

ANNUAL REPORT 2008



Working in a challenging environment

ANNUAL REPORT 2008

The Annual Report and Annual Review are available in both Dutch and English. In the event of textual differences between the English and the Dutch versions, the latter will prevail. The Annual Report 2008 and the Annual Review 2008 can be found on the internet at www.strukton.com.

This Annual Report is published in digital form only. To increase its readability and functionality, a dynamic version of the Annual Report has been placed on the website in HTML. The complete Annual Report can also be downloaded in PDF format.

In printed format, Strukton's Annual Review 2008 outlines the main developments in the year. The theme of the Annual Review is 'Our strength lies in the quality of our people'. If you are not on our mailing list, a printed copy of the Annual Review can be requested via the internet.

IMAGINATION

INITIATION

Working in a challenging environment

INNOVATION

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Registered in the trade register of the Chamber of Commerce in Utrecht under number 30004006.

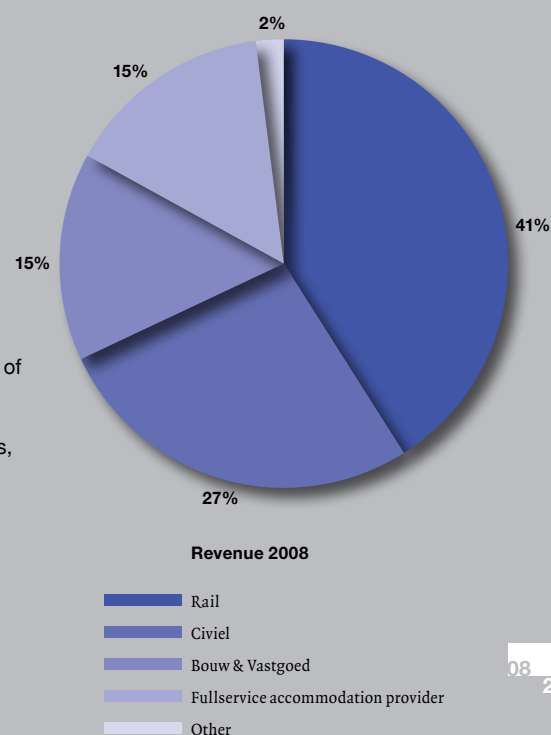
contents

2	Profile
3	Key figures
4	The world of Strukton
6	Report of the Group Management Board
9	Financial performance
12	Corporate social responsibility
	Operations
15	• Strukton Integrale Projecten
17	• Strukton Rail
19	• Strukton Civiel
21	• Strukton Bouw & Vastgoed
23	• Strukton Worksphere
	Management
25	• Corporate governance
27	• Risk management
30	• Report of the Supervisory Board
32	• Composition of the Group Management Board and the Supervisory Board
33	Financial statements
35	Consolidated balance sheet as at 31 December 2008
36	Consolidated income statement
37	Consolidated statement of recognised income and expense
38	Consolidated statement of cash flows
39	Notes to the consolidated financial statements
79	Company balance sheet as at 31 December 2008
80	Company income statement
81	Notes to the company financial statements
85	Other information
86	Auditor's report
87	Names and addresses
91	Glossary

The Annual Review can be ordered as a separate document.

Strukton is a full-service provider of infrastructure and accommodation solutions. Its ambition is to enable end users to travel, live, work, relax and learn in comfort. Strukton's activities are organised into five fields of operation:

- **Integrale Projecten:** innovative and integrated solutions in the fields of government buildings, care, education and infrastructure, based on the total lifecycle of the infrastructure and built environment.
- **Rail:** full-service provider of railway systems, specialising in infrastructure, railway equipment, information systems, data capture and data management.
- **Civiel:** the design, build, maintenance and management of infrastructure projects, with specific expertise in underground construction, road building, viaducts, stations, noise barriers, foundation techniques, immersion techniques and the environment.
- **Bouw & Vastgoed:** design, build and maintenance of property with an integrated vision of accommodation and management to produce an above average price/quality ratio.
- **WorkspHERE:** integrated solutions in the fields of property management, facility services, building services and hard services, based on the belief that people perform at their best if they enjoy their working and living environments and with a view to retaining the property's value.



Profile

The Strukton companies are all knowledge-intensive full-service providers in their own disciplines. They are flat and decentralised organisations so that effective decisions can be taken at the bottom. To meet demand, the companies seek alliances inside and outside the group. This combined strength produces demonstrable cost savings for the client and creates fertile ground for further knowledge development, innovation, synergy and integrated solutions.

The Strukton companies together rise to the challenge of going further than simply constructing and delivering infrastructure and buildings. Strukton wants to be an advisory partner that oversees the entire chain and is capable of playing an active role throughout the process from design to management. It enters into long-term relationships that can be sustainable only if there is complete transparency. Where other forms of contracting are necessary, Strukton is pioneering concession-related projects and alliances.

A long history, a wealth of experience, a solid financial position and a high standard of know-how enable Strukton to create added value for its clients, in the manner and contract form appropriate to the challenge. Strukton defines the total lifecycle approach that this demands by means of three core values: imagination, initiation and innovation. These values underpin Strukton's pursuit of the best solution for the client and the end user, and create the kind of partnership with clients that is decisive for long-term success.

Strukton's distinctive strength reflects the attitude of the people who work for it. Well trained in their disciplines, they take the initiative to present novel and innovative solutions. The culture is defined by ambition, enthusiasm, curiosity and openness. Corporate social responsibility (CSR) is an integral part of Strukton's day-to-day operations. Strukton couples CSR one-to-one to product and process innovation, recognising that it is an opportunity to create added value. It is an additional incentive to be an efficient, competitive and attractive employer.

In 2008, Strukton achieved revenue of EUR 1.25 billion and employed an average workforce of 5,962.

Amounts in millions of euros	EU-IFRS				Dutch GAAP
	08	07	06	05	04
Revenue	1,249.2	1,144.8	955.0	827.0	719.6
Operational result (EBITDA)*	58.6	50.4	58.3	74.8	44.2
Operating result (EBIT)*	31.7	26.1	39.2	54.9	23.3
Result for the period	14.3	15.3	30.6	37.9	12.2
Cash flow					
- Operating activities	22.1	58.4	24.3	12.7	58.1
- Investing activities	(56.5)	(39.5)	(123.4)	(12.6)	(17.1)
- Financing activities	15.7	(2.6)	77.3	(7.2)	15.9
Total cash flow	(18.8)	16.3	(21.8)	(7.1)	56.9
Acquisition of property, plant and equipment	25.8	30.3	21.1	22.6	13.9
Depreciation/impairment of property, plant and equipment	26.9	24.4	19.1	19.9	20.9
Balance sheet total	862.6	798.3	716.6	461.7	403.2
Total equity	171.9	181.2	173.8	143.1	106.9
Capital employed	273.3	231.0	232.0	109.0	114.4
Net cash (debt)	(101.4)	(49.7)	(58.2)	36.8	(7.5)
Net result as a % of average total equity	8.1	8.6	19.6	30.5	12.2
Net result as a % of revenue	1.1	1.3	3.2	4.6	1.7
Solvency	19.9	22.7	24.2	31.0	26.5
Order book at year-end	1,639.0	1,210.8	1,014.2	824.7	1,008.0
Total excl. consolidation (non-recourse) PPP-projects					
Balance sheet total	818.7	790.7	708.7	458.9	403.2
Capital employed	234.7	223.7	224.3	106.3	114.4
Net cash (debt)	(51.8)	(42.5)	(50.4)	33.8	(7.5)
Return on capital employed	13.6	11.7	17.5	51.7	20.3
Solvency	22.3	22.9	24.5	31.2	26.5
Non financial indicators					
Average number of employees	5,962	5,514	4,592	3,641	3,636
Absenteeism	5.1%	5.8%	6.1%	7.2%	6.9%
Accident frequency (IF-index)*	9.0	8.2	11.4	11.0	15.8
Average duration of absenteeism*	24	16	20	26	26
Accident figure*	16.2	14.8	20.5	19.9	28.4
Frequency figure*	0.9	0.8	1.1	1.1	1.6
Expenditure on management development and training % of staff reviewed	8.1 88.4%	7.8 87.1%	5.3 88.5%	4.0 88.8%	3.7 88.3%

* For an explanation, see the glossary on page 91

The world of Strukton

		CORE ACTIVITIES
INTEGRALE PROJECTEN	Full-service contract and cooperation forms such as alliances and DBFMO (Design, Build, Finance, Maintain and Operate)	<ul style="list-style-type: none"> ● Acquisition, management and financing of PPP concession projects ● Management of risk-bearing investments by Strukton Finance ● Further development of PPP, market consultations and unsolicited proposals
RAIL	European full-service provider of rail systems (maintenance, renewal and construction)	<ul style="list-style-type: none"> ● Maintenance, renewal and construction of rail infrastructure (systems) ● Passenger and operator information systems ● Data capture and data management ● Development and integration of rolling stock systems ● Energy systems
CIVIEL	Development, design, construction, maintenance and management of civil infrastructure projects	<ul style="list-style-type: none"> ● Hydraulic and civil engineering (in situ, bored and immersed tunnels, bridges, stations, roads and road maintenance) ● Construction at complex locations ● Industrial construction ● Water management and water treatment ● Specialisations: immersion techniques, compacting, shearing and jacking techniques, car parks, foundations, pre-stressing and noise barriers ● Prefab concrete ● Measurement ● Environmental techniques ● 3D modelling
BOUW & VASTGOED	Property development, construction and maintenance	<ul style="list-style-type: none"> ● Property development ● Urban renewal ● General construction and housing ● Renovation, reconstruction and planned maintenance ● Technical management ● Parking solutions
WORKSPHERE	Integrated provider of property management services, facility services, building services and hard services	<ul style="list-style-type: none"> ● Technical services, management and maintenance ● Construction and renovation of technical installations ● Acquisition, design, build and operation based on concessions, performance-related agreements and outsourcing of technical services ● Operations management: integrated facility services and property management ● Main contracting ● Consultancy and temporary management ● Development and supervision of construction and renovation projects, accommodation plans, rental and leasing plans

CLIENTS

- National governments (Ministries of Finance and Defence, Government Buildings Agency, Directorate-General for Public Works and Water Management)
- Provincial and municipal authorities, water boards
- Educational institutions
- Healthcare institutions

- Infrastructure managers, chiefly in west Europe
- Municipalities
- Transport operators (municipal, regional, national)
- Manufacturers
- Equipment suppliers

- Directorate-General for Public Works and Water Management
- ProRail
- Seaports, airports
- Major cities and government bodies
- Industrial clients (warehousing, utility, waste processing and water treatment companies)
- Transport operators

- End users, tenants
- Business service providers
- Housing associations
- Property developers
- Healthcare institutions
- Educational institutions
- National government and municipalities

- Business and financial service providers
- Educational institutions
- Healthcare institutions
- Entertainment industry
- Manufacturing
- Government
- Transport sector

MARKET CHARACTERISTICS

- Developing and expanding market, especially in Europe
- Complex projects and project environments
- Quality driven (sustainable, socially responsible)
- Opportunity for private initiatives

- High entry threshold due to knowledge and capital intensity
- Focus on safety and quality at a good price
- Growing competition
- European market with differences depending on country
- Niche market

- Competitive
- Cyclical
- Fragmented market with limited top end and many regional/local players

- Focus on quality and added value
- Shift towards new contract and tendering forms
- Fragmented market with limited top end and many regional/local players
- Cyclical

- Developing and expanding
- High degree of complexity and risk
- Focus on service mindset
- Focus on value retention
- Knowledge intensive
- Increased outsourcing
- Increased complexity and risk

STRUKTON COMPETENCES

- Innovative, leading player, knowledge advantage
- High quality solutions
- Project and risk management, contract management and financial engineering
- Management and promotion of cooperation in integrated contracts
- Lifecycle approach and long-term responsibility

- Data capture and data management
- Consulting and engineering
- Equipment and logistics
- Rolling stock

- Project management
- Wealth of technological know-how (in-house engineering and specialised skills)
- Knowledge of innovative contract forms
- Specialist in underground construction
- Project execution during uninterrupted operation of client processes
- Systems engineering
- Risk management

- Optimisation of costs and benefits with strong client focus
- Integrated and property-oriented approach to the construction process, from project planning to management

- Lifecycle/Total cost of ownership approach
- Securing the operation of processes supporting the clients' core activities. Creating working and living environments in which people can excel
- Consideration of both common interests and conflicting interests of property owners and users
- Client focus
- Powerful buying position for facility services
- Professional methods and means
- Knowledge of the clients' core processes



from left to right: Durk ten Wolde (interim chairman), Aike Schoots, Jos Hegeman, Raymond Steenvoorden (Group Management Board), Marinus Schimmel,
below from left to right: Erik Hermsen and Gert Jan Vos. (Not on photo: Rob Kalma.)

Report of the Group Management Board

2008 as a whole was a reasonable year for Strukton. Revenue amounted to EUR 1.25 billion, an increase of 9% in comparison with 2007, when revenue came to EUR 1.15 billion. The operating profit for the year increased by more than 20% to EUR 31.7 million (2007: EUR 26.1 million). The profit for the year was fractionally lower, down EUR 1 million to EUR 14.3 million (2007: 15.3 million), as a result of higher financial expenses, adverse currency movements and a higher tax burden. We again reported growth in a number of markets and retained our market share in others. We continued to implement our strategy of taking an integrated approach to projects and generating synergy in order to extend and widen our position in the construction industry and win more long-term contracts. In the market for projects executed by public private partnerships (PPPs), we further strengthened our leading position by winning three PPP projects during the year and, despite the worldwide financial crisis, bringing them to financial close.

Operating company headlines

At **Strukton Rail**, a sharp fall in volume on the domestic market in the Netherlands placed strong pressure on capacity utilisation rates and margins. This could not be offset in full by results outside the Netherlands. Despite the lower volume of activities, market share in the Netherlands was retained.

At **Strukton Civiel**, the strategy of increasing the scale of operations and specialisation clearly bore fruit with a sharp increase in revenue and results. All business units performed well and several complex projects in the Netherlands were completed with a good result. Construction of the deepest and longest immersed tunnel in the world, in South Korea, got off to a good start and the order book for 2009 is well filled.

At **Strukton Bouw & Vastgoed**, results were disappointing. This was due to a number of loss-making projects and lower growth in the second half of the year owing to delays on a large number of engagements. As a result, overhead costs could not be covered. The order book is now well filled.

Strukton WorkspHERE can look back on an excellent year, thanks in part to the targeted pursuit of productivity in combination with a consistent and clear philosophy and strategy.

Strukton Integrale Projecten not only won three PPP projects in 2008 and brought them to financial close but also enjoyed a lot of welcome publicity and raised the profile of our own initiatives.

