. The estimated cash flows were discounted using a pre-tax discount rate of 9 percent (post-tax discount rate of 8 percent), which in the current market conditions reflects the time value of money and the risks related to the asset. The applied pre-tax discount rate of 9% (post-tax discount rate of 8%) reflects the risk profile of the segments in question. As at year-end 2009, this test resulted in an impairment of the goodwill of € 7 million (2008: € 6.5 million), which mainly relates to the goodwill arising from the acquisition of NMA Railway Systems B.V.

Notes to the consolidated balance sheet

Acquisitions

In 2009, three acquisitions took place. The total investment amounted to € 11 million. From the perspective of EU-IFRS requirements, these acquisitions are individually regarded as immaterial.

Van Dulmen Telecommunicatie Kabelwerken bv
On 2 February 2009, the Group acquired all the shares of the company Van Dulmen Telecommunicatie Kabelwerken bv. Since its formation in 1964, Van Dulmen has specialised in laying and installing telecommunications networks for the business as well as the consumer market. Large clients, such as KPN, Eneco, Belgacom and Erasmus MC, mainly engage Van Dulmen. In addition, the company also focuses on SMEs, schools, universities, hospitals and municipal government.

Volker Stevin Logistik GmbH
On 1 April 2009, the Group acquired all the shares of Kondor Wessels Logistik Services Gmbh. The company will perform equipment maintenance for the companies domiciled in Germany.

Verhoeve Groep bv
On 2 September 2009, VolkerWessels acquired the assets and liabilities of Verhoeve Groep bv and Verhoeve Groep Noord bv, as well as the asphalt plant in Doetinchem. With this acquisition, KWS Infra reinforces its position in the east and north of the Netherlands.

The effect of the acquisition on the assets and liabilities of the Group as at acquisition date is shown in its entirety below. The operating income and results of the acquired companies are recognised from the transaction date. The carrying amounts for the acquisitions were determined using the EU-IFRS standards applicable immediately before the actual acquisition. Pursuant to these EU-IFRS standards, the values of the acquired assets and liabilities were estimated at fair value. Goodwill arose from acquisition as a consequence of the associated profit potential. The conditional reimbursements (earn-outs) relate to payments to be made in the coming years if the set profit targets are met.

Notes to the consolidated balance sheet

Overview of acquisitions

	Carrying amount	Fair value adjustments	Recognised Carrying amount
Property, plant and equipment	10,529		10,529
Intangible assets	14		14
Inventories	1,104		1,104
Work in progress	2,102		2,102
Trade and other receivables	4,671		4,671
Cash and cash equivalents	432		432
Non-current loans and borrowings	(4,202)		(4,202)
Provisions	(717)		(717)
Bank overdrafts	(249)		(249)
Work in progress	(531)		(531)
Trade and other payables	(6,578)		(6,578)
Net identifiable assets and liabilities	6,575	–	6,575
Cost			10,993
Earn-out			500
Directly attributable costs			136
Net identifiable assets and liabilities			(6,575)
Goodwill			5,054
Net cash outflow			
Cost			10,993
Acquired cash and cash equivalents and current-account overdrafts with bank			(183)
			10,810

The joint contribution of the 2009 acquisitions to the operating revenue and operating result for 2009 was immaterial. Management estimates that there would have been no significant difference in the operating revenue and operating result if these acquisitions had taken place on 1 January 2009.

Notes to the consolidated balance sheet

(8) Investments in associates and joint ventures

The item 'Investments in associates and joint ventures' relates to hundreds of construction consortia. Most of these are temporary, and are terminated when the project in question is completed.

In 2009, the main associates were Voestalpine Railpro bv (Netherlands), Ontwikkelingsmaatschappij Paleiskwartier bv, Nederlandse Freesmaatschappij bv and Reflectielijnen van Velsen bv

The main joint ventures in 2009 were G&S Vastgoed bv (Netherlands), PGB Holding bv (Netherlands) and Combinatie Rabo Vastgoed en Kondor Wessels Projects.In the Netherlands the share in the assets, liabilities, income and results of the associates and joint ventures can be represented as follows:

								2009
	Non-current assets	Current assets	Equity	Non-current liabilities	Current liabilities	Revenue	Expenses	Result
Associates	78,162	112,031	63,464	59,875	66,854	86,364	(81,816)	4,548
Joint ventures	206,545	540,219	163,335	133,918	449,511	799,143	(761,123)	38,020
Goodwill of associates and joint ventures			12,775					
			239,574					42,568

								2008
	Non-current assets	Current assets	Equity	Non-current liabilities	Current liabilities	Revenue	Expenses	Result
Associates	41,878	93,148	54,071	72,162	8,793	50,665	(48,677)	1,988
Joint ventures	125,293	542,271	178,486	81,594	407,484	737,173	(707,695)	29,478
Goodwill of associates and joint ventures			9,068					
			241,625					31,466

The above-mentioned participating interests include participating interests in which the Group holds less than 20 percent of the potential number of voting shares but over which it exercises significant influence by occupying seats in the Board of Management and/or Supervisory Board.

For a number of participating interests, the transfer of funds is subject to substantial limitations. This relates mainly to stipulations under which the repayment of external debts prevails over dividend payments.

The amount invested in associates and joint ventures includes € 13 million (2008: € 9 million) in goodwill. No impairment was recognised in respect of this goodwill.

For most partnerships, the financial year of the associates and joint ventures runs from 1 December to 30 November.

Notes to the consolidated balance sheet

(9) Long term receivables

	2009	2008
Non-current receivables from joint ventures and associates	25,391	43,207
Non-current receivables from third parties	65,006	32,168
Receivable from parent company	225,000	225,000
	315,397	300,375

Non-current receivables from third parties

The item 'Non-current receivables from third parities' relates in particular to loans that have been extended to principals in order to finance property development projects, as well as loans extended to owners of land positions who have agreed to sell these to VolkerWessels at a future time. The non-current receivables have terms of less than five years, and market interest rates are charged.

Amounts receivable from parent company

On 16 May 2007, a € 225 million loan was granted to Victor Holdings bv. This loan has a term to 31 December 2011 and 5% interest rate.

(10) Other non-current assets

	2009	2008
Investments	6,327	5,193
	6,327	5,193

The item 'Investments' relates mainly to participating interests in non-listed associates over which the Group does not exercise significant influence. This includes a 6 percent interest in a property development company where houses and appartments in Germany have been placed.

Notes to the consolidated balance sheet

(11) Deferred tax assets and liabilities

The net amount in deferred taxation resulting from temporary differences between the tax measure¬ment and commercial measurement of items in the statement of financial position and from the measurement of the tax loss carry-forwards is composed as follows:

			2008
	Assets	Liabilities	Net
Property, plant and equipment	2,692	(4,408)	(1,716)
Intangible assets	182		182
Financial assets	132	(4,341)	(4,209)
Land	9,389		9,389
Inventories	2,136		2,136
Work in progress	593	(25,792)	(25,199)
Derivatives	6,638		6,638
Employee benefits	3,383	(425)	2,958
Provisions	6,775	(5,688)	1,087
Other	3,483	(14,191)	(10,708)
Tax losses carried forward	2,124		2,124
	37,527	(54,845)	(17,318)
Net tax asset/liability	(19,766)	19,766	–
	17,761	(35,079)	(17,318)

			2009
	Assets	Liabilities	Net
Property, plant and equipment	1,557	(9,175)	(7,618)
Intangible assets	178		178
Financial assets			–
Land	8,274		8,274
Inventories			–
Work in progress			–
Derivatives	7,974		7,974
Employee benefits	4,961		4,961
Provisions	5,192	(5,410)	(218)
Other	4,001	(10,717)	(6,716)
Tax losses carried forward	5,624		5,624
	37,761	(25,302)	12,459
Net tax asset/liability	(21,905)	21,905	–
	15,856	(3,397)	12,459

Notes to the consolidated balance sheet

	1 Januari 2009	Recognised in the 2009 tax liability	Recognised in shareholders liability	31 December 2009
Property, plant and equipment	(1,716)	(5,902)		(7,618)
Intangible assets	182	(4)		178
Financial assets	(4,209)	4,209		–
Land	9,389	(1,115)		8,274
Inventories	2,136	(2,136)		–
Work in progress	(25,199)	25,199		–
Derivatives	6,638		1,336	7,974
Employee benefits	2,958		2,003	4,961
Provisions	1,087	(1,305)		(218)
Other	(10,708)	3,992		(6,716)
Tax losses carried forward	2,124	3,500		5,624
Total	(17,318)	26,438	3,339	12,459

The most important change in 2008 relates to the deferred tax asset arising from changes to the interest rate swaps in respect of the committed financing.

Deferred tax assets not recognised in the statement of financial position

	2009	2008
Netherlands	4,810	7,845
Belgium	3,075	2,810
Germany	15,615	14,423
Total	23,500	25,078

The above deferred tax assets relate to the unrecognised benefit arising from losses calculated at the current income tax rate.