Our companies are firmly anchored in
healthy markets in which they hold distinctive positions.



Robust and sharp

The credit crunch, which revealed its full extent in 2008, has triggered a global recession whose depth and scale are difficult to estimate at present. Strukton is a robust group with solid foundations. Our companies are firmly anchored in healthy markets in which they hold distinctive positions. Our order book, which is at a historically high level of some EUR 1.6 billion for 2009, consists for about 75% of projects in the public market. Our exposure to the private market is limited. We owe our robustness in part to our core financing. We expect the current recession to last until after 2009 and are therefore keeping a close eye on developments in the order book, paying extra attention to costs and working on internal improvements.

The Group Council is more closely involved in day-to-day operations, in particular to strengthen cooperation between our operating companies. The membership of the Group Management Board was changed during the year when Gerrit Witzel stood down at his own request on 1 August after ten years as chairman. Strukton is extremely grateful to him for his contribution to the company's development. Durk ten Wolde was appointed interim chairman as of 17 November. Strukton Bouw & Vastgoed bade farewell to its director Henk Janssen. He was succeeded by Gert Jan Vos.

Need to stay alert

The current economic situation is obviously forcing us to remain alert. Nevertheless, we are confident about the future of our company. Strukton Rail expects market volume in the Netherlands to remain low in 2009. The prospects in Scandinavia and the other countries in which Rail is active, by contrast, are predominantly positive and with the advanced technology it has developed Rail can play a critical role in the projected growth and intensification of national and international rail transport. Strukton Civiel's internal organisation is in excellent condition and the company is poised for further growth, both in size and in specialisations. The order book is well filled and the projected market volume is high. Strukton Bouw & Vastgoed has traditionally had a high exposure to the private market, where the slowdown is currently the greatest. In view of the current order book, we nonetheless expect revenue growth and a profit in 2009. The organisation and cost base will be brought into line with the volume of revenue, however, and contract management will be further strengthened. Strukton WorkspHERE is in a good position thanks to its strong and diversified client base and long-term contracts. Furthermore, current market conditions provide opportunities as companies reorganise or upgrade their premises instead of opting for newbuild. But the greatest increase in volume is expected in the rapidly growing outsourcing market. Strukton Integrale Projecten will again participate in new PPP projects in 2009. We will keep a critical eye on project financing conditions. Our own initiatives, Amfora and the Utrecht Northern Ring Road, will be continued in 2009.

The current economic situation is obviously forcing us to remain realistic
but we are confident about the future of our companies.



In summary, we have every reason to be proud of our company, of everything we achieved in 2008 and of Strukton's place in society. We would like to thank all our staff for the contribution they made through their dedication, know-how, expertise, experience and professionalism. And we thank our shareholder, clients and partners for their support and confidence.

On the basis of our order book and its composition, we are looking forward with caution but also with confidence. Our robust position and our core values, in combination with hard work, provide opportunities to maximise our potential. With everyone's input and the same degree of support and confidence, we hope we will soon be looking back on 2009 with satisfaction.

Utrecht, 3 March 2009

The Group Management Board

Durk ten Wolde, interim chairman
Raymond Steenvoorden

Strukton again achieved strong growth in revenue and operating profit in 2008. The profit for the year, however, was fractionally lower than in 2007 on account of higher financial expenses, adverse currency movements and a higher tax burden. The order book at year-end 2008 was again at a historically high level: EUR 1.6 billion. Strukton's policy of holding a significant interest in special purpose companies to execute PPP projects has had a material impact on balance sheet ratios and the timing of profit recognition.

Revenue and order book

Revenue for the year increased by EUR 104 million to EUR 1,249 million: up 9% on 2007 (EUR 1,145 million). The increase was attributable chiefly to strong organic growth at Strukton Civiel of 25%. In addition, Worksphere made a strong contribution to the growth with a 10% increase in revenue. At Strukton Rail, revenue (excluding the contribution from acquisitions) was slightly higher than in 2007. The company offset lower revenue in the Netherlands brought about by a weaker volume of contracting with higher revenue in other European countries. Strukton Bouw & Vastgoed had to contend with delays and cancellations on existing engagements as the credit crunch and the subsequent recession took hold. Revenue accordingly fell by 13% in comparison with 2007.

Two acquisitions were made in 2008. The revenue and profits of the companies acquired have been recognised since the date of share transfer. Strukton Rail's acquisition of Betonmast Bane (Norway) and Strukton Civiel's acquisition of all shares in Grondbank Nederland provided additional revenue for the year of EUR 22 million.

Financial performance

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A substantial proportion of the revenue for the year was again generated from periodically recurring engagements (mainly long-term maintenance contracts and concessions): 26%, versus 27% in 2007. This reduces Strukton's exposure to the volatile project market. The recently won PPP projects will further increase the stability of the income base in the years ahead. The order book includes EUR 335 million (2007: EUR 15 million) in maintenance and service work during the management phase of PPP contracts.

At the end of 2008, the order book stood at EUR 1.6 billion, more than 33% higher than at the end of 2007 (EUR 1.2 billion). There is also a substantial volume of work in hand in the form of land under development and current tenders that will lead to production in 2009.

Results

Operating profit (EBIT) increased by more than 20% during the year to EUR 31.7 million (2007: EUR 26.1 million). This figure excludes the majority of the fees received in 2008 for PPP tenders, the cost of which had been recognised in 2007.

Strukton Integrale Projecten had a good year in 2008. Despite the crisis on the financial markets, this business unit brought three large building-related PPP projects to financial close. The success fees it earned were enough to compensate for the costs incurred and accounted for in 2007. The IFRS, in particular IFRIC 12 introduced in 2008, lay down that these substantial fees must be recognised in the income statement not on their receipt but over the term of the contract. Strukton Integrale Projecten was again involved in tenders for several new PPP projects in 2008 in both infrastructure (Rail and Civil) and building-related projects.

Strukton Rail faced substantially lower volumes, chiefly in the Netherlands but also in Germany. Although market share was retained, available capacity was underutilised. Underutilisation of the advanced railway equipment could be only partially offset in the other European home countries and on a number of projects in Denmark. Relatively low activity is again expected in the Dutch rail renewal market in 2009. We are following these developments carefully and giving priority to using the advanced equipment in other countries. Good results were achieved in Sweden, Belgium and Italy. In Norway, we concentrated, as planned, on the integration of business operations. In the fields of Rolling Stock (cabling, train drive and operating systems), Systems and Power & Electrification, results developed favourably.

Strukton Civiel again succeeded in translating a strong rise in revenue into strong growth in profit, thus proving the value of the strategy. Not only did it carry out large, often complex jobs, including the major maintenance of trunk roads in the provinces of Brabant and Limburg and in the Rotterdam region, but also completed many other engagements. Strukton Civiel is also active in several other areas, frequently carrying out specialised activities that support other operations or are marketed independently. All business units made a positive contribution to the result.

Strukton Bouw & Vastgoed again incurred a loss in 2008. This business unit – and its overheads – has grown strongly in recent years. A large number of project delays during the year led to serious losses on capacity utilisation. Measures have been taken to scale down the organisation to bring it back into line with the current order book. A number of large projects were delivered during the year. New projects and maintenance contracts were added to the order book, including three building-related PPP projects.

Strukton WorkspHERE had an excellent year with a considerable increase in results. The company also made substantial investments in 2008 to set up a project organisation and a special business unit, Operations Management. The business unit will respond to the growing demand for integrated (technical, structural and facility management) solutions. With its extensive knowledge of the lifecycle costs of critical building services, Strukton WorkspHERE played a decisive role in the recent acquisition of PPP projects. Further growth of the organisation is still being restrained by the tight labour market. On 1 February 2009, 110 employees were acquired from Dalkia to fill some of the vacancies.

The profit for the year was EUR 1 million lower at EUR 14.3 million (2007: EUR 15.3 million). Net financial expenses amounted to EUR 8.5 million (2007: EUR 4.6 million). On account of higher interest rates, the higher working capital requirement and debt financing for the acquisitions, interest expense rose to EUR 6.3 million (2007: EUR 4.9 million). Financial expenses include a EUR 0.7 million gain on interest rate swaps. The Swedish krona and the Norwegian krone fell sharply against the euro in the last quarter of 2008, producing an exchange loss of EUR 1.4 million that was recognised in financial expenses.

The effective tax rate for 2008 increased to 38.7% (2007: 28.8%) chiefly on account of non-deductible foreign costs and goodwill and lack of tax relief on foreign losses. A final settlement of EUR 0.8 million – by the NS tax group – with the tax authorities for the period 1997-2005 further increased the tax burden.

Investments

After several years of high investment levels, no new material commitments were entered into in 2008. The investments recognised for the year related chiefly to existing commitments for new equipment. Strukton Rail, for example, took delivery of two new locomotives, a tamping machine and a Unimat and also invested in large mechanical rail equipment. Strukton Civiel invested chiefly in an asphalt machine and traffic management systems.

PPP projects

Strukton is participating in six PPP projects. The interests in the Special Purpose Companies set up for these projects range from 5% to 50%. At year-end 2008, the total investment commitment for these projects was EUR 13.5 million (2007: EUR 2.5 million). At the end of 2008, the net debt in respect of PPP projects consolidated at group level amounted to EUR 43.6 million (2007: EUR 7.2 million). Non-recourse project financing has been arranged for these projects.

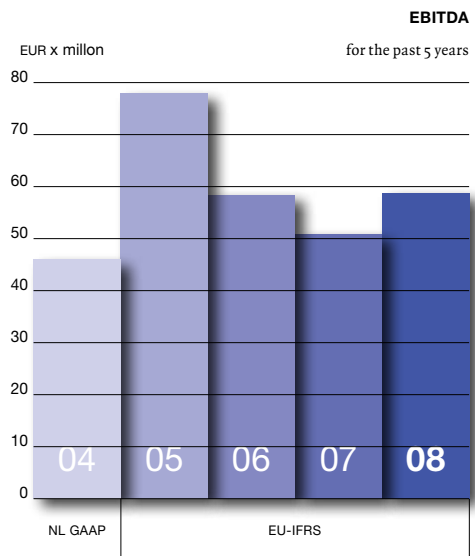
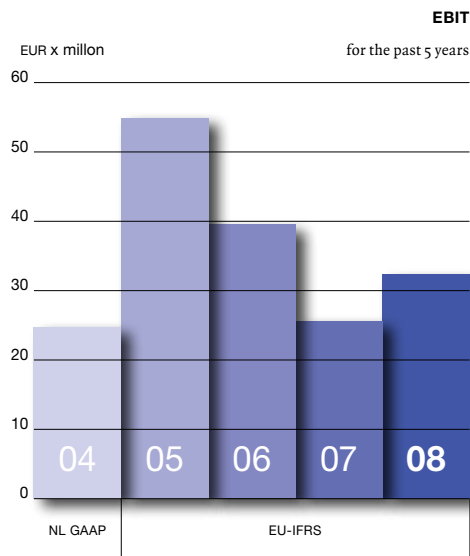
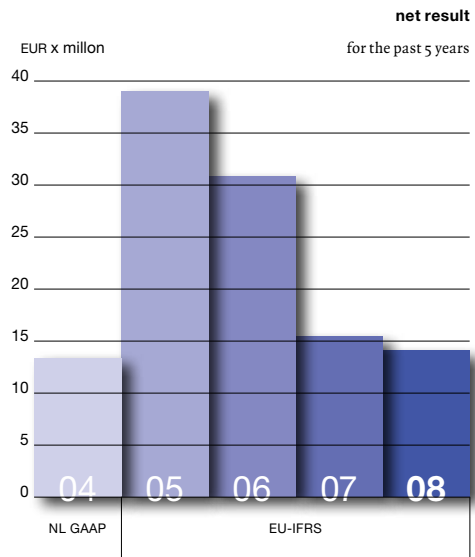
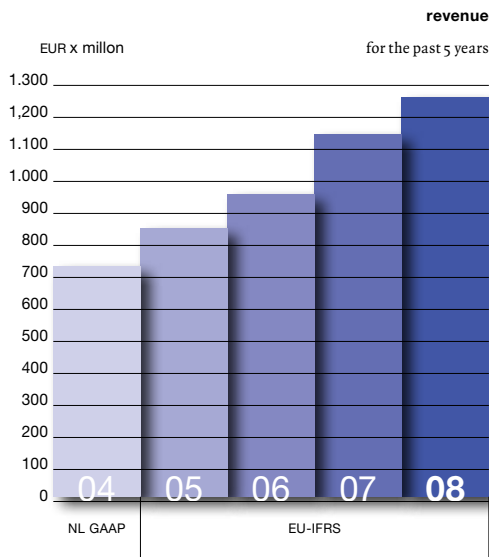
Cash flow and financing

After adjustment for the financing of PPP projects, capital employed rose slightly to EUR 234.7 million (2007: EUR 223.7 million). Cash outflow in relation to acquisitions amounted to EUR 10.1 million (2007: EUR 15 million). Working capital requirements were higher, chiefly because of slower payments by clients. Strukton was also affected by the growing trend among clients of taking disputes to arbitration or court. During 2008 Strukton won its claim against the Betuwe Line project office regarding the settlement of higher steel prices.

To implement its growth strategy, Strukton concluded a committed facility of EUR 325 million in mid-2006. At year-end 2007, EUR 80.5 million had been drawn down on this facility. All acquisitions made in 2007 and 2008 were financed from the company's cash flow from operating activities. Strukton comfortably satisfies the covenants made with the financiers.

Financial position

Equity declined – despite the undistributed profit for 2008 of EUR 14.3 million – to EUR 172 million (2007: EUR 181 million). The decline was due chiefly to movements in the fair value of interest rate swaps concluded largely for PPP projects (EUR 14 million) and exchange rate movements on interests in foreign currency (EUR 4 million). A dividend of EUR 6 million was distributed in respect of 2007. The solvency rate (equity as a percentage of total assets) declined to 19.9% (2007: 22.7%), chiefly because of a EUR 36 million increase in total assets owing to the consolidation of PPP interests. If the consolidation of the SPC interests is eliminated, the solvency rate is 22.3%. It will be proposed to the annual general meeting that a dividend be distributed of EUR 6 million (2007: EUR 6 million).



Outlook

Strukton is looking forward to 2009 with confidence. We expect revenue to stabilise, partly because of the well filled order book. In view of the credit crunch and the resultant recession, we will keep a keen eye on the size and quality of the order book, particularly in relation to the size of the organisation. We will also conduct a strict credit policy so that average payment terms do not increase. We will follow developments in the market closely. In the light of the current order book and its quality, Strukton currently does not foresee having to take any drastic measures in 2009.

In our vision, corporate social responsibility (CSR) is an integral part of Strukton's day-to-day operations. The essence of our CSR policy is the pursuit of a good result but not at the cost of people or the environment. Building on this vision, Strukton seeks a good balance between the clients and users' wishes and the environmental interests. This defines the scope of our CSR policy: it goes further than climate and sustainability. Strukton's vision was recognised by the industry in 2008 and rewarded with the best reputation of all construction companies for corporate social responsibility.

The Strukton CSR Balance works out the CSR policy into a number of concrete programmes that share a common goal: fostering a mindset that enables everyone to seek a balance in their day-to-day decisions between business, environmental and personal interests. This way of working reflects Strukton's desired position in society and is expressed in its operations: the goals set in the business plans and departmental plans, integrated risk management, innovation policy, procurement policy, environmental policy, safety policy and personnel policy. All operating companies included CSR goals and indicators in their policy plans in 2008 and several programmes in the CSR Balance were integrated into consultation structures.

Corporate social responsibility



The Strukton CSR Balance

Initiating and innovating

Strukton has applied its sustainable innovative strength in a series of its own initiatives to accelerate the realisation of projects and find CSR solutions. To apply money more quickly on solutions that add capacity to the Dutch railway system, Strukton Rail has developed its own initiative for two places in the Amsterdam-Eindhoven corridor. It is thought that a breakthrough can be made there at relatively low cost in the near future if infrastructure capacity is increased by 50%. It would then be possible to introduce a ten-minute timetable. The plan has been put to ProRail.

An initiative for the Utrecht Northern Ring Road that Strukton Civiel developed in 2007 again enjoyed a great deal of interest in 2008. An initiative developed in 2008 for an environmentally-friendly solution to the Amsterdam-Almere (A6-A9) connection has been shelved but in view of its social acceptability the proposal might be reconsidered at a later stage. A plan for a trial location was drawn up for the Amfora initiative in Amsterdam, in which several operating companies are participating.

Sustainable innovation

The Sustainable Innovative Strength programme was embedded in the organisation with the official establishment of the Strukton Innovation Forum. This platform supports innovative projects but also makes demands. Preconditions are that a project proposal must set hard criteria and that a project owner takes responsibility for the innovation so that it can later be brought to market. Personal responsibility and local embedding suit a CSR policy that is characterised by management involvement, encouragement and commitment.

Personal responsibility and local embedding suit a CSR policy characterised by management involvement, encouragement and commitment.



The first, and well attended, Strukton Innovation Conference was held in November 2008. People, especially young talent, are attracted by the combination of innovation and CSR in the organisation and in the training courses.

A Strukton TSM training group will have the opportunity to work with Strukton Environmental Technique and other business units, including Worksphere and Reef, on a concept that combines heat/cold storage in newbuild properties with soil decontamination.

Contributing to risk management

On a growing number of urban projects, Strukton is combining environmental care with risk management. It gives priority to safety, the prevention of reputation damage and good access to projects requiring local cooperation. The Safe and Healthy Work Environment programme was embedded in the health and safety and environmental coordination platform during the year and the Zero Accidents programme was continued. Zero Accidents is an attitude programme aimed at the mindset and conduct of all members of staff, starting with the exemplary conduct of the management. Safety is a fixed point on the agenda at all operating companies and many measures are taken to improve the safety of site and project staff. Since the number of accidents did not decline further in 2008 despite all the measures taken, the Zero Accidents programme will include a Strukton-wide campaign paying extra attention to the prevention of incidents and lost time accidents in 2009.



Zero Accidents is an attitude programme aimed at the mindset and conduct of all members of staff, starting with the exemplary conduct of the management.



Preferred employer

In the Business Building reputation monitor, Strukton scores high for its corporate social responsibility but relatively low as a perceived preferred employer. It is evidently not widely known that Strukton is a modern employer that gives high priority to safety and is an enjoyable company to work for because it pays specific attention to staff training, development and welfare. Building on its core values and in close cooperation with its clients, Strukton rises to the challenge of working innovatively. To realise this ambition, Strukton's people must enjoy the challenge of applying, sharing and developing their know-how and talents. A great deal of attention is paid to training and development. Investments in training and management development increased further in 2008. That Strukton is on the right path can be seen from the enormous commitment shown by the staff to their work, the performance of the company as a whole and the many successful projects and new challenges.

STRUKTON INTEGRALE PROJECTEN currently participating in six of the 11 PPP concessions awarded in the Netherlands and has tendered for all PPP projects announced by the government in 2008.

Despite the marked impact of the credit crunch, all newly acquired PPP concessions were brought to financial close in the first half of the year.

New phase

Strukton Integrale Projecten is holding true to its course but the organisation entered a new phase in 2008. Following the sharp rise in personnel in 2007, a start was made in 2008 on the further transition from a tender-based organisation to one that also takes responsibility for the execution and management of projects in the portfolio. Priority has been given to further developing and standardising know-how and experience, redesigning the organisation and strengthening its innovative image.

The essence of integrated design, collaboration and responsibility is that the client has to work with only one party. At Strukton Integrale Projecten, this function is fulfilled by the project director who maintains contact with the client, manages the contract and ensures that all the other parties play their agreed part at the right time.

... they dare to take and bear responsibility, think in integrated terms, put the client's interests first and safeguard the integrated quality.



A characteristic of the people who work at Strukton Integrale Projecten is that they dare to take and bear responsibility, think in integrated terms, put the client's interests first and safeguard the integrated quality. This is true of both the people working on projects in the build phase and of those involved in the growing number of projects in the management phase.

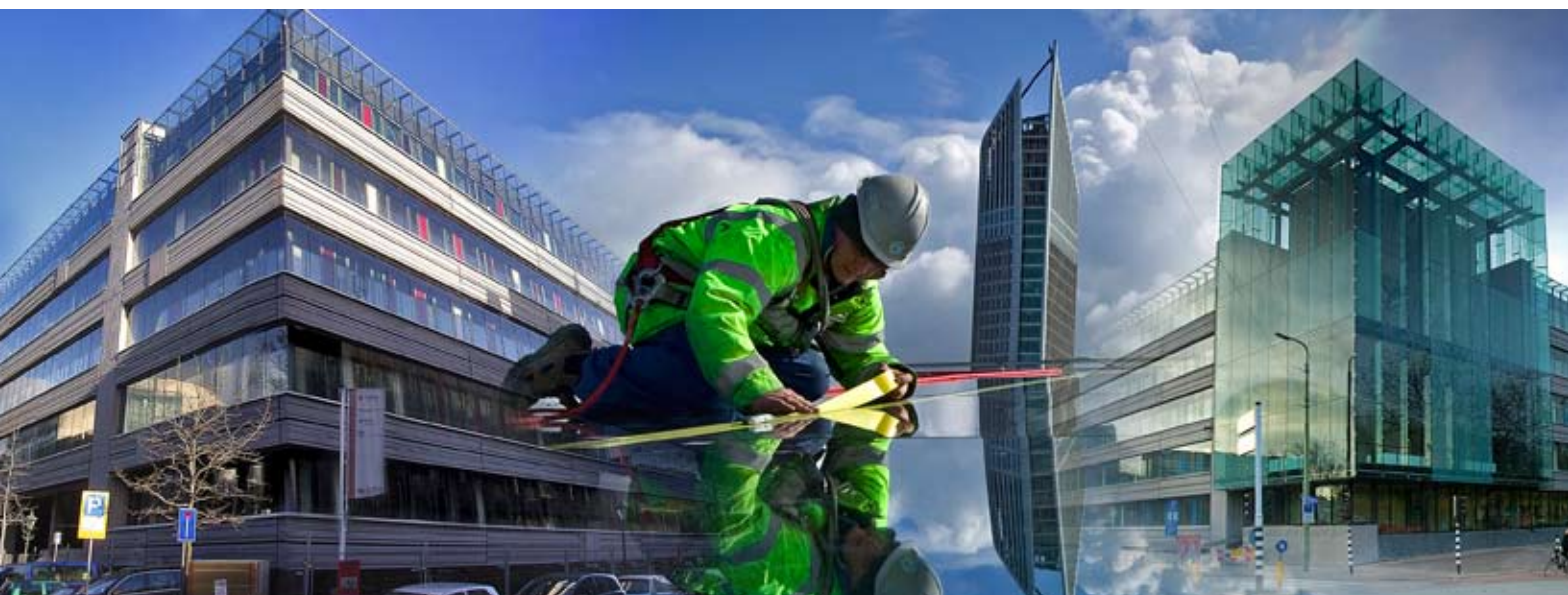
Milestones

Construction of the PPP projects for Information Management Group and the Tax Administration in Groningen (DUO²) and the Kromhout Barracks in Utrecht began in 2008. The mayor of Groningen, Jacques Wallage, performed the groundbreaking ceremony for DUO² in February 2009 and in the same month the project won the 2009 Dutch Construction Award in the integrated design and construction category. Renovation of the Ministry of Finance was completed in December 2008, a month earlier than planned and within budget.

Strukton Integrale Projecten tendered for the Tvärbara City project in 2008, a PPP concession for a light rail link in the public transport system in Stockholm, Sweden. In the Netherlands, it tendered for new infrastructure projects for the A12 Utrecht-Veenendaal and A15 Maasvlakte-Vaanplein motorways and new accommodation projects for the Government Buildings Agency. Strukton Integrale Projecten was also consulted in 2008 on the Mainport South Corridor, which has since become part of the Randstad Urgent and A27 Lunetten-Hooipolder project.

New contract forms still attractive

Clients are increasingly demanding contract forms that encompass aspects of public private partnerships, such as PPP concessions, alliances, DBFMO contracts, projects that combine district and infrastructure development and projects in which ownership and income risks are assumed from the investor or developer. On the other hand, the market for PPP and related contracts needs an impulse, particularly in view of the current uncertainties and caution. The Ruding Committee's report confirms once again that PPP projects create efficiency gains in terms of time and cost savings. The report's conclusions are relevant not only to infrastructure projects but also to other markets in which DBFM(O) is the proven contract form.



Strukton has entered into strategic partnerships with national and international parties for current and forthcoming major projects.



The current situation on the financial markets is no reason to postpone or cancel projects, as testified by developments outside the Netherlands, where it is business as usual and arrangements are in place for project financing. It is therefore vital that the industry and clients together develop appropriate structures for a different allocation of risks between client and contractor. The government could lead the way by marketing PPP projects so that these basic conditions can be met.

Strategic partnering

To retain its leadership in the PPP concession market and establish itself in the European light rail market, Strukton Integrale Projecten has entered into strategic partnerships with national and international parties for current and forthcoming major projects. Thanks to its current positioning in the PPP concession market and its market leadership in government buildings, Strukton Integrale Projecten has firmly anchored itself in the network of institutions that are active in this area. Furthermore, Strukton is seen as an important partner for knowledge development. The company is therefore an attractive strategic partner for others.

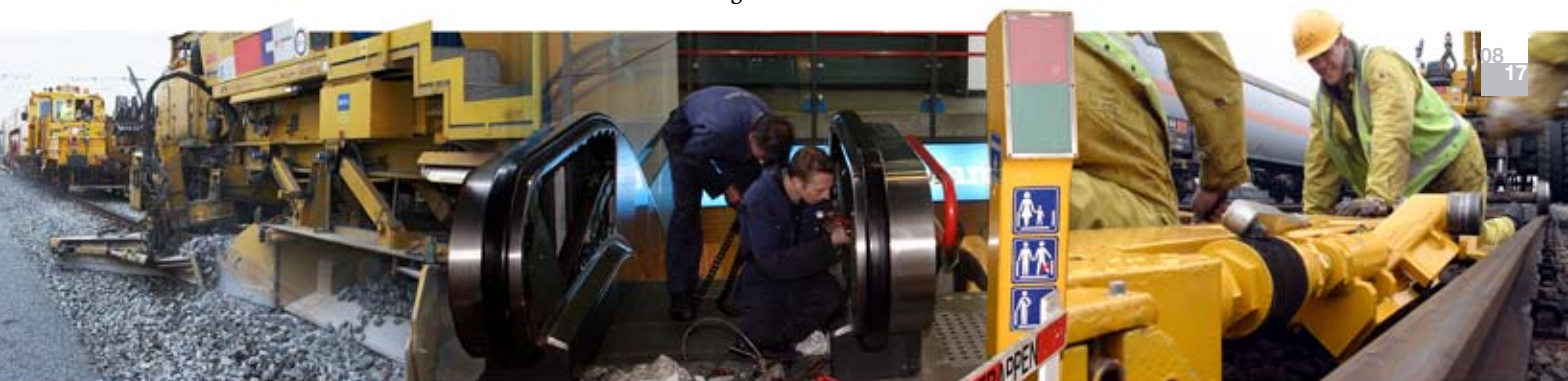
To implement its strategy, Strukton Integrale Projecten has divided the market into segments. Each segment requires a specific focus and strategy. The company is seeking to broaden its position in the market in terms of both the projects it carries out and the number of partners it works with, particularly in office projects. Such growth is possible only if the remuneration for taking part is adequate in all segments. This applies not only to the Directorate-General for Public Works and Water Management but also to other clients. During the year, Strukton called on clients to increase the fees they pay for investments in tenders. As a result, the Government Buildings Agency is now willing to pay a higher and more realistic fee for new tenders. This can be considered a breakthrough.

STRUKTON RAIL had a tough year but came through it well. Revenue was slightly higher than in 2007 but profit was lower. The low volume of projects in the Netherlands and also in Germany placed pressure on margins. As a result, capacity utilisation was low, especially for the large rail renewal equipment. Nevertheless, Rail performed better than the market as a whole, as reflected in its market share.

Rail transport is booming

The volume of projects in the Netherlands first began to fall in 2007. The trend continued in 2008 and will probably persist in 2009. Maintenance work and projects elsewhere in Europe, such as in Norway and Sweden, provided some compensation. The ambitions in Denmark have been lowered owing to the postponement of liberalisation. The German market is in a similar condition to the Dutch market and results were lower than expected. Belgium produced a good result and performance in Italy was better.

Despite the weakness in parts of the market, the outlook and trends remain favourable. Rail transport compares very favourably with road and air transport in terms of energy consumption and emissions. More consideration is being given to these benefits in the Netherlands, Europe and the rest of the world. Europe is encouraging the growth of rail transport through the Trans-European Networks (TEN) programme. The Dutch government has serious growth ambitions for rail transport: passenger transport must grow by 5% per annum and goods transport by 10%. This ambition cannot be realised with the current infrastructure and low contracting volumes.



This places the company at the top of the market where high availability, reliability and safety levels are important.