Notes to the consolidated balance sheet

(12) Land

	2009	2008
Domestic	209,736	214,091
Abroad	35,647	36,085
	245,383	250,176

This item relates mainly to land acquired for development as building sites in the near future. The measurement takes account of risks related to market developments. The land abroad relates mainly to land in Canada and the United States.

(13) Property classified as held for sale

	2009	2008
Leased	10,878	12,240
Unleased	24,605	7,265
Impairment	(11,253)	(8,852)
	24,230	10,653

The item 'Property held for sale' includes a number of leased and unleased appartment buildings, houses and a complex of central utilities for a recreational project.

(14) Inventories

	2009	2008
Property development	77,813	78,161
Raw materials and consumables	56,347	56,046
Finished goods and goods for resale	26,852	29,368
Impairment	(18,911)	(20,406)
	142,101	143,169

Notes to the consolidated balance sheet

(15) Work in progress

	2009	2008
Cost plus result realised in proportion to the stage of completion, less provisions	4,125,043	4,001,389
Progress billings	(4,166,410)	(4,008,438)
	(41,367)	(7,049)
Work in progress with positive balance after deduction of progress billings	332,353	319,076
Work in progress with negative balance after deduction of progress billings	(373,720)	(326,125)
	(41,367)	(7,049)

The division between work performed in respect of construction contracts and in respect of service and maintenance is as follows:

Construction contracts		
Cost plus result realised in proportion to the stage of completion, less provisions	4,023,098	3,668,107
Progress billings	(4,074,755)	(3,697,446)
	(51,657)	(29,339)
Service and maintenance		
Cost plus result realised in proportion to the stage of completion, less provisions	101,945	333,282
Progress billings	(91,655)	(310,992)
	10,290	22,290

Notes to the consolidated balance sheet

(16) Trade and other receivables

	2009	2008
Trade receivables	642,358	795,747
less: impairment	(33,955)	(25,298)
Net trade receivables	608,403	770,449
Receivables from joint ventures and associates	192,190	176,585
Current portion of long-term liabilities	1,604	747
Amounts to be billed	35,320	43,571
Other receivables	138,087	179,285
Prepayments and accrued income	20,281	17,324
	995,885	1,187,961

(17) Cash and cash equivalents

	2009	2008
Deposits	140,724	184,276
Cash and bank balances	168,799	135,962
	309,523	320,238

The deposits have a residual term of no more than one month and are callable at any time.

Notes to the consolidated balance sheet

(18) Equity

	Issued share capital	Share premium reserve	Translations reserve	Legal reserve for participating interests	Legal reserve for development costs	Actuarial reserve	Hedging reserve
Balance as at 1 January	83,843	67,339	(16,924)	44,621	3,764	(2,832)	(20,117)
Result recognised directly in equity after taxation			8,604			(3,878)	(4,219)
Result for the finacial year							
Other changes				4,131	(181)		
Total comprehensive income For the financial year			8,604	4,131	(181)	(3,878)	(4,219)
Added to/withdrawn from the reserves							
Dividend for 2008							
Capital contribution non-controlling interest							
Balance as at 31 December	83,843	67,339	(8,320)	48,752	3,583	(6,710)	(24,336)

Issued share capital

The authorised capital totals to € 300,000,000 and comprises 199,999,998 ordinary shares and 2 priority shares, each with a nominal value of € 2.50. As at 31 December 2009, the issued share capital comprises 33,537,103 ordinary shares (2008: 33,537,103) and 2 priority shares. The shares are held by Victor Holdings bv, and the shares of Victor Holdings bv are held by Storm Investments bv.

Translation reserve

The foreign currency differences that arise in the translation of the equity of the foreign participating interests are taken directly to the reserve for foreign currency translation differences.

Legal reserve for participating interests

The statutory reserve for participating interests concerns retained earnings from participating interests, the distribution of which is subject to restrictions.

Legal reserve for development costs

The statutory reserve for development costs comprises the amount capitalised at year-end in the statement of financial position in respect of development costs.

		2009		2009
Other reserves	Unappropriated result	Attributable to equity holders	Non-controlling interests	Total equity
601,758	45,413	906,865	3,083	909,948
		507	9	516
(3,950)	90,792	90,792	219	91,011
		0		0
(3,950)	90,792	91,299	228	91,527
78,339	(78,339)	0		0
	(67,074)	(67,074)	(378)	(67,452)
			1,300	1,300
676,147	90,792	931,090	4,233	935,323

Actuarial reserves

The actuarial reserve comprises the cumulative change in the fair value of pension obligations as a result of changes in the actuarial principles.

Hedging reserve

The hedging reserve comprises the cumulative change in the fair value of hedging instruments for which the hedged transactions have not yet occurred or the hedged position has not yet been terminated.

Dividend

During the financial year, dividend payments totalled € 67,074,000 (€ 2.00 per share). After the reporting date, the Board of Management with the approval of the Supervisory Board made the following dividend proposal. The dividend proposal was not included in the statement of financial position. At the General Meeting of Shareholders, it will be proposed to distribute the entire profit of € 90,792,000 in dividends (€ 2.71 per share).

Notes to the consolidated balance sheet

(19) Loans and borroings

	2009	2008
Committed financing	298,655	298,117
Financing of VolkerWessels UK	22,535	17,850
Other financing	48,086	39,766
Lease obligations	5,209	6,411
	374,485	362,144
Repayment in 2010 / 2009	(7,700)	(7,416)
	366,785	354,728

Committed financing

In 2007, VolkerWessels obtained committed financing with a maximum of € 600 million in order to expand and partially replace existing lines of credit and project financing. This financing consists of a € 300 million loan with a term of five years, as well as a € 300 million cash facility for five years. The interest payable for the financing is EURIBOR plus a mark-up of between 25 to 65 basis points. As at year-end 2009, the mark-up was 35 basis points (2008: 55 basis points).

To cover the interest rate risk on the committed financing, two interest rates swaps of € 150 million and € 250 million were concluded. The EURIBOR rate for these swaps was fixed at 4.53 percent and 4.56 percent respectively.

The committed financing is subject to financial covenants concerning the leverage ration and interest cover ratio. The leverage ratio is the sum of the net debt divided by EBITDA, in accordance with the definitions for net debt and EBITDA agreed upon with the banking consortium. The maximum leverage ratio is 2.75 and the minimum interest cover ratio is 5.35. During the 2009 financial year, the Group easily met the requirements of both covenants.

Financing of VolkerWessels UK

VolkerWessels aims to finance foreign activities locally as much as possible. In April 2004, Volker Wessels UK Ltd (VWUK) signed a co-financing agreement with the Royal Bank of Scotland Plc (RBS) and Volker Wessels Stevin Financial Services bv (VWSFS). After refinancing in September 2006, both RBS and VWSFS each furnished a GBP 25 million revolving credit facility with a term of 5 years. In addition, VWUK has an overdraft of GBP 12 million from RBS and a standby facility of GBP 12 million from VWSFS at its disposal.

The committed financing is subject to financial covenants concerning the leverage ratio, interest cover ratio and the consolidated net tangible assets. The leverage ratio is the sum of the net debt divided by EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) in accordance with the definitions for net debt and EBITDA agreed upon with the banking consortium. The interest cover ratio is the result of the EBITDA divided by the interest paid. The consolidated tangible assets consist of equity and subordinated loans. These covenants are being met.

Other financing

These loans were generally drawn to finance land for property development and property development projects in progress. The interest on these loans is for the most part variable and based on EURIBOR plus a mark-up.

Notes to the consolidated balance sheet

(20) Derivatives

			2009
	Assets	Liabilities	Fair value
Interest rate swaps	–	(30,506)	(30,506)
	–	(30,506)	(30,506)

			2008
	Assets	Liabilities	Fair value
Interest rate swaps	–	(25,835)	(25,835)
	–	(25,835)	(25,835)

The most important interest rate swaps relate to the hedging of interest rate risk on the committed financing. To this end, two interest rate swaps of € 150 million and € 250 million have been concluded. The EURIBOR rate for these swaps was fixed at 4.53 percent and 4.56 percent respectively. In addition, a number of interest rate swaps to hedge the interest rate risk have been concluded for a few project-related credit facilities.

Net debt position

	2009	2008
Cash and cash equivalents	309,523	320,238
Loans and borrowings	(366,785)	(354,728)
Derivatives	(30,506)	(25,835)
Bank overdrafts	(18,673)	(237,184)
Loans and - borrowings (non-current)	(7,755)	(7,416)
	(114,196)	(304,925)

Notes to the consolidated balance sheet

(21) Employee benifits

The employee benifits include defined benifit plans and a long-service award obligation.
The composition is as follows:

	2009	2008
Present value of awarded pension entitlements	(97,006)	(83,623)
Fair value of plan assets	70,935	60,249
Present value of net obligations	(26,071)	(23,374)
Asset ceiling	–	(896)
Defined benefit obligation	(26,071)	(24,270)
Other employee benefit obligations	(4,776)	(2,376)
Long-service award obligation	(10,060)	(9,737)
	(40,907)	(36,383)
Non-current portion	(31,700)	(27,682)
Current portion	(9,207)	(8,701)
	(40,907)	(36,383)
The plan assets consist of:		
Shares	16,329	13,599
Bonds and receivables	54,606	46,650
	70,935	60,249

Commitment for defined benefit plans in the Netherlands
Pension plans apply to a number of group companies in the Netherlands with a commitment being included the statement of financial position. Most of these plans have now been closed to new entrants.