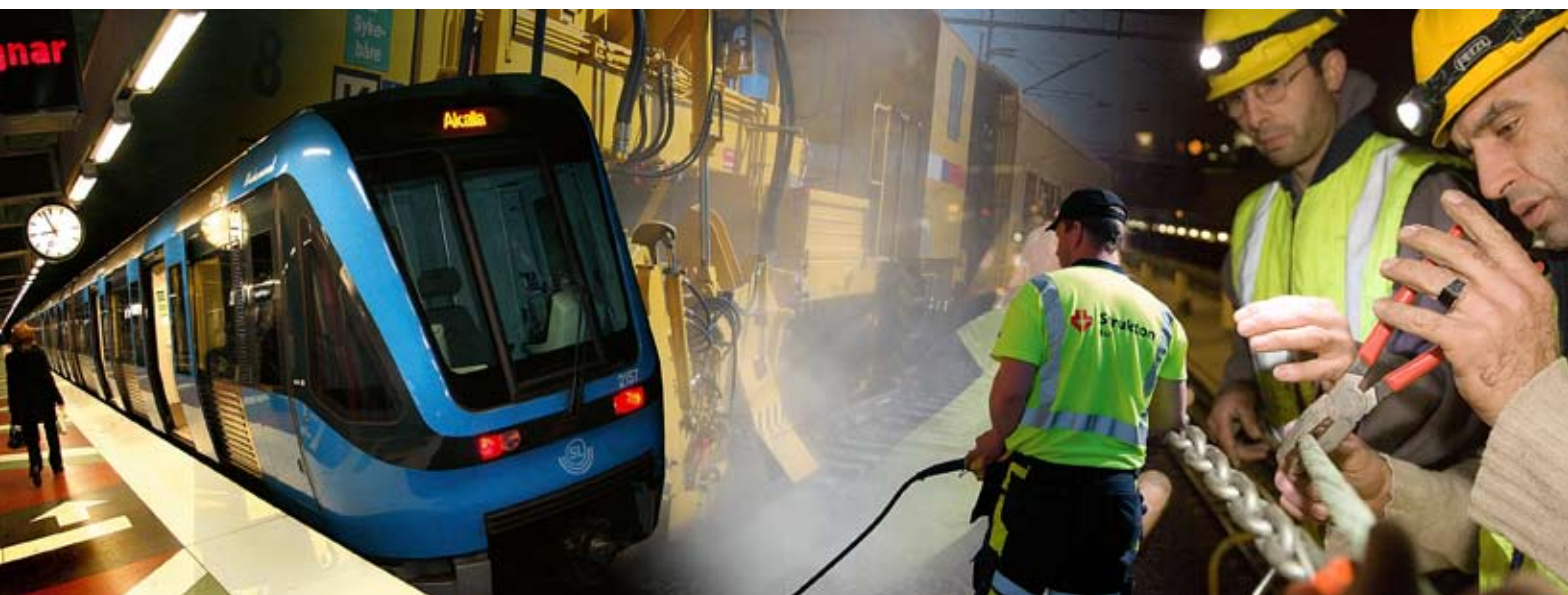
Full service dedicated to full function

Strukton Rail puts safety and reliability before everything else. It works on a line only if it is safe to do so and dedicates its full service to full function, guaranteeing the client 'that everything works'. If a railway line is safe and reliable, Strukton Rail issues an 'in-control statement'. It can do so because the company has the know-how and systems necessary to check every aspect of the line and satisfy itself that it is completely in order. This places the company at the top of the market where high availability, reliability and safety levels are important. Both value added and client appreciation are also the greatest.

International marketing based on core competences

Strukton Rail continued to roll out its European strategy in 2008 and further expanded its core competences (infrastructure, rolling stock, maintenance management, and equipment & logistics). European positions have been enlarged in recent years through the acquisition of small and medium-sized rail companies. They act as an entry point into a country and are then developed into Strukton Rail companies, with the local organisation being complemented with Strukton's best practices. This strategy has been successful in Norway, Sweden, Germany, Belgium and Italy.

Strukton Rail's position in Norway was strengthened in 2008 through the acquisition of all outstanding shares in Betonmast Bane AS. In other European countries, the company is concentrating on the niche measurement and monitoring markets.



The internationalisation of Strukton Rail is most visible in equipment and logistics.



More flexible and efficient

The internationalisation of the rail activities is most visible in equipment and logistics. The international logistics team has been awarded transport certificates in several European countries and may now transport its own equipment. This and the development of a uniform logistics process make the organisation more flexible and efficient. Consulting & Engineering supports the country organisations and Strukton Rail units with engineering, know-how and advice, for example in the fields of data capture for maintenance management, rolling stock, innovation, marketing and recognition.

Technology sells

In August 2008 Strukton Rail won an order from Network Rail in the UK to deliver a monitoring system for all the 600 or so main points on the West Coast Main Line. It delivered the POSS Preventive Maintenance and Failure Diagnosis System, a system developed in-house to measure the condition of rail infrastructure for the rail provider. This is the largest foreign order to date for POSS. Worldwide, the system currently monitors several thousand rail assets in eight European countries and Australia.

Another interesting development is the continued move away from data capture towards rolling stock. In the Netherlands Strukton Rail won an order to monitor the condition of NedTrain's rolling stock and talks are being held with SNCF in France on a POSS pilot project and on video monitoring.

Technological developments

To minimise the manual work required to inspect overhead wires, an overhead wire inspection system is being developed. Another new development is the ultrasonic detection of extremely small cracks at such an early stage that they can be polished to extend the life of the rail.

STRUKTON CIVIEL can look back on a very good year, one in which revenue was 25% higher than expected and a high quality profit was earned. The order book was good and a number of large projects were completed with a good return.

Organic growth

Strukton Civiel's growth in 2008 was entirely organic with the exception of the acquisition of Grondbank Nederland from Dutch Railways (NS). This acquisition has extended the company's position in the supply chain. It enables Strukton to manage its many soil flows, from contaminated soil to ballast material produced by Strukton Rail that can be re-used in advanced applications such as road building.

Strukton Civiel's strategy is directed at acquiring complex projects, extending and broadening its position in the infrastructure chain and innovating contract forms that facilitate integrated solutions, such as alliance contracts and PPP concession contracts. The aim is to be big enough to operate at the top of the market and qualify independently or with a limited number of partners for all major infrastructure works in the Netherlands. Civil's own consultancy firm, Strukton Engineering, plays an important role in the design process for large integrated contracts and its own initiatives.

Strukton Civiel wants to stand out for the widest possible range of services ...



Specialisation and collaboration

All Strukton Civiel's business units made a positive contribution to the overall return thanks to their specialisations and regional activities. Reef Infra played a key role in the successful completion in record time of the Holland Bridge project. Strukton subsidiary Mergor, a specialist in immersion techniques, successfully immersed a tunnel under the River Shannon in Limerick, Ireland, and the Korea project is progressing on schedule. Foundation specialist Terracon won a large pile-driving engagement for the new RWE power station at Eemshaven. Together with Construction & Property, Strukton Civiel is working on several large combined projects such as the town hall and bus station in Zaanstad and the enlargement of Groningen University. Together with all the other Strukton operating companies, Strukton Civiel is working on key projects around the main stations in the Netherlands. At the end of 2008 it started to prepare of a tender with Strukton Rail for the complex Arnhem Rails project. Of the many smaller newly-won projects, one of Reef's is the most eye-catching: the A1/A35 motorway to the German border.

Increase in alliance contracts

In the past two years there has been a trend towards larger, integrated long-term contracts, often in new tendering and contract forms. By definition, such complex projects and all-encompassing contracts entail risks. Strukton Civiel has anticipated them in the design of its organisation. Lines of communication are short and projects are strictly steered by means of contract management, deviation management, cost control and risk management. Several new alliance contracts were concluded in 2008, including one for the entrance to Oosterdok Island in Amsterdam with a hotel and car park under the entire development. This is expected to be a stepping stone to more engagements in this area.



... corporate social responsibility is an integral part of the strategy.



The future

Strukton Civiel's order book consists almost entirely of work for the public sector. The company is therefore less exposed to the consequences of the financial crisis. It even provides opportunities because the government is currently making additional investments in the infrastructure. The Ministry of Transport, Public Works and Water Management wants to bring forward many projects and the Directorate-General for Public Works and Water Management wants to remove as many hindrances as possible. This will strengthen the government's openness to alliance contracts and other innovative forms of collaboration and provide the best framework to develop and execute the best solutions as efficiently as possible within the available budget.

Strategically, priority is being given to regional road maintenance and expansion in the supply chain in order to minimise inconvenience to road users, a criterion that is growing in importance to win contracts. The Directorate-General and local authorities seem to be encouraging contractors to manage road works so as to improve traffic flows and road safety in preference to building roads and structures. Strukton welcomes this trend.

At the beginning of 2008 **STRUKTON BOUW & VASTGOED** thought it would close the year in the black. The Back on Track programme, however, did not make sufficient progress and results on some projects were disappointing. Furthermore, the favourable economic tide turned in the summer. Revenue was lower than budgeted and overhead costs could not be covered. The inevitable result was a loss.

A year of two halves

The first half of 2008 went well. The signs were favourable: a well filled order book, good work in hand and promising projects to be won. Some of the projects that had been taken on in 2005/2006, however, could only be completed with difficulty. One of the causes was that clients thought they could force solutions through litigation, which always increases costs. With the contraction of the construction industry after the summer as a result of the credit crunch, several engagements were delayed and the outlook deteriorated further. Results on the construction projects that did proceed well and the excellent results of the Property Development department unfortunately did not provide sufficient compensation.

Work began on a number of high quality projects during the year ...



Good quality order book

In relation to its revenue for the year, Strukton Bouw & Vastgoed grew too quickly in 2008 but it did create a solid platform for revenue in 2009 and 2010. Despite the well filled order book, caution should be exercised regarding revenue forecasts and the organisation will be adapted.

Execution of several high quality projects began during the year, including three large PPP projects and the Jeroen Bosch Hospital in 's-Hertogenbosch. As well as in general construction, Strukton Bouw & Vastgoed is strong in the utilitarian housing market, in which housing forms part of a greater complex with, for example, parking and retail outlets. These markets are still in reasonable shape and the government and care markets are promising. The company is therefore in the relatively luxurious position of having an order book that is reasonably well filled with high quality projects, some of which are likely to result in follow-up engagements.

Embedding ambition

Strukton Bouw & Vastgoed put its ambition of marketing a total lifecycle approach into practice by means of concrete projects during the year. It also invested a great deal of time and energy in embedding this approach in the organisation. The Back on Track programme launched in 2007 to strengthen the organisation through project management was continued in 2008. Four themes were highlighted: project central, contract management, discipline and accountability. This must embed procedures that have already been adopted in the day-to-day operations so that a critical and alert stance is taken to all phases of a project.



... the order book is well filled with the PPP projects won in 2008.



Sharing knowledge

A centre was set up in 2008 to bundle know-how, experience and expertise and integrate their use for the benefit of the projects and regional companies. Construction & Property is increasingly working with other Strukton companies to carry out projects and develop its know-how and market approach. Knowledge is shared about total lifecycles and long-term maintenance contracts (Strukton Worksphere), tendering for rail-related projects (Strukton Rail) and risk management (Strukton Civiel). Strukton Integrale Projecten is a partner in PPP projects and in property development projects.

Milestones

Strukton Bouw & Vastgoed started to execute three PPP projects in 2008: an office complex for the Information Management Group and Tax Administration in Groningen, the Kromhout Barracks and the Rotterdam Detention Centre. Sales have started for the Nieuwe Voorstad project in Nijmegen. Large projects delivered during the year were the Maasland Hospital in Sittard-Geleen, the Vlietland Hospital in Schiedam and the renovation of the Ministry of Finance in The Hague. In October, Strukton Bouw & Vastgoed received the 2008 National Steel Award in the industrial construction category for the rolling stock concourse it built for NedTrain in Haarlem in 2006-2008.

Property Development turned in good results for the year. The Groningen Peizerhoven housing project started at the beginning of the previous year is now nearing completion and a number of new land positions have been taken. The Construction & Maintenance department performed excellently. There is a lot of work in the market and by generating multi-year maintenance contracts, Construction & Maintenance reduces volatility in capacity utilisation. A multi-year national contract was signed with an organisation that operates day nurseries and promising contacts have been forged with some large manufacturing companies.

2008 was a good year for STRUKTON WORKSPHERE. Revenue increased by 10% and the profit for the year was considerably higher. The profit was achieved through the increase in scale, improved project management, greater operational efficiency and volume growth.

One company

Strukton WorkspHERE concentrated on improving its results in the past year. Amalgamating a number of locations created more critical mass. A large proportion of the technology has been decentralised but management is still central (national). Operational efficiency improved to such an extent that the number of billable hours was considerably higher and the volume of activity increased. The strategy of national management and local execution is backed up by a single ICT system for the entire company, which also reflects the philosophy that Strukton WorkspHERE is a single company with a single face to clients, who receive the same quality wherever they are.

... the company wants to contribute to a safe and pleasant working and living environment in which the use of energy reflects our social responsibility.



Synergy works

Strukton WorkspHERE adhered to its philosophy and strategy of contributing to a safe and pleasant working and living environment in which the use of energy reflects our social responsibility. Its primary aim was productivity. As a maintenance specialist, Strukton WorkspHERE was involved in the tendering phase for several PPP projects. These projects make only a limited contribution to revenue during the tendering phase but subsequently produce maintenance and management work for tens of years. In 2008 Strukton WorkspHERE performed all the technical engineering for these PPP projects.

In all other projects that rely on technology, the company works with Strukton Civiel and Strukton Bouw & Vastgoed to make the most effective contribution possible to general construction work based on the total lifecycle philosophy. A healthy number of new contracts were signed during the year and partnerships were entered into with major manufacturers such as Siemens. The order book for 2009 is well filled.

Binding people through coaching

Strukton WorkspHERE's achievements in the field of human resources were also very important in 2008. The provision of common, specific and targeted courses and development programmes is one of the characteristics of the one company, one system concept. An entirely new approach was taken in 2008 and a wide range of programmes was developed. As a growing organisation in a tight labour market, Strukton WorkspHERE has suffered from a high rate of staff turnover. This problem has been systematically and successfully addressed and turned around through investment in coaching new people. In the past, many new members of staff left within two years. To stop this trend, a special introduction programme has been developed to coach people systematically during their induction period. Since career opportunities are also an



... studies indicate that some 30% of the maintenance market will be outsourced.



important factor in retaining people, a job matrix has been developed to set out career paths more clearly than in the past and staff will have the opportunity to develop themselves in management positions or specialise in their own disciplines. Some 280 members of staff were promoted internally in 2008.

A course has been developed to offer middle managers targeted education and a recognised diploma at intermediate or higher vocational level. The first groups took such a course in 2008 and a further three are planned for 2009. Surveys show that staff satisfaction at Strukton Worksphere does not differ from the industry average. On balance the number of employees increased by 35 during the year and staff turnover declined in the second half. The acquisition of Dalkia with 110 employees was announced at the end of 2008. In one stroke, this transaction filled 30% of the open vacancies and several of our locations were able to bring forward their plans.