Defined contribution plans in the Netherlands
The majority of employees in the Netherlands participate in an industry-wide pension plan or are covered by Stichting Pensioenfonds Koninklijke VolkerWessels Stevin. The Pensioenfonds Koninklijke Volker Wessels Stevin administers a conditional index-linked average pay plan, which qualifies as a defined contribution plan for the financial accounts. The distinguishing characteristic of this pension plan is that the company is obliged to pay a defined annual contribution. The contribution payable has been agreed with Pensioenfonds Koninklijke Volker Wessels Stevin for a period of five years (until 2010).

The coverage ratio of the pension fund was provisionally set at 111% on 31 December 2009. When determining the pension provision as at 31 December 2009, use will be made of the most recent mortality tables; as a result the coverage ratio is expected to reach 106%.

Notes to the consolidated balance sheet

A summary of the three most important industry pension plans within VolkerWessels follows below:

Pensioenfonds voor de Bouwnijverheid (pension fund for the construction industry) and Pensioenfonds Metaal en Techniek (pension fund for the metal and engineering industry)

Both funds employ an index-linked average pay plan. These defined benefit plans are recognised as defined contribution plans because the funds' accounts are not designed to provide insight into the part of the pension liabilities and plan assets belonging to the group. For these plans, the group is obliged to pay the previously defined contribution. The group cannot lay any claim to any surplus and is not liable for the settlement of any deficit other than by means of future adjustments to the contribution.

The coverage ratio of Pensioenfonds voor de Bouwnijverheid as at 31 January 2010 is 106.5%. The coverage ratio of Pensioenfonds Metaal en Techniek rose to a level above 100% in 2009. As at 31 December 2009, the coverage ratio amounted to 101%.

As in 2009, the fund has decided not to index the accrued benefits.

Spoorwegpensioenfonds (railwaypensions fund)

In 2005, employers and employee representatives in this sector reached agreement on a new pension plan. This new plan came into effect on 31 December 2005 and qualifies as a defined contribution plan for the financial accounts. The distinguishing characteristic of this pension plan is that the company is obliged to pay a defined annual contribution. The contribution that has been agreed with the Spoorwegpensioenfonds is an annually increasing percentage of the payroll total. The percentage will eventually increase from 11.56% in 2006 to a break-even level of 14%. Once the defined contribution has been paid, the group is not liable to pay any additional amounts in the event of a fund deficit. Likewise, the VolkerWessels group companies are not entitled to lay claim to any fund surpluses. The actuarial risks and the investment risks rest with the pension fund and its members. The coverage ratio as at 28 January 2010 was 135%.

Obligation in respect of defined benefit plans in the United Kingdom

The company still has a number of defined benefit plans in the United Kingdom for employees who commenced employment before 1 January 2005. The accrual of these defined benefit plans terminated on 31 December 2007 and were fully financed by means of the payment of annual contributions to the pension fund.

Obligation in respect of defined benefit plans in Germany

In Germany, the Group has various small defined benefit plans.

Notes to the consolidated balance sheet

	Netherlands	UK	Germany	Total
Plan assets as at 1 January 2008	35,664	36,734	–	72,398
Foreign currency exchange differences	–	(8,673)	–	(8,673)
Expected return on plan assets	1,919	1,824	–	3,743
Employer's contribution	590	1,738	–	2,328
Employee contribution	68	82	–	150
Pension benefits paid	(1,347)	(1,238)	–	(2,585)
Actuarial gains and losses	(1,229)	(5,858)	–	(7,087)
Other movements	–	–25		(25)
Plan assets as at 31 December 2008	35,665	24,584	–	60,249
Pension obligation as at 1 January 2008	(56,242)	(36,709)	(3,368)	(96,319)
Foreign currency exchange differences	–	9,035	–	9,035
Service costs	(493)	(189)	–	(682)
Interest expenses	(3,022)	(2,006)	(162)	(5,190)
Employee contribution	(68)	(82)	–	(150)
Change due to plan adjustments	689	–	–	689
Pension benefits paid	3,764	1,238	300	5,302
Actuarial gains and losses	67	3,587	38	3,692
Pension obligation as at 31 December 2008	(55,305)	(25,126)	(3,192)	(83,623)
Net obligation recognised in the statement of financial position				
Funded status	(19,640)	(542)	(3,192)	(23,374)
Asset ceiling	–	(896)	–	(896)
	(19,640)	(1,438)	(3,192)	(24,270)
Pension contribution cost components in respect of defined benefit pension plans				
Service costs	(493)	(189)	–	(682)
Interest expenses	(3,022)	(2,006)	(162)	(5,190)
Expected return on plan assets	1,919	1,824	–	3,743
Total pension costs recognised in the statement of comprehensive income	(1,596)	(371)	(162)	(2,129)
Changes in pension provision				
Gross pension obligation as at 1 January	(20,578)	531	(3,368)	(23,415)
Asset ceiling		(632)		(632)
Net pension obligation as at 1 January 2005	(20,578)	(101)	(3,368)	(24,047)
Foreign currency exchange differences	–	(26)	–	(26)
Change due to plan adjustments	689	–	–	689
Change in asset ceiling	–	(407)	–	(407)
Recognised actuarial result	(1,162)	(2,271)	38	(3,395)
Paid pension contributions	3,007	1,738	300	5,045
Pension expense included in the statement of comprehensive income	(1,596)	(371)	(162)	(2,129)
Net pension provision as at 31 December 2008	(19,640)	(1,438)	(3,192)	(24,270)
Principal actuarial assumptions for 2008				
Discount rate	5.50%	6.40%	6.25%	–
Expected return on plan assets	5.60%	4.80%	–	–
Future salary increases	2.50%	2.80%	–	–
Inflation rate	2.00%	3.10%	–	–

Notes to the consolidated balance sheet

	Netherlands	UK	Germany	Total
Plan assets as at 1 January 2009	35,665	24,584	–	60,249
Foreign currency exchange differences	–	1,807	–	1,807
Expected return on plan assets	1,889	1,236	–	3,125
Employer's contribution	2,620	2,016	–	4,636
Employee contribution	86	10	–	96
Pension benefits paid	(1,509)	(1,687)	–	(3,196)
Actuarial gains and losses	1,655	2,573	–	4,228
Other movements	–	(10)	–	(10)
Plan assets as at 31 December 2009	40,406	30,529	–	70,935
Pension obligation as at 1 January 2009	(55,305)	(25,126)	(3,192)	(84,945)
Foreign currency exchange differences	–	(3,262)		(3,262)
Service costs	(643)	(304)		(947)
Interest expenses	(2,912)	(1,761)	(197)	(4,870)
Employee contribution	(86)	(10)		(96)
Change due to plan adjustments	–	42		42
Pension benefits paid	3,888	1,687	284	5,859
Actuarial gains and losses	(4,081)	(5,556)	(472)	(10,109)
Pension obligation as at 31 December 2009	(59,139)	(34,290)	(3,577)	(97,006)
Net obligation recognised in the statement of financial position				
Funded status	(18,733)	(3,761)	(3,577)	(26,071)
Asset ceiling	–	–	–	–
	(18,733)	(3,761)	(3,577)	(26,071)
Pension contribution cost components in respect of defined benefit pension plans				
Service costs	(643)	(304)		(947)
Interest expenses	(2,912)	(1,761)	(197)	(4,870)
Expected return on plan assets	1,889	1,236		3,125
Total pension costs recognised in the statement of comprehensive income	(1,666)	(829)	(197)	(2,692)
Changes in pension provision				
Gross pension obligation as at 1 January	(19,640)	(1,438)	(3,192)	(24,270)
Asset ceiling	–	(896)	–	(896)
Net pension obligation as at 1 January 2005	(19,640)	(2,334)	(3,192)	(25,166)
Foreign currency exchange differences	–	(520)	–	(520)
Change in asset ceiling	–	961	–	961
Recognised actuarial result	(2,426)	(2,983)	(472)	(5,881)
Paid pension contributions	4,999	2,016	284	7,299
Pension expense included in the statement of comprehensive income	(1,666)	(829)	(197)	(2,692)
Net pension provision as at 31 December 2009	(18,733)	(3,761)	(3,577)	(26,071)
Principal actuarial assumptions for 2009				
Discount rate	5.00%	5.70%	4.70%	–
Expected return on plan assets	5.00%	4.70%	–	–
Future salary increases	2.00%	3.40%	–	–
Inflation rate	2.00%	3.40%	2.00%	–