Market continuing to grow

Studies indicate that some 30% of the maintenance market will be outsourced. This trend will continue in both the technical services and the total facility management sectors and market volume will increase. To benefit from this and the growth in management activities on PPP projects, a separate Management business unit was set up on 1 January. It will use the business units' locations to supply technical know-how, expertise and experience. The new unit's core task will be to act as manager/operator. Thorough knowledge of facility management in combination with the technical know-how necessary to secure the client's core processes determines whether a company can stand out as a manager. The people who work at the Management business unit are therefore capable of resolving business problems. A new Product Management department will be set up in 2009 for the structured application of new products developed by manufacturers in the current field of operations. A budget has been earmarked for the unit to concentrate on energy and comfort. Strukton Worksphere will continue to invest in training and its strategy of retaining good people. The company also wants to retain the high level of client focus it achieved in 2008, for which its clients rewarded it with a score of 8.5.

CORPORATE GOVERNANCE Sound business practices, integrity, respect, supervision, transparent reporting and accountability are the pillars of Strukton's corporate governance policy. For Strukton, corporate governance is determined by legislation, case law and codes of best practice in the countries in which it operates. Strukton voluntarily observes the Dutch Corporate Governance Code prepared by the Tabaksblat Committee for companies listed in the Netherlands even though a number of points are not directly applicable to it. Strukton Groep NV is a limited company incorporated under Dutch law. It is managed by the Group Management Board and supervised by the Supervisory Board. All the shares in Strukton Groep NV are held by NS Groep NV.

Governance

ORGANISATION OF THE COMPANY

Management

The Group Management Board has final responsibility for the entire company. It is responsible for management of the company. It formulates and sets the vision and the associated mission, strategy and goals. The business units' management teams are responsible for the formulation and implementation of their operating companies' strategies. The business units' managers are also responsible for management and day-to-day decisions at the business units. The directors of the business units and the Group Management Board together form the Group Council. The Group Council prepares policy and advises the Group Management Board.

The Group Management Board is responsible for the transparent management of the company. To this end, management regulations have been drawn up and approved by the Supervisory Board. The Group Management Board conducts its tasks in the interests of the company. The Group Management Board provides the Supervisory Board with the information and resources it needs to carry out its task correctly on a timely basis. The Group Management Board reports on the results for the past year once a year at the annual general meeting.

Supervisory Board

The Supervisory Board is responsible for supervising the Group Management Board, the policy conducted and general matters within the company and the companies associated with it. It also advises the Group Management Board. The Supervisory Board's performance is laid down in the regulations drawn up for the Supervisory Board.

The Supervisory Board evaluates the strategy and the related organisational structure and results. Responsibility for the correct conduct of its tasks lies with the Supervisory Board as a whole. The Supervisory Board conducts its tasks in the company's interests and to that end takes all the company's interests into account. The Supervisory Board is responsible for the quality of its own performance. The Supervisory Board reports to the shareholder once a year on the supervision it conducted during the previous year.

Relation with external stakeholders

In keeping with the company's importance and position, Strukton regularly publishes its results and announces important events by means of press releases and publications on its website.

Appointment and remuneration of the Group Management Board

The members of Strukton's Group Management Board are appointed by the shareholder. Mr ten Wolde was appointed interim chairman in November 2008. In derogation from the Corporate Governance Code, Mr Steenvoorden was appointed for an indefinite period of time and his service agreement will be respected. The shareholder sets the remuneration of the members of the Group Management Board after receiving the advice of the Supervisory Board.

Appointment, expertise and composition of the Supervisory Board

The Supervisory Board is appointed by the annual general meeting after consultation with the Central Works Council. The company has a Supervisory Board, the number of members being set by the annual general meeting. The following are

taken into consideration when deciding upon the number of members:

- the size of the company;
- the composition of the company's portfolio of activities.

The Supervisory Board currently has three members. No special committees have been appointed. Strukton satisfies the provision of the Corporate Governance Code requiring all Supervisory Directors, with the exception of one at most, to be independent. By virtue of his position as member of the general management board of NS Groep NV (shareholder), Mr M. Niggebrugge does not qualify as an independent Supervisory Board member within the meaning of the Corporate Governance Code.

The Supervisory Board periodically evaluates the profile drawn up for it. In accordance with the Supervisory Board's profile and regulations, a Supervisory Board member may be appointed for a maximum of three terms of four years each. Upon reappointment, the performance of the Supervisory Board member concerned is evaluated.

The Articles of Association and the Supervisory Board regulations also lay down that members must periodically stand down in accordance with a retirement schedule set by the Supervisory Board. The chairman is responsible for the correct performance of the Supervisory Board. The chairman also organises the introduction and training programme for the members and initiates evaluations of the performance of the Supervisory Board and the Group Management Board. The chairman of the Supervisory Board may not be a former member of the Group Management Board.

Conflicts of interest/transactions with associated parties

The Supervisory Board is responsible for resolving any conflicts of interest between members of the Group Management Board, members of the Supervisory Board and the external auditor on the one hand and the company on the other. All decisions to enter into a transaction that might entail a conflict of interest with a member of the Group Management Board or of the Supervisory Board that is of material importance to the company and/or the member of the Group Management Board concerned will require the approval of the Supervisory Board. Members of the Group Management Board and of the Supervisory Board will immediately inform the chairman of the Supervisory Board (and the other members of the Group Management Board where a member of the Group Management Board is concerned) of any conflict of interest or potential conflict of interest of importance to the company and/or the members themselves and will provide all relevant information. Transactions with the shareholder are limited and are conducted on arm's length conditions.

External auditor

The external auditor is appointed by the annual general meeting. The Supervisory Board is directly responsible for supervising the work of the external auditor. Together with the Group Management Board, the Supervisory Board evaluates the performance of the external auditor once every four years. The annual general meeting is informed of its conclusions. The external auditor attends meetings of the Supervisory Board that consider the external auditor's report on the audit of the financial statements and the adoption of the financial statements. The external auditor also attends the meeting of the Supervisory Board that considers the half-year results. The Group Management Board and the Supervisory Board took measures several years ago to ensure the auditor's objectivity and independence by restricting the other engagements awarded to it.

Regulations

Strukton has several sets of regulations regarding the performance of the various bodies and the rules applicable within Strukton. Information on the various bodies, regulations and the code of conduct applicable to the employees of Strukton can be found on the website www.strukton.com under 'Corporate Governance'. The regulations are reviewed from time to time and amended where necessary.

The regulations are:

- Articles of Association of Strukton Groep NV
- Code of conduct
- Procedures for dealing with suspected unethical conduct ('whistleblower scheme')
- Personal particulars of the Group Management Board members

The following have also been placed on the website:

- Profile of the Supervisory Board members
- Retirement schedule for the Supervisory Board members
- Personal particulars of the Supervisory Board members
- Regulations of the Supervisory Board

Like other companies, Strukton faces a range of commercial, operational and financial risks that are inherent in its operations. The company mitigates these risks through its focused market approach, flat organisational structure and strong emphasis on cooperation with clients and suppliers and among the Strukton companies.

Risk management

Strategic risk management

Risks arising from the company's strategy are systematically identified and addressed. To identify and eliminate duplications, inconsistencies and gaps in existing risk management activities and internal controls, use is made of the COSO framework (Committee of Sponsoring Organizations of the Treadway Commission). Certain risks were again analysed during the past year and the main ones were evaluated. The main business risks facing Strukton in relation to its agreed strategic objectives are:

Safety

This concerns the risk of operating activities leading to accidents, bodily injury, loss of reputation or being carried out in breach of health and safety regulations. From a technical point of view, Strukton's safety precautions comply in full with the highest standards. All parts of the company are ISO certified. In addition, the major business units have been awarded the VCA safety, health and environmental checklist certificate for construction companies. The quality, health & safety and environmental (KAM) systems are accessible to all employees. Externally accredited and certified institutions regularly audit these systems. Prevention has highest priority, and the safety policy considers human conduct as a risk factor (awareness). This risk is reduced to a minimum through careful planning and preparation, analyses of near-accidents and toolbox meetings.

PROJECT MANAGEMENT

Strukton usually carries out work for third parties on a project basis. The complexity and extent of the work and hence of the size of the engagement can vary substantially. Depending in part on the form of contract, inaccurate estimates can lead to losses and negative cash flows. As part of its project monitoring procedures, Strukton has been using an advanced system for several years to identify and quantify risks. Using this model, the Group Management Board regularly assesses the company's risk profile.

LABOUR MARKET AND STAFF COMPETENCES

To operate successfully, Strukton needs to have enough people with the right competences. The shortage on the labour market is a growing risk for the recruitment and retention of the right numbers of the right people. Strukton therefore invests in its position as preferred employer, especially in the creation of an attractive working environment in which people have an opportunity to develop their talents to the full.

CREDIT CRUNCH AND RECESSION

The financial sector is not expected to show signs of recovery in 2009. The consequences of the credit crunch and the recession will become more marked in 2009. Companies will invest less and reduce surplus credit positions. Strukton expects clients, especially private clients, to be exceedingly cautious and engagements to be cancelled. The order book, however, currently consists predominantly of engagements won from the public sector. We are keeping a very close eye on developments in the order book and the level of activity in relation to the size of the organisation so that appropriate measures can be taken in good time. Additional vigilance is required with regard to the solvency position where there are payment risks, for which additional security is regularly requested, and the transfer of risks in the supply chain to subcontractors and suppliers. To reduce its exposure to cyclical fluctuations, Strukton seeks a situation in which long-term and repeat engagements form a substantial proportion of its revenue.

CLIENT WISHES

Strukton depends on projects put out to tender by public and semi-public authorities for a large proportion of its revenue. Delays in political decision-making and adjustments in the investment budgets of public authorities influence the number of projects put out to tender. To create broad public support, Strukton's preparations pay a great deal of attention to providing public information and advice.

CAPACITY UTILISATION

Strukton is a capital-intensive company that manages a large, specialised equipment fleet, particularly in the field of rail infrastructure. Most of the equipment is owned by Strukton. The associated costs are depreciated over the useful life of the equipment. If Strukton is unable to use the equipment profitably, there is no immediate cash outflow but there is a negative impact on the result. In addition, a large proportion of Strukton's staff are employed on a permanent basis. If staff cannot be deployed on projects at profitable rates, for example because there is insufficient work, this has a negative impact on the company's profitability and cash flow. Strukton Rail compensates for this through international expansion in the European market and by deploying equipment and staff internationally. The strategy of international expansion entails cooperation with local partners.

In a number of cases, major capital investments are shared with partners. Moreover, Strukton limits the risk of underutilisation through its policy of continuously increasing the proportion of non-project-related activities. This strategy is also reflected in the lifecycle approach adopted at all Strukton companies.

Internal control systems

The Group Management Board is responsible for the company's internal risk management and control system and for evaluation of the system's effectiveness. Strukton has an internal control system to manage the risks associated with the operations and the achievement of corporate goals, to monitor the effectiveness and efficiency of business processes and the consistency of accounting processes. The risk management framework is implemented throughout the group. Responsibility for the control system lies primarily with the business units themselves. Risk assessments are an integral part of the company's annual planning and control cycle, which is discussed annually with the Supervisory Board.

The risk management and control system for financial reporting purposes is based on the Strukton code of conduct; clear accounting rules are laid down in the Strukton Reporting Manual and in the standard reporting structure. The external auditor's activities are carried on with a view to issuing a report on the financial statements each year. The external auditor is appointed by the shareholder and reports to the Supervisory Board. The activities required for the auditor's report are agreed in consultation with the Group Management Board and are extended to cover specific risks, business processes or locations that the Supervisory Board or Group Management Board believes require more detailed work. Recommendations arising from the external audit are reported at every level to and are followed up by the Group Management Board. The Group Management Board reports thereon to the Supervisory Board.

Risk management framework

The risk management framework includes the code of conduct, the Group Management Board regulations, the power of representation, the planning and control cycle and the reports thereon.

Code of conduct

The code of conduct is posted on the Strukton website. The code of conduct was recently revised and distributed to all members of staff. The code of conduct includes the whistleblower scheme. The whistleblower scheme enables members of staff to report suspected irregularities within the company to a counsellor, the Group Management Board or the Supervisory Board.

Regulations of the Group Management Board and power of representation

Regulations are in place for the Group Management Board and the managers of the business units. In addition to provisions on tasks, responsibilities and approval procedures, they include provisions on the power of representation. Each member of the Group Management Board has personal power of representation, including the power to sign documents, as do officers designated by the Group Management Board, with due regard for the restrictions lodged with the Chamber of Commerce.

Reporting structure

The reporting structure within Strukton agrees with the management structure at the individual business units. Responsibility for implementing and ensuring the effectiveness of controls lies with the Group Management Board. The success of the controls is measured by means of self-assessment by the managers of the business units and by regular assessment of the adequacy of the internal control system by means of exception analysis.

Conclusion

In the light of the systems described above, the frameworks put in place and the associated reporting structure, in our opinion the risk management and control system is adequate and operated correctly during the year. The Group Management Board is also of the opinion that the financial statements do not include any material inaccuracies. There are no indications at present that the risk management and control system will not operate correctly in 2009.

Utrecht, 3 March 2009

The Group Management Board

Durk ten Wolde, interim chairman
Raymond Steenvoorden

We are pleased to present the 2008 financial statements of Strukton Group as prepared by the Group Management Board. The financial statements were audited by the external auditor, KPMG Accountants NV. The unqualified auditor's report is reproduced on page 86. The financial statements were discussed with the Group Management Board in the presence of the external auditor. Based on this meeting, we have concluded that the financial statements form a sound basis for our Board's accountability for the supervision it conducted during the year. We recommend that the shareholder adopt the 2008 financial statements and approve the proposal to declare a dividend for 2008 of EUR 6 million (payout ratio of approximately 40%) and to add the remaining amount of EUR 8.3 million to general reserves. We propose that you endorse the Group Management Board's management in the past year and the Supervisory Board's supervision thereof.

Report of the Supervisory Board

Composition of the Group Management Board and the Supervisory Board

There were no changes in the composition of the Supervisory Board of Strukton Groep NV in 2008. Strukton's profile and disciplines are clearly reflected in the composition of the Supervisory Board. The Supervisory Board has three members, two of whom are independent within the meaning of the Corporate Governance Code. Particulars on each member of the Supervisory Board are given on page 32 of this annual report. A fixed item on the annual agenda is the evaluation of the Supervisory Board's profile and regulations. Both have been updated and published on the Strukton website. Given the current size of the Supervisory Board, the Supervisory Board has decided to exercise its tasks collectively and not to appoint special committees.

After chairing the Group Management Board for ten years, Mr G.A. Witzel left the company at his own request on 1 August 2008 in order to seek a new challenge. The company is exceedingly grateful to Mr Witzel for his contribution to its growth in recent years. The Supervisory Board expresses its appreciation.

Mr R.T.A. Steenvoorden RA acted as Strukton Group's 'temporary director' since that date in accordance with article 18 (4) of the Articles of Association. Mr C.A. de Ruyter was appointed as of the same date as delegated supervisory director to support Strukton's Group Management Board. In view of the size and complexity of the company, the Supervisory Board found it advisable to increase the membership of the Group Management Board to two persons. Mr D. ten Wolde was accordingly appointed interim chairman as of 17 November. Mr A.C. de Ruyter stood down as delegated supervisory director as of the same date.

Results and strategy

Strukton Rail had to contend with both a considerable fall in the volume of activity in the important Dutch rail renewal market and the current credit crunch in 2008. In addition, foreign rail activities made an inadequate contribution to the result. The Supervisory Board requested, and received, clarification and is of the opinion that the policy for these activities should be tightened up in order to restore the profitability of these activities.

Despite the implementation of the Back on Track programme, Construction & Property's result for the year was again disappointing. Extensive talks on Construction & Property's loss were held with management. Apart from a series of loss-making engagements, this business unit was affected chiefly by delays and postponements on a number of projects. This, in combination with rising cost levels, meant fixed costs could no longer be covered. The action plan discussed with management should return the construction company to profit again in 2009. In spite of these developments, Strukton's operating profit for the year was more than 20% higher than that for 2007. Despite the tight financing market, Strukton was able to bring three PPP contracts to financial close in 2008. This adds to the good prospects for 2009 and subsequent years. Civil construction operations again developed strongly and Worksphere showed a sharp rise in its results.

The Supervisory Board has established that the strategy is being implemented consistently.

Strukton is in good shape. At the end of 2008, the order book was worth EU 1.6 billion and its composition is particularly satisfying with some 75% consisting of orders for the public sector. This, in combination with the way in which the company is financed and its success in moving away from project-related activities towards more long-term service and maintenance activities, underpins our confidence in the future.

Supervision and consultation

The Supervisory Board and the Group Management Board met on eight occasions during the year. All supervisory directors were present at virtually all the meetings. In the exercise of the Supervisory Board's supervisory tasks, the regular meetings considered the general course of affairs, the development of the result, the impact of the credit crunch and the emerging recession, general cost levels and corporate governance. In respect of good governance, the tenders for the large and complex projects were discussed with the Group Management Board. Particular attention was paid during the year to a variety of acquisition and international expansion opportunities. The acquisition of all the shares in Grondbank Nederland (soil supplier) and the amalgamation of Strukton Rail in Norway with Betonmast Bane, in which the initial 66% interest was increased to 100% later in the year, were discussed with the Group Management Board. The Supervisory Board consulted the external auditor to discuss its audit findings.

Several informal meetings were held among the supervisory directors themselves. The performance of the Group Management Board, the Supervisory Board and individual members was discussed at a meeting not attended by the Group Management Board. As is customary, there was frequent contact between the chairman of the Supervisory Board and the chairman of the Group Management Board. During his appointment as delegated supervisory director, there was frequent contact between Mr C.A. de Ruyter and the Group Management Board.

The Supervisory Board was represented at two meetings of the Central Works Council during the year. The managing directors of a number of operating companies also gave detailed presentations to explain the strategy and performance to the Supervisory Board.

There were no conflicts of interest within the meaning of the Dutch Corporate Governance Code during the year. Revenue for the year from the shareholder and its business units amounted to EUR 28 million (2007: EUR 49 million), with prices being set on applicable market conditions.

Reappointments

In accordance with the retirement schedule, Messrs den Besten and Niggebrugge will stand down at the next annual general meeting. Both gentlemen have announced that they are willing to be reappointed for a further period of four years.

In the light of his broad managerial experience and familiarity with the public sector in general and infrastructure in particular and his valuable contribution to the Supervisory Board, we propose that Mr den Besten be reappointed to the Supervisory Board. Mr den Besten qualifies as an independent supervisory director within the meaning of the Dutch Corporate Governance Code.

In the light of his substantial managerial experience and his knowledge of financial and legal affairs and the way in which he has chaired the Supervisory Board in recent years, we propose that Mr Niggebrugge be reappointed to the Supervisory Board and that he continue his chairmanship.

The proposed reappointments have been placed on the agenda for the annual general meeting to be held on 10 March 2009.

Mr de Ruyter's term of office will end at the annual general meeting in 2011.

Supported by its strong reputation and a series of clear and distinctive core values, Strukton again consistently implemented its strategy in 2008. We have every confidence that the company is in good condition to rise to the challenges of the future. This is due entirely to the dedication of the management and staff. Our appreciation is great.

Utrecht, 3 MARCH 2009

M. Niggebrugge, chairman
R. den Besten
C.A. de Ruyter

GROUP MANAGEMENT BOARD

Durk ten Wolde (1944)

Interim chairman of the Group Management Board

Raymond T.A. Steenvoorden RA (1964)

Group Management Board

Nationality
Dutch

Nationality
Dutch

Joined Strukton
November 2008

Joined Strukton
2002

External position
Associate Boer & Croon Executive Managers

External positions
Supervisory Board member, Energy Capital Partners,
Board member FINEM (financial and economic
management association)

Previous positions
ABB Lummus Global Europe,
Royal Dutch Shell Groep,
Westinghouse Nuclear Energy,
TU Delft

Previous positions
Ernst & Young Accountants,
Ballast Nedam,
Independent consultant in the United Kingdom

Composition of the Group Management Board and the Supervisory Board

08
32

SUPERVISORY BOARD

M. Niggebrugge (1950)

Chairman of the Supervisory Board

Drs. R. den Besten (1940)

Ir. C.A. de Ruyter (1943)

Nationality
Dutch

Nationality
Dutch

Nationality
Dutch

First appointment
2001

First appointment
2001

First appointment
1999

Current position
Managing Board member N.V. Nederlandse
Spoorwegen

Supervisory directorships/
other positions
NH Hoteles (chairman),
Stena Line Holland
Supervisory Board member,
Netherlands Maritime Museum

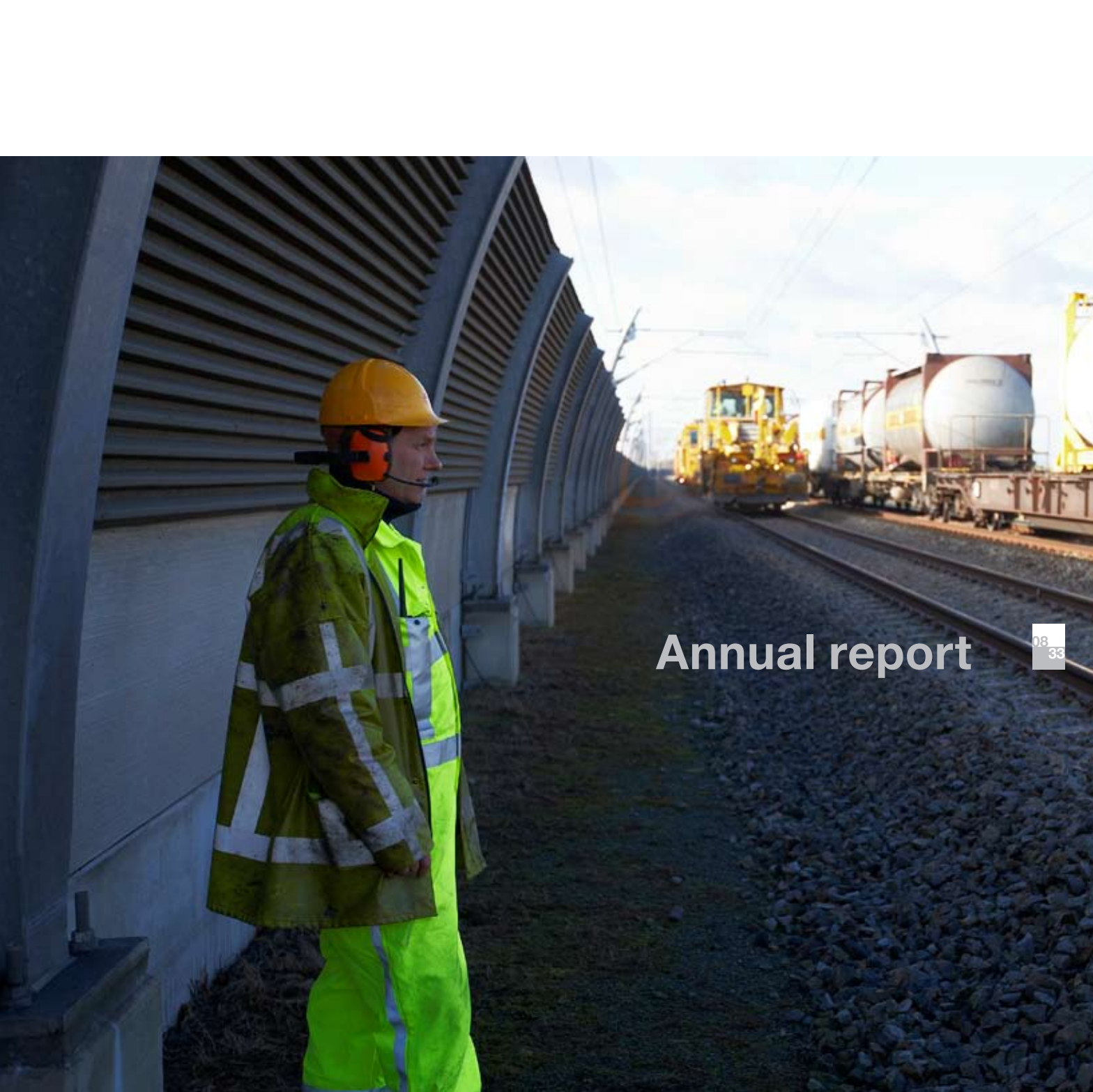
Supervisory directorships/
other positions
Non-executive director Medanito Groep
(oil, gas, wood) (Argentina),
Non-executive director
Het Grote Wiel Ltd. (UK),
Supervisory Board president,
TST GmbH (Duitsland),
Supervisory Board member,
Sunergy Invesco BV,
Supervisory Board member,
Design on Stock BV

Supervisory directorships/
other positions
Koninklijke Boskalis Westminster N.V.,
Eurofima Zwitserland (president),
Executive Board member VNO-NCW,
Supervisory Board member, Diakonessenhuis

Previous positions
Management Board chairman,
NV Nederlandse Spoorwegen,
President & CEO, NV
Luchthaven Schiphol,
Non-executive Director
Network Rail Ltd. (UK)

Previous positions
General director, NBM,
President Kvaerner
Chemicals and Polymers
(Engineering and Constructors) UK Ltd,
Executive Board chairman, IHC Caland,
Managing Director Nacap UK

Previous positions
Royal Dutch Shell Groep



Annual report

08
33

Financial Statements

page	
35	Consolidated balance sheet
36	Consolidated income statement
37	Consolidated statement of total recognised income and expense
38	Consolidated cash flow statement
39	Notes to the consolidated financial statements
39	- Accounting policies
48	- Significant estimates and assumptions in the consolidated financial statements
50	- Financial risk management
51	1. Property, plant and equipment
52	2. Intangible assets
54	3. Investment property
55	4. Associates (equity accounted investees)
55	5. Other investments
56	6. Deferred tax assets and liabilities
57	7. Inventories
57	8. Trade and other receivables
57	9. Construction work in progress
57	10. Cash and cash equivalents
58	11. Capital and reserves
59	12. Subordinated loans
59	13. Loans and borrowings
60	14. Provisions
62	15. Trade and other payables
63	16. Revenue
63	17. Cost of raw materials, equipment and outsourced work
63	18. Personnel expenses
63	19. Other operating expenses
64	20. Financial income and expense
64	21. Income tax expense
65	22. Workforce
65	23. Financial instruments
70	24. Cash flow statement
70	25. Off-balance sheet commitments and security provided
71	26. Related party transactions
71	27. Subsequent events
72	28. Services for concessions and PPP
72	29. Assets and liabilities held for sale
72	30. Acquisitions
76	31. Joint ventures
77	32. Summary of most important group companies and joint ventures
79	Company balance sheet
80	Company income statement
81	Notes to the company financial statements
85	Other information
86	- Auditor's report

Consolidated statement of cash flows

(x EUR 1,000)

	Notes	08	07
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before income tax		23,253	21,491
Income tax expense		8,988	6,181
		14,265	15,310
Depreciation, amortization and impairment losses		26,873	24,363
Movements in provisions		(7,037)	(19,335)
		19,836	5,028
Result of associates net of dividend		(1,081)	(2,978)
Movements in working capital			
- Construction work in progress / other inventories		12,276	23,929
- Accounts receivable		(62,353)	42,057
- Current liabilities, excluding bank overdraft		39,133	(24,923)
Cash flow from operating activities		22,076	58,423
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisitions of intangible assets		(7,060)	(4,921)
Acquisitions of property, plant and equipment		(25,292)	(30,258)
Acquisitions/disposals of group companies		(3,454)	(8,328)
Acquisitions/disposals of associates		-	33
Disposals of property, plant and equipment, including other changes		4,966	3,287
Other changes in shares in associates		-	58
Decrease/increase in other investments	(5)	(25,673)	642
Cash flow from investing activities		(56,513)	(39,487)
CASH FLOW FROM FINANCING ACTIVITIES			
Drawn subordinated loans		7,299	-
Drawn interest-bearing loans		13,579	6,781
Repayment of interest-bearing loans		(2,341)	(4,538)
Dividend distributed		(6,000)	(7,650)
Other changes		3,142	2,763
Cash flow from financing activities		15,679	(2,644)
Recapitulation of cash flow			
From operating activities		22,076	58,423
From investing activities		(56,513)	(39,487)
From financing activities		15,679	(2,644)
TOTAL CASH FLOW		(18,758)	16,292
Cash and cash equivalents at year-begin		87,528	71,236
Cash and cash equivalents at year-end		68,770	87,528
Change in cash and cash equivalents	(24)	(18,758)	16,292

Consolidated balance sheet

(x EUR 1,000)