Notes to the consolidated balance sheet

(22) Provisions

	Warranties provision	Restructuring provision	Onerous contracts	Loss-making participating interest	Environmental site restoration costs	Other	Total
As at 1 January 2008	41,219	2,271	1,800	99,525	7,393	34,005	186,213
Consolidated			1,541				1,541
Foreign currency exchange differences	(59)			(496)		-285	(840)
Addition	13,913	3,534	448		28	11,123	29,046
Withdrawal				(5,201)			(5,201)
Release	(9,004)	(2,586)	(275)		-151	-6,822	(18,838)
Unwind of discount	(5,501)	(396)	(2,550)			-5,204	(13,651)
	1,482	45			146	86	1,759
As at 31 December 2008	42,050	2,868	964	93,828	7,416	32,903	180,029
Non-current	27,426	59	607	90,148	6,755	24,793	149,788
Current	14,624	2,809	357	3,680	661	8,110	30,241
	42,050	2,868	964	93,828	7,416	32,903	180,029

	Warranties provision	Restructuring provision	Onerous contracts	Loss-making participating interest	Environmental site restoration costs	Other	Total
As at 1 January 2009	42,050	2,868	964	93,828	7,416	32,903	180,029
Foreign currency exchange differences	5		56	124		184	369
Addition	11,978	6,898	58		1,574	10,238	30,746
Withdrawal				(6,356)			-6,356
Release	(7,501)	(5,822)	(451)		(145)	-3,177	(17,096)
Unwind of discount	(4,877)	(163)	(602)		(248)	-2,082	(7,972)
	1,622				155	69	1,846
As at 31 December 2009	43,277	3,781	25	87,596	8,752	38,135	181,566
Non-current	29,189	389	0	79,059	6,703	22,405	137,745
Current	14,088	3,392	25	8,537	2,049	15,730	43,821
	43,277	3,781	25	87,596	8,752	38,135	181,566

The provision for warranties relates to contingent liabilities arising from projects delivered within the warranty period. The addition to the provision is based on a percentage of the revenue, determined on the basis of past experience.
The restructuring provision is for expenditure in respect of changes to the operational structure that are deemed necessary in order to remain able to respond to changing market requirements. A restructuring provision is recognised only if the Group has approved a formal restructuring plan and the restructuring has started or has been publicly announced.

Notes to the consolidated balance sheet

A provision for onerous contracts is recognised if the expected economic benefits for the Group arising from a contract are lower than the unavoidable costs of meeting the obligations under the contract.

The provision for environmental requirements was formed to cover possible expenditure on environmental modifications. The provisions for other risks relate to a variety of risks and have been set aside to cover contingent liabilities arising from supplementary payments under the WAO (Disablement Benefits Act) and Ziektewet (Sickness Benefits Act), as well as competition penalties. An appeal has been lodged against the European Commission's ruling concerning bitumen.

(23) Bank overdrafts

	2009	2008
Bank overdrafts	18,673	237,184

(24) Trade and other receivables

	2009	2008
Advances received on projects	4,318	5,486
Trade payables	536,559	570,006
Other accounts and costs payable	248,744	277,145
Owed to non-consolidated participating interests	15,753	10,232
Owed to joint ventures	108,602	62,445
Taxes and social security charges	90,518	61,768
Outstanding costs on delivered projects	53,381	40,805
Reserve for holidays	38,056	37,179
Accruals and deferred income	98,595	87,939
	1,194,526	1,153,005

Notes to the consolidated balance sheet

(25) Contigent assets and liabilities

	2009	2008
Guarantees relating to performance of contracts	716,000	692,000
Guarantees relating to prepayments received	70,000	43,000
Guarantees issued to principals based in North America*	57,000	63,000
	843,000	798,000

* In contrast to European practice, guarantees are issued to principals for the full contracting price in North America.

Other contigent assets and liabilites

	Binnen 1 jaar	1–3 jaar	3–5 jaar	Na 5 jaar	Totaal 2009
Lease contracts	29,554	35,253	10,375	916	76,098
Rental agreements	19,659	29,637	22,575	31,823	103,694
Long-term lease agreements	268	332	332	2,128	3,060
Contingent commitment to purchase land	63,528	45,034	3,164	17,648	129,374
Property, plant and equipment on order	11,947				11,947
Other	12,585	8,471	510	403	21,969

Commitments pursuant to lease contracts mainly concern vehicles. In the year 2009, an amount of € 48.5 million (2008: € 45.7 million) was recognised for operational leases in the income statement.

Commitments by virtue of rental agreements mainly concern real estate.

Land purchase commitments have been entered into in the Netherlands to the amount of € 129.4 million (2008: € 146.8 million) partly subject to the change of designated use and/or planning permission to the granted.

In the event that contracting combinations are practiced in the form of a general partnership, joint and several liability is only recognised if and insofar as this is prompted by the financial status of the business combination itself and/or that of one or more partners. The total obligation towards third parties by companies for which the group is jointly and severally liable (such as partnerships) amounts to € 500 million (2008: € 550 million) at year-end 2009.

Notes to the consolidated balance sheet

With the aid of a grant scheme, VolkwerWessels selectively places homes on the market, sharing in any gain on their resale. The activities under this grant scheme lead to a loss upon entering into the transaction, which is recognised as an expense. As the size and timing of the future gains on resale are uncertain, the respective entitlement qualifies as a contingent claim. Any future gains will be accounted for at the time of resale.

The Group has substantial claims by virtue of current proceedings and disputes with clients. It is impossible to determine with sufficient certainty the amount and time of receipt of possible economic benefits. In connection with this, these claims are not valued.

Notes to the consolidated balance sheet

(26) Related party transactions

VolkerWessels recognises the following related parties: group companies, associates, joint ventures, the Board of Management, the Supervisory Board, Storm Investments bv, Victor Holdings bv, Stichting Pensioenfonds Koninklijke Volker Wessels Stevin and Reggeborgh bv and its group companies. Transactions with related parties are settled at the same prices applied to transactions with third parties.

Board of Management
The remuneration (including pension charges) of the members of the Board of Management for 2009 amounts to € 3,862,582 (2008: € 3,598,432).

Supervisory Board
The remuneration (including pension charges) of the members of the Supervisory Board for 2009 amounts to € 160,000 (2008: € 160,000).
No advances or guarantees were granted to the Board of Management or the Supervisory Board.

Management Participation Plan
In 2009 a new participation plan was for the management of VolkerWessels was agreed upon. The plan in 2010 entitles a selected group to the acquisition at market value of depositary receipts for shares of Storm Investments ('Storm').

Upon acquisition of the depositary receipts for shares, options are also acquired at no cost, which may be exercised if one of Storm's major shareholders decides to sell shares or if an initial public offering is made for Storm or VolkerWessels.

Upon acquiring the depositary receipts for shares, the options may be exercised at purchase price. Options expire upon the termination of the contract of employment, the sale of the depositary receipts for shares and following the aforementioned exit.

As at year-end 2009, the depositary receipts for shares and the options included under the new plan had not yet been issued, and therefore no liability was recognised.

Stichting Pensioenfonds Koninklijke Volker Wessels Stevin Volker
Wessels is affiliated to Stichting Pensioenfonds Koninklijke Volker Wessels Stevin. The pension fund's main task is the administration of the pension plans for employees, former employees and retired employees of VolkerWessels. During the year under review, VolkerWessels paid € 53.6 million in contributions.

Associates and joint ventures
A significant part of the activities of the Group is performed in joint ventures. Transactions with these related parties are settled at the same prices as transactions with third parties.

Notes to the consolidated balance sheet

(27) Financial instruments

The group is aware of financial risk factors relating to foreign currency, interest rates, credit and liquidity. These financial risks are not of a special nature or different from what can be deemed usual in the sector. The Group has a strict policy aimed at limiting and managing these risks as much as possible by using general controls, such as internal procedures and instructions, specific measures and/or financial instruments. These measures are accompanied by adequate reporting systems and short lines of communication. The Group's financial risk factors, its controls and the remaining risk are explained in more detail below.

Credit risks

Management has agreed a credit policy and the credit risk is constantly monitored. Where necessary, clients are subject to a credit rating. On the reporting date, there were almost no significant concentrations of credit risk. The carrying amount of the financial assets represents the maximum credit risk and as at reporting date amounted to:

	2009	2008
Non-current receivables	315,397	300,375
Trade receivables	608,403	770,449
Other receivables	387,482	417,512
Cash and cash equivalents	309,523	320,238
	1,620,805	1,808,574

The breakdown of the age of the trade receivables as at reporting date is as follows:

		2009		2008
	Gross	Provision	Gross	Provision
Not yet due	385,516	0	502,204	0
Due in 1 to 60 days	148,278	(2,527)	171,675	(1,084)
Due in 61 to 180 days	46,477	(6,506)	62,347	(4,127)
Due in 181 days to a year	29,689	(4,351)	25,799	(2,063)
Due in more than a year	32,398	(20,571)	33,722	(18,024)
	642,358	(33,955)	795,747	(25,298)

Notes to the consolidated balance sheet

During the financial year, changes in the provision for doubtful trade receivables were as follows:

	2009	2008
As at 1 January	25,298	16,398
Provisions formed during the financial year	20,266	18,687
Portion of provisions used during the financial year	(3,311)	(4,274)
Release from provisions during the financial year	(8,551)	(5,332)
Foreign currency exchange differences	253	(181)
As at 31 December	33,955	25,298

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its financial obligations when they fall due. The Group's liquidity management is aimed at ensuring that there is always sufficient liquidity to meet its obligations when they fall due, both under normal and exceptional circumstances. The Group's liquidity margin is guaranteed by committed financing with a maximum of € 600 million obtained in 2007 in order to expand and partially replace existing lines of credit and project financing. This committed financing consists of a € 300 million loan with a term of five years, as well as a € 300 million cash facility for five years. The committed financing is subject to financial covenants concerning the leverage ratio and interest cover ratio.