	Notes	31-12 08	31-12 07
ASSETS			
Non-current assets			
Property, plant and equipment	(1)	134,446	128,464
Intangible assets	(2)	96,063	95,508
Investment property	(3)	147	3,270
Associates	(4)	21,224	18,462
Other investments	(5)	47,634	21,638
Deferred tax assets	(6)	6,047	1,587
		305,561	268,929
Current assets			
Inventories	(7)	32,345	32,585
Trade and other receivables	(8)	320,137	250,547
Construction work in progress	(9)	94,079	112,306
Current income tax assets		149	190
Cash and cash equivalents	(10)	110,306	133,762
		557,016	529,390
Total assets		862,577	798,319
EQUITY AND LIABILITIES			
Equity			
Issued capital		2,269	2,269
Other reserves		155,336	163,651
Retained earnings		14,265	15,310
Equity attributable to equity holders of the company		171,870	181,230
Minority interest		-	-
Total equity	(11)	171,870	181,230
Non-current liabilities			
Subordinated loans	(12)	7,299	-
Loans and borrowings	(13)	142,911	111,310
Provisions	(14)	5,088	5,077
Deferred tax liabilities	(6)	10,490	10,813
		165,788	127,200
Current liabilities			
Trade and other payables	(15)	350,123	300,726
Bank overdraft		41,536	46,234
Construction work in progress	(9)	128,428	135,476
Current income tax liability		4,420	6,659
Provisions	(14)	412	794
		524,919	489,889
Total equity and liabilities		862,577	798,319

Consolidated income statement

(x EUR 1,000)

	Notes	08	07
Revenue	(16)	1,249.234	1,144.797
Cost of raw materials, equipment and outsourced work	(17)	685,699	598,614
Personnel expenses	(18)	340,868	306,320
Other operating expenses	(19)	166,759	192,394
Total operating costs		1,193.326	1,097.328
Result of associates	(4)	2,681	2,978
Operational result (EBITDA)		58,589	50,447
Amortization of intangible assest and depreciation of property, plant and equipment	(1)(2)	25,681	24,213
Impairment of intangible assest and property, plant and equipment	(1)(2)	1,192	150
		<u>26,873</u>	<u>24,363</u>
Operating result (EBIT)		31,716	26,084
Finance income	(20)	4,100	3,693
Finance expenses	(20)	12,563	8,286
		<u>(8,463)</u>	<u>(4,593)</u>
Profit before income tax (EBT)		23,253	21,491
Income tax expense	(21)	8,988	6,181
Profit for the period		14,265	15,310
<u>Attributable to:</u>			
Equity holders of the company		14,265	15,310
Minority interest		-	-
Profit for the period		14,265	15,310

08
36

Consolidated statement of total recognised income and expense

(x EUR 1,000)

	Notes	08	07
Issued capital		2,269	2,269
Other reserves		163,651	140,580
Retained earnings		15,310	30,611
Equity attributable to equity holders of the company at year-begin		181,230	173,460
Minority interest		-	291
Total equity at the beginning of the year		181,230	173,751
Result for the period attributable to:			
equity holders of the company		14,265	15,310
Minority interest		-	-
Profit for the period		14,265	15,310
Effective portion of changes in fair value of cash flow hedges	(11)	(13,994)	1,160
Exchange differences	(11)	(3,726)	(572)
Exchanged differences of minority interest		-	-
Other changes		95	(478)
Income and expenses recognised directly in equity		(17,625)	110
Total recognised income and expense for the period		(3,360)	15,420
Dividend distributed		(6,000)	(7,650)
Recognition of minority interest		-	-
Derecognition of minority interest		-	(291)
Total equity at year-end		171,870	181,230
Minority interest		-	-
Equity attributable to equity holders of the company at year-end		171,870	181,230

08
37

Notes to the consolidated financial statements

ACCOUNTING POLICIES

Reporting entity

Strukton Groep N.V. is a holding company that directly or indirectly owns participating interests in a number of companies collectively known as Strukton. Strukton Groep N.V. has its registered offices in Maarssen and is based in Utrecht.

The 2008 consolidated financial statements of the company include the company and its subsidiaries (collectively referred to as the "Group") and the interests of the Group in associates and entities over which joint control is exercised. The core activities of Strukton cover the areas of Rail, Civil Infrastructure, Construction and Property, Full Service Accommodation Provider and Integrated Projects. A list is filed with the trade register at Utrecht of the group companies and other participating interests of Strukton Groep N.V. showing the companies that are involved.

A statement of joint and several liability has been filed for a number of group companies.

nv Nederlandse Spoorwegen owns all the shares of Strukton Groep N.V.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use within the European Union (EU-IFRS). The consolidated financial statements were issued on 3 March 2009 by the management.

Policies applied for the consolidated financial statements

The consolidated financial statements are presented in euros, serving as the company's functional currency. All the financial figures in euros have been rounded to the nearest thousand. The consolidated financial statements are prepared on the basis of historical cost, unless otherwise indicated.

The policies for financial reporting set out below have been applied consistently to all the periods presented in these consolidated financial statements.

The entities that belong to the Group have consistently applied the accounting policies.

Consolidation principles

SUBSIDIARIES (FULL CONSOLIDATION)

Subsidiaries are those entities controlled by the company. The company is supposed to control an entity when the Group is in the position, directly or indirectly, to determine the financial and operating policy of an entity so as to obtain benefits from the entity's activities. The financial statements of the subsidiaries are fully incorporated in the consolidated financial statements as from the date that control commences until the date that control ceases.

JOINT VENTURES (PROPORTIONAL CONSOLIDATION)

Joint ventures are those entities in which the Group has joint control with third parties, with this control laid down in an agreement. The consolidated financial statements include the proportionate share of the Group in the assets, liabilities, income and expenses of the entity, with items of a similar nature being combined on a line-by-line basis, from the date that joint control commences until the date that joint control ceases.

ASSOCIATES (EQUITY METHOD)

Associates are entities in which the Group has significant influence on the financial and operational policy, but over which it does not have control. The consolidated financial statements include the Group's share in the overall result of non-consolidated investments in accordance with the equity method, after adjustment of the policies in accordance with the Group's policies, from the date that significant influence commences until the date that significant influence ceases.

PARTICIPATING INTERESTS WITHOUT SIGNIFICANT INFLUENCE

Participating interests without significant influence are stated at fair value. If the fair value cannot be determined reliably, valuation is at cost.

ELIMINATION OF TRANSACTIONS ON CONSOLIDATION

Intra-group balances and any unrealised gains and losses on transactions within the Group or income and expenses from similar transactions are eliminated in the preparation of the consolidated financial statements. Unrealised gains and losses from transactions with investments are eliminated in accordance with the equity method in proportion to the Group's share in the investment.

Foreign currency

FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currency are translated into euros at the foreign exchange rate applying at the date of transaction. Foreign currency monetary assets and liabilities are translated into euros at the foreign exchange rate applying at the balance sheet date. Translation gains and losses are taken to the income statement.

Non-monetary assets and liabilities in foreign currency and measured at historical cost are translated at the exchange rate applicable at the transaction date.

FINANCIAL STATEMENTS OF FOREIGN OPERATIONS

The assets and liabilities of foreign operations are translated into euros at the applicable exchange rate as at balance sheet date. Exchange differences are taken directly to the reserve for exchange differences in capital and reserves. Translation differences are transferred upon the full or partial disposal of foreign subsidiaries, joint ventures and participating interests to the income statement account. Income and expenses of foreign operations are translated into euros at the approximated exchange rate at transaction date.

Derivative financial instruments

The Group uses interest rate swaps and inflation swaps to hedge interest rate risks and inflation risks arising from group and project financing. The interest rate swaps and inflation swaps are carried at fair value, which is equal to the present value of the expected future cash flows.

Hedge accounting is generally applied with respect to the agreed interest rate swaps and inflation swaps in accordance with the cash flow hedging guidelines. Changes in the fair value of interest rate swaps and inflation swaps that serve to hedge the interest rate risk and inflation risk arising from future interest rate payments are taken directly to equity to the extent that the hedge can be classified as effective. The deferred amounts in equity are taken to the income statement as soon as the future interest coupons are taken to the result. For the portion of which the effectiveness of the hedge cannot be shown, the change in the value is taken to the income statement. When the interest rate swap or inflation swap is sold or terminated, or if the transaction can no longer be shown to be effective, the cumulative gains or cumulative losses at that moment are taken to equity until the basic hedged position is settled. At that moment, the cumulative gains or cumulative losses will immediately be transferred to the income statement.

Property, plant & equipment

RECOGNITION AND MEASUREMENT

Property, plant and equipment are measured at cost, less cumulative depreciation and impairment losses. The cost of self-constructed assets includes materials and equipment, direct labour and a reasonable proportion of the indirect production overheads and - where relevant - the estimated cost of dismantling and removing the asset and restoring the site on which the asset is located. Purchased software that forms an integral part of the operation of the related equipment is capitalised as part of relevant equipment.

When property, plant and equipment consist of components that have different useful lives, these components are accounted for as separate items (significant components) under property, plant and equipment.

COSTS AFTER FIRST-TIME INCLUSION

The cost of replacing a component of property, plant and equipment is included in the carrying amount of that asset 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 assets can be reliably determined. The costs of the day-to-day maintenance of property, plant and equipment are charged to the income statement when incurred.

DEPRECIATION

Depreciation is charged to the income statement according to the straight-line method based on the estimated useful life of each component of property, plant and equipment. Every component of an item of property, plant and equipment with a substantial cost in relation to the overall cost of the asset is depreciated separately, except for:

- Land, which is not depreciated (except for paved surface);
- Assets under construction, which are stated at incurred costs.

Depreciation methods, useful life and residual value are reassessed at the reporting date.

Intangible assets

GOODWILL

All business combinations are accounted for by applying the purchase method. Goodwill is recognised in the acquisition of subsidiaries, associates and joint ventures. Goodwill equals the difference between the cost of the acquisition and the fair value of the net identifiable assets and liabilities at the moment of the transaction. Each year, an impairment test is carried out.

Negative goodwill from an acquisition is taken directly to the income statement.

OTHER INTANGIBLE ASSETS

Other intangible assets with a finite life acquired by the Group are stated at cost, less cumulative amortization and cumulative impairment losses.

EXPENSES AFTER INITIAL RECOGNITION

Subsequent expenditure on capitalised intangible assets is capitalised only if the future economic benefits contained in the specific assets to which the expenditure relates are increased. All other expenses, including internally generated goodwill and trademarks, are charged to the income statement when they are incurred.

AMORTIZATION

Amortization is charged to the income statement on a straight-line basis over the estimated useful life of the intangible assets, with the exception of goodwill, from the date of becoming operational.

Investment property

RECOGNITION AND MEASUREMENT

Investment property is property which is held either to earn rental income or for capital appreciation, or for both.

Investment property is measured at cost, less cumulative depreciation and impairment losses. Investment property for own use is reclassified as property, plant and equipment.

The fair value of the investment property is disclosed in the notes to the consolidated financial statements. The fair value is based on the market value, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

DEPRECIATION OF INVESTMENT PROPERTY

Depreciation is charged to the income statement according to the straight-line method based on the estimated useful life of each component. Depreciation rates correspond with those of the categories of property, plant and equipment. The method of depreciation, useful life and residual value are reassessed at the reporting date.

PPP receivables

PPS receivables concern concessions payments still due from public bodies (authorities) in connection with PPP concession projects. The non-current portion of the PPP receivables is recognised as financial assets. The non-current portion of the PPP receivables is accounted for under trade and other receivables. Upon initial recognition in the consolidated financial statements, PPP receivables are stated at fair value and subsequently at amortised costs using the effective interest rate method. The interest rate applied is virtually equal to the interest rate (after hedging) of the associated non-recourse PPP loan.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and cost of selling. The cost of the inventories is based on the average purchase or cost price and includes expenses incurred in acquiring the inventories and the associated costs of purchase. The cost of manufactured inventories includes an appropriate share of the indirect overheads based on normal production capacity.

Construction work in progress on behalf of third parties

Construction contracts concern the gross amount to be invoiced for the contract work performed to reporting date still to be collected by the client. This item is stated at cost plus profit recognised to date, less invoiced instalments and recognised losses. The cost comprises all the expenses directly attributable to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal production capacity. Projects are presented on the balance sheet as receivables from or payables to the client for the contract. A receivable is created if the amount of the expenses incurred (including the recognised result) exceeds the amount of the invoiced instalments. It constitutes a payable if the amount of the expenses incurred (including the recognised result) is lower than the invoiced instalments.

Trade and other receivables

Trade and other receivables are recognised at fair value and subsequently at amortised cost using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Assets held for sale

Non-current assets (or groups of assets and liabilities being sold) of which the carrying amount is expected to be primarily realised through a sales transaction rather than through their continued use, are classified as 'held for sale'. Immediately before this classification, the assets (or the components of a group of assets being sold) are revalued in accordance with the Group's accounting policies. Subsequently, the assets (or a group of assets to be sold) are stated at the lower of carrying amount and fair value (less cost of selling in both cases). An impairment loss on a group of assets for sale is allocated to goodwill in the first instance, and subsequently in proportion to the remaining assets and liabilities. Impairment losses arising from the initial classification and gains or losses from revaluation after initial recognition are taken to the income statement.

Impairment

FINANCIAL ASSETS

A financial asset is considered to be impaired if there are objective indications that one or more events has had a negative effect on the expected future cash flows of that asset. An impairment loss for a financial asset carried at amortised cost is calculated as the difference between the carrying amount and the present value of the expected future cash flows, discounted at the original effective interest rate.

All impairment losses are charged to the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. With respect to financial assets stated at amortised cost, the reversal is added to the income statement. In the case of financial assets available for sale, the reversal is taken directly to equity.

NON-FINANCIAL ASSETS

The carrying amount of the Group's non-financial assets, except for investment property, inventories and deferred tax credits, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If there are such indications, an estimate is made of the recoverable amount of the asset in question. For goodwill and intangible assets that have an infinite useful life, or that are not yet operational, an estimate of the recoverable amount is made at each balance sheet date.

An impairment loss is recognised if the carrying amount of an asset or the cash-generating unit to which it belongs exceeds the recoverable amount. Impairment losses are taken to the income statement.

The recoverable amount of an asset or a cash-generating unit equals the higher of the going-concern value and the fair value net of selling costs. In assessing the going-concern value, the estimated future cash flows are discounted to their present value using a discount rate that reflects both the current market assessments of the time value of money and the specific risks with respect to the asset.

Impairment losses on goodwill are not reversed. For other assets impairment losses recognised in prior years are assessed at each balance sheet date for indications that the loss may have decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would

have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Capital and reserves attributable to equity holders of the company

RESERVES

The reserves comprise a reserve for exchange differences, a statutory reserve for participating interests, a hedging reserve and an actuarial reserve. The reserve for exchange differences covers all the gains and losses from the translation of the net investments of the Group in foreign subsidiaries.

The statutory reserve for participating interests consists of undistributed results of participating interests, the distribution of which is bound by restrictions. The hedging reserve comprises the cumulative change in the fair value of hedging instruments related to hedged transactions that have not yet occurred or the hedged position not yet terminated. An actuarial reserve is formed for the cumulative change in the fair value of pension commitments resulting from changes in the actuarial assumptions.