The leverage ratio is the sum of the net debt divided by EBITDA in accordance with the definitions for net debt and EBITDA agreed upon with the banking consortium. The maximum leverage ratio is 2.75 and the minimum interest cover ratio is 5.35. In the 2009 financial year, both covenants were comfortably met.

Notes to the consolidated balance sheet

	< 6 months	6-12 months	1-2 years	2-5 years	> 5 years	Contractual cash flows	2009 Carrying amount
Private loans	9,992	11,898	43,398	298,866	12,809	376,963	371,091
Derivatives	7,736	5,906	7,792	9,276		30,710	30,506
Finance lease commitments	1,040	1,898	1,551	704	111	5,304	5,209
Bank overdrafts	18,673					18,673	18,673
Other liabilities	891,954	260,857	24,455	16,549	711	1,194,526	1,194,526
	929,395	280,559	77,196	325,395	13,631	1,626,176	1,620,005

	< 6 months	6-12 months	1-2 years	2-5 years	> 5 years	Contractual cash flows	2008 Carrying amount
Private loans	10,385	9,908	26,052	297,154	17,034	360,533	355,733
Derivatives	2,975	3,491	9,384	9,820	924	26,594	25,835
Finance lease commitments	398	300	2,622	1,239		4,559	6,411
Bank overdrafts	237,184					237,184	237,184
Other liabilities	976,782	144,064	25,277	6,448	434	1,153,005	1,153,005
	1,227,724	157,763	63,335	314,661	18,392	1,781,875	1,778,168

Foreign currency risks

The majority of the Group's activities take place in the eurozone. Subsidiaries outside of the eurozone mostly trade in the currency of the respective country.

The translation risk on equity is not covered. Virtually all of the loans granted to subsidiaries outside of the eurozone are covered. The major exchange rates during the year under review were as follows:

	2009 Average rate	**2009 Spot rates**
GBP	1.12	1.13
CAN	0.63	0.66
USD	0.72	0.69

	2008 Average rate	2008 Spot rate
GBP	1.26	1.05
CAN	0.64	0.59
USD	0.71	0.71

Notes to the consolidated balance sheet

Interest rate risk

The Group's interest rate policy is aimed at limiting the effect of fluctuating interest rates on the Group result. To this end, two interest rate swaps of € 150 million and € 250 million were concluded to cover the interest rate risk on a part of the committed financing. The EURIBOR rate for these swaps was fixed at 4.53 percent and 4.56 percent respectively.

Fixed rate instruments

	2009	2008
Non-current receivables from joint ventures and associates	18,603	31,541
Non-current receivables from third parties	44,798	22,196
Reveivable from parent company	225,000	225,000
Finance lease commitments	(3,394)	(6,411)
Total	285,007	272,326

Variable rate instruments

	2009	2008
Non-current receivables from joint ventures and associates	6,788	11,666
Non-current receivables from third parties	20,208	9,972
Loans and borrowings	(371,091)	(355,733)
Cash and cash equivalents	309,523	320,238
Bank overdrafts	(18,673)	(237,184)
Total	(53,245)	(251,041)

Notes to the consolidated balance sheet

The fair values of the fixed and variable rate instruments approximate their carrying amounts. A 1% increase or decrease in the interest rate at reporting date would have affected the result and equity as shown below. The amounts shown are based on the assumption that all other variables, particularly the exchange rates, remain constant. They also exclude potential tax effects.

Variable rate instruments			2009		
			Result		Equity
	Amount	1% decrease	1% increase	1% decrease	1% increase
Non-current receivables from joint ventures and associates	6,788	68	(68)		
Non-current receivables from third parties	20,208	202	(202)	–	–
Cash and cash equivalents	309,523	3,095	(3,095)	–	–
Bank overdrafts	(18,673)	(187)	187	–	–
Loans and borrowings	(371,091)	(3,711)	3,711	–	–
Total	(53,245)	(533)	533	–	–
Interestrate swaps – non-current	400,000	4,000	(4,000)	9,134	(9,561)
Sensitivity of cash flows (net)	346,755	3,467	(3,467)	9,134	(9,561)

Variable rate instruments			2008		
			Result		Equity
	Amount	1% decrease	1% increase	1% decrease	1% increase
Non-current receivables from joint ventures and associates	11,666	117	(117)		
Non-current receivables from third parties	9,972	100	(100)	–	–
Cash and cash equivalents	320,238	3,202	(3,202)	–	–
Bank overdrafts	(237,184)	(2,371)	2,371	–	–
Loans and borrowings	(355,733)	(3,557)	3,557	–	–
Total	(251,041)	(2,509)	2,509	–	–
Interestrate swaps – non-current	450,000	4,500	(4,500)	12,634	(13,061)
Sensitivity of cash flows (net)	198,959	1,991	(1,991)	12,634	(13,061)

Notes to the consolidated balance sheet

Fair value hierarchy

The table below provides a breakdown by measurement method of the financial instruments recognised at fair value. The various levels are defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	31 December 2009			
	Level 1	**Level 2**	**Level 3**	**Total**
Interest rate swaps used for hedging				
Liabilities (non-current)	–	(30,506)	–	(30,506)
Liabilities (current)	–	(55)	–	(55)
	–	(30,561)	–	(30,561)

	31 December 2008			
	Level 1	Level 2	Level 3	Total
Interest rate swaps used for hedging				
Liabilities (non-current)	–	(25,835)	–	(25,835)
Liabilities (current)	–	–	–	–
	–	(25,835)	–	(25,835)

Notes to the consolidated balance sheet

(28) Non-current assets held for sale and discontinued operations

As at year-end 2009, VolkerWessels holds no non-current assets for sale.

In 2009, a number of small interests were sold that have no material influence on the revenue and result of the Group, and which are therefore not presented separately in the consolidated statement of comprehensive income as

(29) Research and development

The development costs capitalised in 2009/2008 relate in particular to the development of the Added Value Machine. This machine is used for charging up the public transport chip card, for example. The research and development costs recognised directly in profit or loss amount to € 4.9 million (2008: € 4.5 million).

(30) Government grants

Government grants received relate mainly to training, research and development, and wages.
The grants received have been offset against the costs incurred.

(31) Subsequent events

There were no events subsequent to the reporting date that influenced the 2008 financial statements.

Transition document from NL GAAP to EU-IFRS

Introduction

The financial statements of VolkerWessels for periods prior to 2009 have been prepared in accordance with generally accepted accounting principles in the Netherlands (NL GAAP). Effective 2009, VolkerWessels has decided to prepare its consolidated financial statements in accordance with EU-IFRS.

Impact of IFRS on equity as at 1 January 2008

The initial application of IFRS has a non-recurring effect of € –39.5 million on equity as at 1 January 2008. Changes in equity as a result of the transition to EU-IFRS are presented in the summary below. Potential tax effects are taken into account.

Reconciliation of equity under NL GAAP as at 1 January 2008 and 2009

Amounts in thousands of euros

	2008	**2009**
Shareholders' equity under NL GAAP as at 1 January	**906,790**	**965,275**
Mark-up to cover general overheads	8,195	8,195
Present value of provisions	4,349	4,349
Pension obligations and employee benefits	1,744	1,744
Land and development holdings	(28,630)	(28,630)
Provisions and claims	(16,321)	(16,321)
Deferred tax asset	(3,019)	(3,019)
Financial derivatives	(1,107)	(1,107)
Financial instruments	(816)	(816)
Other changes	(3,893)	(3,893)
Change to profit after taxes due to transition from NL-GAAP to EU-IFRS		3,561
Actuarial results		(3,395)
Effective portion of changes in fair value of cash flow hedges		(24,773)
Deferred tax effect and other changes		6,326
Net change in exchange differences due to transition from NL-GAAP to EU-IFRS		(631)
Shareholders' equity under NL GAAP as at 1 January	**867,292**	**906,865**

Consolidated statement of cash flows

The changes in the cash flows from operating activities, investing activities and financing activities are mainly caused by the discontinuation of the proportionate consolidation of joint ventures under EU-IFRS.

Transition document from NL GAAP to EU-IFRS

Mark-up to cover general overheads

EU-IFRS does not permit the allocation of all mark-ups for general overheads to the construction contracts; the provision for general expenses therefore decreases. equity as at 1 January 2008 increases by € 8 million accordingly.

Present value of provisions

Under EU-IFRS, provisions, with the exception of the provision for deferred tax liabilities, are discounted. The impact on equity as at 1 January 2008 amounts to € 4 million.

Pension obligations and employee benefits

The adjustment for pension obligations and employee benefits concerns defined benefit plans and pledged awards and bonus payments for long service. For the transition to EU-IFRS, VolkerWessels has exercised the option in IAS 1 of recognising a € 2 million actuarial gain in equity.

Land and development

Part of the € 29 million adjustment to equity as at 1 January 2008 in respect of land and development risks concerns interest capitalised up to 2007 inclusive on holdings which were not in production during the period. Also a restatement of € 20 million was made regarding the valuation of land in the USA.

Provisions and claims

The € 16 million adjustment to provisions and claims results from the stricter rules under EU-IFRS for measuring claims and creating provisions.

Deferred tax assets

The – € 3 million adjustment to deferred tax assets in the EU-IFRS opening statement of financial position as at 1 January 2008 results from the stricter rules for the recognition of tax assets for the carryforward of unused tax losses.

Financial derivatives

Under NL GAAP, rights and obligations under currency or interest rate swaps were not shown on the face of the balance sheet. Under EU-IFRS, these rights and obligations are shown on the face of the statement of financial position, where they are measured at fair value. If hedge accounting is applied, i.e. swaps have been taken out to hedge against foreign currency and interest rate risks, any changes in the fair value of the swaps are recognised directly in equity (hedge reserve). If hedge accounting is not applied, these changes are recognised in profit or loss. This leads in the opening statement of financial position to a – € 1 million adjustment to equity.

Financial instruments

Under NL GAAP, non-current assets and liabilities are stated at face value. Under EU-IFRS, non-current assets and liabilities are stated at amortised cost. For 2008, this leads to a – € 1 million adjustment to equity.

Other changes

This item concerns numerous smaller adjustments, the most important of which is the downward adjustment to the profit capitalised on the company's own development projects. Under EU-IFRS, VolkerWessels has decided to recognise a profit only when 70% of the project is pre-sold and 70% of the contract has been completed.

Transition document from NL GAAP to EU-IFRS
Consolidated statement of comprehensive income

Amounts in thousands of euros

		EU-IFRS 2008		NL GAAP 2008
Revenues		4,873,725		5,392,658
Operating expenses				
Cost of raw materials and consumables	(1,274,006)		(1,470,413)	
Cost of contracted work and other external costs	(2,340,844)		(2,644,024)	
Wages, salaries, pension costs and social security charges	(923,260)		(918,008)	
Depreciation and impairment of property, plant and equipment	(68,540)		(74,369)	
Amortisation and impairment of intangible assets	(9,365)		(14,539)	
Other operating costs	(109,730)		(88,634)	
		(4,725,745)		(5,209,987)
Result on sale of participating interest		4,052		12,279
Result from associates, joint ventures and other investments		31,466		924
Operating result		183,498		195,874
Net finance income		2,143		(10,781)
Result on ordinary activities before tax		185,641		185,093
Tax		(39,467)		(42,495)
Result after tax		146,174		142,598
Attributable to:				
Shareholders of the parent company		145,413		141,852
Non-controlling interests		761		746
Profit after tax		146,174		142,598
Exchange differences	(16,924)		(16,293)	
Actuarial results	(3,395)			
Effective portion of changes in fair value of cash flow hedges	(24,773)			
Deferred tax effect and other changes	6,326			
Result recognised directly in equity after tax		(38,766)		(16,293)
Total comprehensive income for the financial year		107,408		126,305

Transition document from NL GAAP to EU-IFRS

IMPACT OF APPLICATION OF EU-IFRS ON CONSOLIDATED INCOME STATEMENT 2008

Operating income

Under EU-IFRS, joint ventures (entities over which the Group exercises joint control and where this control is contractually agreed) are no longer subject to proportionate consolidation but, rather, are accounted for using the equity method. This means that the revenue from these joint ventures is no longer recognised under operating income; this is recognised instead under result on associates, joint ventures and other investments.

Amortisation and impairment of intangible assets

Under NL GAAP, goodwill was measured on the basis of costs incurred less annual amortisation and impairment. Amortisation took place over the estimated useful life. EU-IFRS does not permit amortisation on a systematic basis. Instead, annual impairment testing is required. As of 1 January 2008, VolkerWessels no longer amortises goodwill on a systematic basis. Consequently, under EU-IFRS the pre-tax and after-tax result for 2008 increases by € 14 million and a € 6 million impairment loss is recognised for 2008.

Result on associates, joint ventures and other investments

As explained above, the result on joint ventures is no longer subject to proportionate consolidation; rather, the net result of € 27 million is recognised under result on associates, joint ventures and other investments. Part of the result from the sale of the participating interest has been reclassified as result on associates, joint ventures and other investments. One of the reasons for this reclassification is that proportionate consolidation is no longer applied.

Several equity interests, which under NL GAAP were recognised as non-consolidated investments, have been reclassified under EU-IFRS as other financial assets. Under EU-IFRS, dividends received in respect of these equity interests are shown under operating income.

Finance income and costs

Under EU-IFRS, where the effect of the time value of money is material, the amount of a provision is determined by discounting the expected future cash flows to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. This use of present value means that the discount on the provision is unwound on an annual basis so that the ultimate cash flow can be settled at face value.

All borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Qualifying assets include construction contracts. Consequently, part of the borrowing costs is attributable to construction contracts.

Under NL GAAP, pension costs arising from both the defined contribution plans and the defined benefits plan were recognised under wages, salaries and pension costs. Under EU-IFRS, pension costs arising from defined benefit plans (interest on employee benefit obligations and the expected rate of return on plan assets) are recognised under finance income and costs.

Taxation

Taxation is € 3 million lower under EU-IFRS in comparison with NL GAAP. This decrease is largely attributable to the discontinuation of the proportionate consolidation of joint ventures. The net result on these joint ventures is presented under associates, joint ventures and other investments.

Transition document from NL GAAP to EU-IFRS
Consolidated balance sheet

Amounts in thousands of euros

	EU-IFRS as at 31-12-2008		NL GAAP as at 31-12-2008	
Land and buildings	151,082		163,656	
Plant and equipment	235,000		251,723	
Other operating assets	28,519		29,606	
Property, plant and equipment under construction/prepayments	4,577		6,775	
Property, plant and equipment		419,178		451,760
Goodwill	69,438		70,000	
Other intangible assets	10,981		7,629	
Intangible assets		80,419		77,629
Investments in associates and joint ventures		241,625		68,969
Non-current receivables		300,375		282,132
Other non-current assets		5,193		–
Deferred tax assets		17,761		–
Total non-current asset		1,064,551		880,490
Land	250,176		442,067	
Real estate held for sale	10,653		20,079	
Inventories	143,169		83,494	
Construction contracts	319,076		153,965	
Trade and other receivables	1,187,961		1,244,616	
Cash and cash equivalents	320,238		408,413	
Total current assets		2,231,273		2,352,634
Total assets		3,295,824		3,233,124

Transition document from NL GAAP to EU-IFRS
Consolidated balance sheet

Amounts in thousands of euros

	EU-IFRS as at 31-12-2008		NL GAAP as at 31-12-2008	
Equity				
Issued share capital	83,843		83,844	
Share premium reserve	67,339		67,339	
Other reserves	610,270		672,240	
Undistributed result	145,413		141,852	
Equity attributable to shareholders of VolkerWessels		906,865		965,275
Non-controlling interests		3,083		3,073
Total equity		909,948		968,348
Non-current loans and borrowings	354,728		423,875	
Derivatives	25,835		–	
Employee benefits	27,682		33,155	
Provisions	149,788		112,390	
Deferred tax liabilities	35,079		31,737	
Total non-current liabilities		593,112		601,157
Bank loans and overdrafts	237,184		279,651	
Current loans and borrowings	7,416		16,317	
Construction contracts	326,125		–	
Trade and other payables	1,153,005		1,367,651	
Income tax expense	30,092		–	
Current portion of provisions and employee benefits	8,701		–	
current liabilities	30,241		–	
Total current liabilities		1,792,764		1,663,619
Total liabilities		2,385,876		2,264,776
Total equity and liabilities		3,295,824		3,233,124

Transition document from NL GAAP to EU-IFRS

IMPACT OF THE APPLICATION OF EU-IFRS ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2008

The main differences between NL GAAP and EU-IFRS are summarised below.

Property, plant and equipment
Property, plant and equipment decreases by € 33 million because of the discontinuation of the proportionate consolidation of joint ventures and the reclassification of software costs from property, plant and equipment to intangible assets.

Intangible assets
Under NL GAAP, goodwill from associates and joint ventures was recognised under intangible assets. Under EU-IFRS, this goodwill must be allocated to the respective investments. For VolkerWessels, this entails the reclassification of € 9 million from intangible assets to investments in associates and joint ventures in the statement of financial position as at 31 December 2008. Moreover, EU-IFRS does not permit amortisation on a systematic basis. Instead, annual impairment testing is required. As a result of this goodwill has increased by € 14 million and a € 6 million impairment loss has been recognised for 2008.

Under EU-IFRS, capitalised software costs must be shown under intangible assets; this has led to a € 3 million reclassification from property, plant and equipment to intangible assets.

Investments in associates and joint ventures
In the transition from NL GAAP to EU-IFRS, VolkerWessels decided to discontinue the proportionate consolidation of joint ventures and to apply the equity method instead. The amount stated for investments in associates and joint ventures has risen by € 173 million accordingly.

Other non-current assets
Certain equity interests, which were recognised under NL GAAP as investments in associates and joint ventures, have been reclassified under EU-IFRS as other financial assets. These equity interests, where no significant control can be exercised, are recognised at fair value, with any changes in their fair value being recognised in equity. If their fair value cannot be measured reliably, the other investments are measured at cost. This is a reclassification of € 5 million.

Deferred tax assets
The increase in deferred tax assets under EU-IFRS is attributable to the stricter rules for netting tax assets and liabilities. Deferred tax assets have also increased by € 7 million as a consequence of the recognition of a deferred tax asset in respect of the measurement of derivatives in the statement of financial position.

Land
In the transition from Dutch GAAP to IFRS, VolkerWessels decided to derecognise the unconditional land commitments and to show them under the commitments not recognised in the statement of financial position. Land and unconditional land commitments have decreased by € 18 million accordingly. In addition, land decreased by € 174 million because of the discontinuation of the proportionate consolidation of joint ventures and the adjustment to the interest capitalised on land holdings which were not in production.

Real estate held for sale
Because of the change in the basis of consolidation under EU-IFRS, real estate held for sale decreases by € 9 million.

Inventories
Residential building projects not falling under the definition of construction contracts are reclassified under EU-IFRS as inventories. This has led to a € 74 million reclassification from construction contracts to inventories.

Transition document from NL GAAP to EU-IFRS

This increase is partly offset by a decrease attributable to the discontinuation of the proportionate consolidation of joint ventures.

Work in progress

EU-IFRS requires that construction contracts be recognised separately in the statement of financial position under current assets and current liabilities. This depends on whether total contract costs are higher or lower than total contract revenue. This leads to a € 326 million reclassification from debit to credit items in construction contracts. In addition, under EU-IFRS the 'Construction contracts' item decreases because of the discontinuation of the proportionate consolidation of joint ventures.

Trade and other receivables

Because of the change in the basis of consolidation under EU-IFRS, the amount stated for trade and other receivables decreases by € 57 million.

Cash and cash equivalents

Because of the change in the basis of consolidation under EU-IFRS, cash and cash equivalents decrease by € 88 million.

Non-current loans and borrowngs

Because of the change in the basis of consolidation under EU-IFRS, loans decrease by € 69 million.

Derivatives

VolkerWessels uses derivative financial instruments to hedge against interest and exchange rate risks arising from operating, financing and investing activities. Contrary to NL GAAP, EU-IFRS does not provide the option of measuring the value of hedging instruments at cost, which means that under EU-IFRS the derivative instruments must be recognised in the statement of financial position at their fair value of € 26 million. If hedge accounting is permitted, changes in fair value are recognised in equity. The hedge reserve amounts to - € 20 million as at year-end 2008.

Provisions

Under EU-IFRS, the current portion of the provisions is recognised under current liabilities. In addition, the provision for investment losses has increased by € 70 million. The reason for this increase is that EU-IFRS does not permit the proportionate consolidation of joint ventures; the equity method must be applied instead.
If the Group's share of losses exceeds its interest in the joint ventures including other possible receivables, the interest is reduced to nil in the Group's statement of financial position and the Group discontinues recognising its share of further losses unless the Group has incurred legal or constructive obligations or made payments on behalf of these joint ventures. The loss is classified at that time under provision for investment losses.

Deferred tax liabilities

The increase in deferred tax liabilities under EU-IFRS is attributable to the stricter rules for netting tax assets and liabilities.

Bank overdrafts and trade and other payables

Because of the discontinuation of the proportionate consolidation of joint ventures under EU-IFRS, the amount stated for bank overdrafts has decreased by € 43 million and trade and other payables by € 215 million in comparison with NL GAAP.

Current portion of provisions and employee benefits

Under EU-IFRS, the current portion of these items is included under this caption.
Under NL GAAP, these items were recognised under provisions (non-current).

Transition document from NL GAAP to EU-IFRS
Consolidated balance sheet

Amounts in thousands of euros

	EU-IFRS as at 01-01-2008		NL GAAP as at 31–12–2007	
Land and buildings	148,115		170,293	
Machinery and equipment	198,019		223,056	
Other operating assets	28,848		28,690	
Assets under construction/prepayments	5,826		6,477	
Property, plant and equipment		380,808		428,516
Goodwill	62,308		74,779	
Other intangible assets	10,519		6,582	
Intangible assets		72,827		81,361
Investments in associates and joint ventures		230,613		73,533
Non-current receivables		304,377		289,426
Other non-current assets		3,718		–
Deferred tax assets		19,728		–
Total non-current assets		1,012,071		872,836
Land	258,789		462,303	
Real estate held for sale	8,885		20,893	
Inventories	126,781		82,337	
Construction contracts	267,752		188,335	
Trade and other receivables	1,032,183		1,161,069	
Cash and cash equivalents	256,429		316,705	
Total current assets		1,950,819		2,231,642
Total assets		2,962,890		3,104,478

Transition document from NL GAAP to EU-IFRS
Consolidated balance sheet

Amounts in thousands of euros

	EU-IFRS as at 01-01-2008		NL GAAP as at 31–12-2007	
Equity attributable to shareholders of VolkerWessels		867,292		906,790
Non-controlling interest		4,558		4,467
Total shareholders' equity		871,850		911,257
Non-current loans and borrowings	365,057		431,363	
Derivatives	2,147		–	
Employee benefits	25,179		35,213	
Provisions	159,787		131,358	
Deferred tax liabilities	77,362		62,955	
Total non-current liabilities		629,532		660,889
Bank overdrafts	314,024		363,029	
Current loans and borrowings	6,479		10,069	
Construction contracts	201,897		–	
Trade and other payables	896,457		1,159,234	
Income tax expense	1,752		–	
Current portion of provisions and employee benefits	40,899		–	
Total current liabilities		1,461,508		1,532,332
Total liabilities		2,091,040		2,193,221
Total equity and liabilities		2,962,890		3,104,478

Separate balance sheet as at 31 December

Amounts in thousands of euros

	Note		31 December 2009		31 December 2008
Participations in group companies	1		732,841		670,974
Total non-current assets			732,841		670,974
Reveivables from third parties		0		292	
Receivables from group companies	2	242,940		265,743	
Cash and cash equivalents		247		1,187	
Total current assets			243,187		267,222
Total assets			976,028		938,196
Issued share capital		83,843		83,843	
Share premium reserve		67,339		67,339	
Other reserves		689,116		610,270	
Unappropriated profit		90,792		145,413	
Total equity	3		931,090		906,865
Provisions	4	4,496		11,768	
Total non-current liabilities			4,496		11,768
Income tax payable		7,147		19,518	
Other liabilities		33,295		45	
Total current liabilities			40,442		19,563
Total equity and liabilities			976,028		938,196

Separate income statement

Amounts in thousands of euros

	2009	2008
Result on groups companies	84,852	127,851
Other income and expenses after taxation	5,940	17,562
Attributable to shareholders of the company	90,792	145,413

Notes to the separate balance sheet and income statement

Accounting policies

The principles applied by the Company for the measurement of assets and liabilities and the result determination are in accordance with the option provided under Section 2:362 (8) of the Netherlands Civil Code. This means that the principles applied for the measurement of assets and liabilities and the determination of the result (hereinafter referred to as 'measurement principles') for the separate financial statements are identical to those used for the consolidated financial statements. Participating interests over which significant influence is exercised are measured based on their net asset value, which is determined on the basis of the measurement principles applied in the consolidated financial statements. Please refer to pages 10 to 21.

For the preparation of the separate statement of comprehensive income, use has been made of the option provided under Section 2:402 of the Netherlands Civil Code of preparing an abbreviated statement of comprehensive income.

The following KPMG Accountants fees were charged to the company, its subsidiaries and other fully consolidated companies, as referred to in Section 2:382(a) of the Netherlands Civil Code.

(1) Participations in group companies

	2009	2008
Group companies	732,841	670,974
	732,841	670,974

Group companies

	2009	2008
Balance as at 1 January	670,974	585,236
Share premium payments	–	27,300
Share in result	84,852	127,851
Diviends received	(23,492)	(35,000)
Other changes	(8,097)	(17,489)
Exchange differences	8,604	(16,924)
	732,841	670,974

Pursuant to the relevant legal requirements, a list of the group companies and other participating interests of the Company has been deposited with the Rotterdam Trade Register

Notes to the separate balance sheet and income statement

(2) Receivables

	2009	2008
Receivables from third parties	0	292
Receivables from group companies	242,940	265,743
	242,940	266,035

The 'Receivables from group companies' item includes receivables in connection with dividends, corporation tax and other receivables.

(3) Equity

Notes to the equity can be found in the consolidated financial statements.

(4) Provisions

This concerns the provision for deferred tax liabilities.

	2009	2008
Balance as at 1 January	11,768	17,659
Release	(4,000)	(8,500)
Expenditure	(3,272)	(211)
Addition	–	2,820
alance ast at 31 December	4,496	11,768

Most of the wholly-owned subsidiaries of Koninklijke Volker Wessels Stevin nv in the Netherlands are part of the tax entity Storm Investments bv. Consequently, the company is jointly and severally liable for the tax debt of the tax entity as a whole.

Koninklijke Volker Wessels Stevin nv has issued and deposited with the Trade Registers statements of joint and several liability in respect of debts owed by a number of its Dutch group companies ensuing from juridical acts. Furthermore, a number of subsidiaries have undertaken joint and several liability vis-à-vis certain banks in respect of the Company's obligations

Notes to the separate balance sheet and income statement

The following KPMG Accountants fees were charged to the Company, its subsidiaries and other fully consolidated companies, as referred to in Section 2:382(a) of the Netherlands Civil Code.

	KPMG Accountants nv 2009	**Other KPMG netwerk 2009**	**Total KPMG 2009**
Audit of the financial statements	1,896	723	2,619
Other audit engagements	582	144	726
Tax-related advisory services	–	165	165
Other non-audit services	10	194	204
	2,488	1,226	3,714

	KPMG Accountants nv 2008	Other KPMG netwerk 2008	Total KPMG 2008
Audit of the financial statements	2,055	839	2,894
Other audit engagements	649	171	820
Advisory services in the fiscal field	–	231	231
Other non-audit services	28	126	154
	2,732	1,367	4,099

Rotterdam, 10 March 2010

Board of Management
G.J.A. van de Aast
D. Boers
M.J. Poots-Bijl
A. Vos

Supervisory Board
A. Baan
R.L.J. van Rappard
H.G.J. van Berckel
H.M. Holterman
D. Wessels

To: the Shareholders of Koninklijke Volker Wessels Stevin nv

AUDITOR´S REPORT

Report on the financial statements
We have audited the 2009 financial statements of Koninklijke Volker Wessels Stevin nv in Rotterdam, comprising the consolidated and separate financial statements. The consolidated financial statements include the consolidated income statement and consolidated statement of comprehensive income for 2009, the consolidated statement of financial position as at 31 December 2009, the consolidated statement of cash flows and the consolidated statement of changes in equity for 2009 and the notes, which include the main accounting principles and other information. The company financial statements comprise the separate statement of financial position as at 31 December 2009 and separate statement of comprehensive income for 2009 and the notes thereto.

Management´s responsibility
Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the annual report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation in the financial statements of the financial position and result such that these are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor´s responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, which requires that we comply with the applicable ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Koninklijke Volker Wessels Stevin nv as at 31 December 2009 and of its result and cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted in the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion on the separate financial statements

In our opinion, the separate financial statements give a true and fair view of the financial position of Koninklijke Volker Wessels Stevin nv as at 31 December 2009, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal requirements

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

Rotterdam, 11 March 2010
KPMG ACCOUNTANTS N.V.
P.W.J. Smorenburg RA

PROPOSED PROFIT APPROPRIATION 2009

It is proposed to the General Meeting of Shareholders to appropriate the entire profit of € 90,792,000 for the payment of dividends of € 2.71 per share.

PROVISIONS IN THE ARTICLES OF ASSOCIATION ON PROFIT APPROPRIATION

Articles 32 and 33 of the Articles of Association contain provisions concerning profit appropriation.

32,1. Subject to Supervisory Board approval, the Board of Management shall submit a proposal to the General Meeting of Shareholders concerning the portion of the profit that is to be released to the reserve and the portion that is to be paid out.

32,2. The profit that remains following the release of profit to the reserve will be used first of all, provided that the level of profit so allows, to pay out a dividend on the priority shares (based on a percentage of the nominal amount paid up on these shares) that is equal to the statutory rate of interest that applied on the last day of the past financial year. The profit remaining after application of the above is made available to the Annual General Meeting of Shareholders, on the understanding that no further payments will be made on the priority shares.

32,3. In the event that the General Meeting of Shareholders resolves to proceed with full or partial pay-out, as referred to in section 1, such pay-out shall be effected to the holders of ordinary shares in proportion to their ordinary shareholdings, without prejudice to the provisions of section 4 of article 33 hereinafter.

32,4. The company may make distributions to shareholders and others entitled to the distributable profit only to the extent that its shareholders' equity exceeds the paid-up and called-up part of the capital plus the reserves which have to be held according to law. Resolutions by the General Meeting of Shareholders regarding the liquidation of reserves in whole or in part shall be subject to the approval of the Board of Management and the Supervisory Board.

33,4. Subject to the approval of the Supervisory Board and the General Meeting of Shareholders, the Board of Management shall be authorised to resolve that a dividend on ordinary shares should be paid out in the form of ordinary shares rather than cash, or that the holders of ordinary shares should be offered a choice between taking their dividend either in cash or in the form of ordinary shares, with the proviso that the Board of Management should have been designated, in accordance with the provisions of article 5, as the corporate body authorised to resolve to issue such shares or, alternatively, insofar as the General Meeting of Shareholders so resolves. Subject to Supervisory Board approval, the Board of Management shall lay down such secondary conditions as govern such a choice.

Five years VolkerWessels

based on the consolidated financial statements

All amounts in millions of euros, unless otherwise stated

	EU-IFRS 2009	EU-IFRS 2008	NL GAAP 2007	NL GAAP 2006	NL GAAP 2005
Income statement					
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	198	262	278	237	205
Depreciation and impairment of property, plant and equipment	(71)	(69)	(68)	(67)	(65)
Earnings before interest, taxes and amortisation (EBITA)	127	193	210	170	140
Amortisation and impairment of intangible assets	(10)	(9)	(14)	(20)	(15)
Earnings after amortisation (EBIT)	117	184	196	150	125
Financial income and expenses	4	2	(6)	0	4
Result from ordinary activities before tax	121	186	190	150	129
Income tax	(30)	(40)	(45)	(37)	(58)
Result for the financial year	91	146	145	113	71
Attributable to:					
Shareholders of the parent company	91	145	146	110	67
Non-controlling interests	0	1	(1)	3	4
Result for the financial year	91	146	145	113	71
Balance sheet					
Property, plant and equipment	457	419	429	389	374
Intangible assets	80	80	81	69	75
Financial assets	577	566	363	109	138
Total non-current assets	1,114	1,065	873	567	587
Land	245	250	462	363	378
Property designated for sale / Inventories / Work in progress / Receivables	1,494	1,661	1,452	1,358	1,338
Cash and cash equivalents	310	320	317	240	247
Total assets	3,163	3,296	3,104	2,528	2,550
Share capital	84	84	84	84	84
Reserves	756	678	677	620	588
Retained earnings	91	145	146	110	67
Shareholders' equity attributable to shareholders	931	907	907	814	739
Non-controlling interests	4	3	4	4	7
Total shareholders' equity	935	910	911	818	746
Loans and borrowings	367	355	432	134	114
Derivatives	31	26	–	–	–
Provisions	172	212	229	233	237
Other current liabilities	1,658	1,793	1,532	1,343	1,453
Total equity and liabilities	3,163	3,296	3,104	2,528	2,550
Ratios					
Current ratio	1.24	1.24	1.46	1.46	1.35
Solvency	0.30	0.28	0.29	0.32	0.29
Return on equity	10.0%	16.8%	17.9%	14.9%	9.7%
Other information					
Revenue	4,419	4,874	4,828	4,488	4,157
Order book	4,499	4,966	5,870	5,626	4,861
Average number of employees	16,599	17,279	17,000	16,400	16,700

Definitions

Operating income
Net turnover plus changes in work in progress and changes in capitalised profit in work in progress.

Current ratio
The current ratio is calculated on the basis of the ratio of current assets to current liabilities.

EBITDA
Earnings Before Interest, Taxes, Depreciation and Amortisation. Operating result before interest, taxes, depreciation and impairment of property, plant and equipment, and amortisation and impairment of intangible assets.

EBITA
Earnings Before Interest, Taxes and Amortisation. Operating result before interest, taxes and amortisation and impairment of intangible assets.

EBIT
Earnings Before Interest and Taxes. Operating result before interest and taxes.

Goodwill
The difference between the acquisition price and net asset value of the shares determined at the time participating interests are acquired.

Return on equity
Profit after tax / equity as at 1 January.

Solvency
Total equity as a percentage of total equity plus liabilities.

Total assets
Non-current assets + current assets

Capital employed
Equity + third party interests + provisions

Net debt position
Cash and cash equivalents - loans and borrowings - derivatives.

Operating working capital
Land + real estate held for sale + investments in associates and joint ventures + other non-current assets+ receivables from associates and joint ventures + inventories + work in progress + accounts receivable -/- accounts payable.