RETAINED EARNINGS

This item concerns the cumulative results from prior financial years net of the agreed dividends.

Subordinated loans

A loan is classified as a subordinated loan if subordinated to all the other recognised loans. Upon initial recognition in the consolidated financial statements, subordinated loans are stated at fair value (net of transaction costs) and subsequently at amortised cost using the effective interest rate method.

Loans and borrowings

Non-current liabilities concern liabilities for financing real estate projects, financing public-private partnerships, bank credit facilities, financial derivatives (non-current portion), employee benefits and other non-current liabilities. Redemptions falling due within one year have been stated under current liabilities.

LIABILITIES FOR FINANCING PROPERTY PROJECTS, FINANCING PUBLIC-PRIVATE PARTNERSHIP PROJECTS, BANK CREDIT FACILITIES AND OTHER LOANS AND BORROWINGS

Upon initial recognition in the consolidated financial statements, liabilities for financing property projects, financing public-private partnership projects, bank credit facilities, and other loans and borrowings are stated at fair value (net of transaction costs) and subsequently at amortised cost using the effective interest rate method.

EMPLOYEE BENEFITS

a. 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 no other liabilities. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statements when the contributions are due.

b. Defined benefit schemes:

Defined benefit schemes are post-employment benefit plans other than defined contribution plans. The Group's net obligation for defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have accrued in return for their services in the current and prior periods. These benefits are discounted to determine the present value, and the fair value of the plan assets deducted from this. The yield as at balance sheet 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 an accredited actuary in accordance with 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 improved benefit relating to past service by employees is recognised as an expense in the income statement 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 the income statement.

The Group takes actuarial gains and losses with respect to defined benefit plans directly to equity. When the plan assets exceed the obligations, the recognition of the assets is limited to the net total of any unrecognised past service pension costs and the present value of any currently available future refunds from the fund or lower future pension premiums.

c. Other non-current 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 accrued in return for their service in the current and prior periods. The liability is calculated using the 'projected unit credit method' and is discounted to the present value. The discount rate is the yield as at balance sheet date of gilt-edged corporate bonds of which the term approaches that of the obligations of the Group.

Any actuarial gains or losses are recognised in the income statement in the period in which they occur.

Provisions

A provision is formed on the balance sheet if the Group has a legal or constructive obligation as a result of an event in the past and of which a reliable estimate can be made, and it is probable that, to settle the obligation, an outflow of economic benefits will be required. Provisions are determined by discounting the estimated future cash flows.

The applied discount rate reflects the current market assessments of the time value of money and the risks specific to the obligation.

REORGANISATION PROVISIONS

A reorganisation provision is formed if there is a detailed formal reorganisation plan and those who will be affected have valid expectations that the reorganisation will be effected by starting with the implementation of the plan or that the main features of the plan have been announced to those affected.

GUARANTEE COMMITMENTS

A guarantee provision is recognised if the underlying products or services have been sold and delivered. This provision is formed for the costs that will have to be incurred to rectify deficiencies that become evident after the delivery, yet during the guarantee period. The provision is based on specific claims, with all the possible outcomes being weighed on the basis of the probability that they will indeed occur.

OTHER PROVISIONS

The other provisions comprise provisions for specific guarantees issued when participating interests are sold, risks of legal proceedings against Strukton Groep N.V. and/or its operating companies, redundancy arrangements and other relatively minor risks.

Trade and other payables, amounts payable to credit institutions and current income tax liability

Trade and other payables, amounts payable to credit institutions and profits tax due are recognised at fair value and subsequently at amortised cost using the effective interest rate method.

Revenue

CONSTRUCTION CONTRACTS

Contract revenues and costs are recognised in the income statement in proportion to the stage of completion of the contract with reference to a reliable estimate of the outcome of the relevant construction contract. Contract revenue comprises the amount agreed in the contract, variations in the work due to changes in the agreement, claims and performance bonuses to the extent that it is probable that these will generate income and can be reliably determined.

The stage of completion is assessed by reference to the ratio of the recognised costs to the total expected costs.

If the outcome of a project cannot be estimated reliably, income is only recognised to the extent that the contract expenses in all probability can be recovered.

Expected losses on projects are taken directly to the income statement.

SERVICE AND MAINTENANCE CONTRACTS

Revenues from service and maintenance contracts are recognised in the income statement in proportion to the stage of completion of the transaction as at balance sheet date. The stage of completion is assessed by reference to surveys of work performed.

REVENUE FROM INVENTORY

Revenue from the sale of inventory is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration due is likely, the associated costs or possible returns of goods can be estimated reliably and when there is no ongoing management interest in the goods.

CONCESSIONS

During the operational phase, revenues from concession management comprises:

- the fair value of the delivery of the contractually agreed services;
- the interest income related to the investment in the project.

Revenue is recognised as soon as the related services are delivered. Interest is recognised as income in the period to which it relates.

OTHER

Other operating income includes results on investments, transaction results of participating interests, property transaction results and property, plant and equipment transaction results. Results on investments are recognised as soon as the right to receive payment is established. Transaction results are recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is likely, the associated costs can be estimated reliably and there is no ongoing management involvement in the relevant assets anymore.

Expenses

LEASE PAYMENTS UNDER OPERATIONAL LEASES

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

PUBLIC-PRIVATE PARTNERSHIPS (CONCESSIONS)

The proposal costs for public-private partnerships are charged to the income statement up to the moment that the Group is accepted as preferred bidder. As soon as the Group is accepted as preferred bidder, these costs are capitalised. If at the time of Financial Close a (preliminary) design is delivered, this can be recognised as income less the capitalized costs.

This income has been agreed between the contracting parties and represents the fair value.

FINANCE INCOME AND EXPENDITURE

Finance income and expenditure comprises interest receivable on invested funds, exchange rate gains and gains on hedging instruments that are recognised in the income statement. Finance expenses comprise interest payable on borrowings, interest added to provisions, exchange rate losses, impairment losses on financial assets and losses on hedging instruments that are recognised in the income statement. Finance income and expenses that are directly attributable to the acquisition, construction or production of a qualifying asset are recognised as income/expense in the period in which they are incurred.

Government grants

Government grants are recognised if there is reasonable assurance that the entity will comply with the conditions attached to them and that the grants will be received. Government grants are deducted from the associated costs.

Tax on profits

Income tax comprises current and deferred income tax. Income tax is recognised in the income statement, except to the extent that it concerns items stated directly in capital and reserves, in which case the tax is recognised in equity.

Current income tax liability for the financial year and losses carried forward and back is the tax expected to be paid on taxable income for the financial year, based on tax rates enacted or substantially enacted at the balance sheet, and any adjustments to tax payable for prior years.

Deferred tax liabilities are recognised using the balance sheet liability method, with a provision formed for temporary differences between the carrying amounts of assets and liabilities for financial accounting purposes and the amounts used for taxation purposes. Deferred tax liabilities are not recognised for the following temporary differences: the initial recognition of goodwill, initial recognition of assets and liabilities in a transaction that does not involve a business combination and that affects neither the accounting nor the taxable profit, and differences relating to investments in subsidiaries and entities over which joint control is exercised to the extent that they are unlikely to be settled in the foreseeable future.

Deferred tax liabilities are measured using tax rates expected to apply when the temporary differences are reversed, based on legislation enacted or substantially enacted at the balance sheet 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. At each balance sheet date, deferred tax assets are reviewed and reduced to the extent that it is no longer probable that the corresponding tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Strukton Groep N.V., with the majority of its wholly-owned domestic participating interests, forms part of the tax entity of nv Nederlandse Spoorwegen: On the grounds of this tax entity, the company is jointly and severally liable for the tax debt of the tax entity as a whole. Within the tax entity, Strukton Groep N.V. is treated as an autonomous taxable entity.

Discontinued operations

Discontinued operations are part of the Group's activities which represent an important separate activity of a separate important geographic business area that is sold or held for sale, or a subsidiary that was acquired with the sole aim of selling it on. Discontinued operations are qualified as such upon disposal or, if earlier, when the business activity satisfies the criteria for classification as held for sale. When an activity is classified as discontinued, the comparative figures in the income statement are restated as if the activity had been discontinued at the beginning of the comparative period.

New standards and interpretations not yet applied

The following standards and interpretations not yet effective in 2008 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 (minority) interests in the acquiree. In addition, on the basis of the revised standard, the transaction costs should be charged to the result during the period in which they were incurred. Furthermore, the definition of 'business' has been expanded, and it is therefore anticipated that more acquisitions will be treated as business combinations. The revised version of IFRS 3, 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;
- IFRS 8 - *Operating Segments*. This standard does not apply to Strukton Groep N.V. and would therefore not have resulted in adjustments if it had already been applied in 2007;
- IAS 23 - *Borrowing Costs*. In the revised version of IAS 23 the existing option to report finance charges immediately as finance expenses or to capitalise them disappears. According to the revised regulations an entity should capitalise as part of the costs of an eligible asset the finance costs directly attributable to the acquisition, construction or production of that asset. In 2009 the revised version of IAS 23 becomes compulsorily applicable to the annual financial statements of the Group and will represent a system change for the Group. In accordance with the transitional provisions the Group will apply the revised IAS 23 to eligible assets for which capitalisation of the finance expenses commences on or after the date of entry into effect. For this reason, there is no effect whatsoever on prior periods included in the Group's 2009 consolidated financial statements;
- IAS 27 - *The consolidated financial statements and the company 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 profit or loss is recognised in the income statement. The changes to IAS 27, the application of which to the Group's financial statements will become mandatory from 2010, are not expected to have a significant influence on the consolidated financial statements;
- IFRIC 15 - *Agreements for the Construction of Real Estate*. This interpretation deals with the accounting of agreements for the construction of real estate. This interpretation classifies agreements and the accompanying method for the recognition of revenues. The interpretation comes into force on 1 January 2009. At present, IFRIC 15 is already applied and it therefore does not produce any changes with respect to the 2009 financial statements.

Policies for the consolidated cash flow statement

The cash flow statement is drawn up according to the indirect method. Exchange gains and losses are taken directly to the items concerned. The inventories, receivables, debts, provisions, and debts to credit institutions included in acquisitions are incorporated in the cash flow statement under investing activities.

SIGNIFICANT ESTIMATES AND ASSUMPTIONS IN THE CONSOLIDATED FINANCIAL STATEMENTS

The preparation of the consolidated financial statements requires the management to make judgements, estimates and assumptions that influence the application of the policies and the reported values of assets and liabilities and of income and expenses. The estimates and corresponding assumptions are based on experiences from the past and various other factors that could be considered reasonable under the circumstances.

The actual outcomes may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised or in future periods if the revision has consequences for these periods.

The most important elements of the estimation uncertainties are listed below.

Results taken on projects

As soon as the outcome of a project can be estimated reliably, contract income and expenses are recognised in the income statement in proportion to the stage of completion of the contract. The stage of completion is assessed by reference to the ratio of the recognised costs to the total expected costs. Loss provisions on projects are recognised if it is known that the costs will exceed the revenues of a project. For each project, the project leader and the management assess this on a regular basis. This assessment is based on the project accounting, the project monitoring system, project files and the knowledge and experience of those involved. Using estimates is an inherent part of this process.

Especially long-term projects run the risk of reality differing from the estimates. The past has shown that the assessments on which the project provisions are based are generally sufficiently reliable.

Performance bonuses and claims on projects

Bonuses on projects are taken if projects have made sufficient progress, the amount of the bonus can be reliably determined and it is probable that specified performance standards will be met or that they will be exceeded. Claims are recognised if negotiations between parties have been advanced as such it is probable that the opposite party will accept the claim and the amount of the claim can be determined reliably.

Reorganisation provision

The recognised reorganisation provision is based on a detailed formal reorganisation plan. A reorganisation provision is only recognised if a reliable estimate can be made.

Guarantee commitments

The provision for guarantee commitments is based on specific claims, with all the possible outcomes being weighed on the basis of the probability that they will indeed occur.

Provision for bad debts

The provision for bad debts is calculated statistically based on an individual assessment of all the outstanding receivables, with an estimate being made of the risk of uncollectibility of each of the receivables. This estimate is based on historical experiences, information about the relevant debtor among those involved, correspondence, etc.

Defined benefit plans and employee benefits

The most important actuarial principles at the basis of the recognised pension obligations and other employee benefits are included in the notes to the relevant items.

Investment property

The main principles for determining the fair value of the investment property are included in the notes to this item.

Intangible assets

Goodwill is subject to annual impairment tests. In accordance with the business plan agreed for the next five years, the expected cash flows of each business unit are considered. With reference to a representative peer group for each business unit, a weighted average cost of capital (WACC) is calculated. The identified cash flows and the WACC form the basis of the discounted cash flow method for testing the goodwill. The Group has developed a standard method for this.

Impairment

In order to ascertain whether assets are impaired it is necessary to make an estimate of the recoverable amount. The recoverable amount of an asset or a cash-generating unit equals the higher of the going-concern value and the fair value net of cost of selling. If possible the fair value net of cost of selling is calculated on the basis of a binding sales contract in a commercial and objective transaction between independent parties. If there is no binding sales contract, but the asset is traded on an active market, the fair value net of cost of selling is equal to the market price of the asset net of cost of selling. If there is neither a binding sales contract nor an active market for an asset, the fair value net of cost of selling is based on the best information available to agree a price that could be achieved at balance sheet date from the sale of the asset in transaction between properly informed, willing and independent parties, net of the cost of selling. When calculating this value, account is taken of the results of recent transactions involving similar assets in the same business sector.

In assessing the going-concern value, the estimated future cash flows are discounted to their present value using a discount rate that reflects both the current market interest rate and the risks specific to the asset. The cash flow forecasts are based on reasonable and substantiated assumptions representing the best estimates by the management of the economic circumstances that will exist during the residual useful life of the asset.

FINANCIAL RISK MANAGEMENT

The Group pursues a strict policy focused on mitigating and managing present and future risks as best as possible and minimising the finance costs. This is achieved by general control measures - such as internal procedures and instructions - and specific measures focused on managing defined risks.

The financial risks facing The Group primarily concern interest rate risks, exchange rate risks, credit risks and supplier risks. The risk of fluctuations in currency rates and interest rates is hedged with the aid of various derivatives, with risks faced by the primary financial instruments being transferred to other contract parties. Interest rate and exchange risks are predominantly managed centrally. No speculative positions are taken.

Credit risk

The majority of clients consist of public organisations (public authorities) as a result of which the credit risk is minimal. In the case of delivery to commercial clients at values higher than a specific amount the credit risk is also included in assessment of the contract. A provision is formed in the case of uncollectibility.

Interest rate risk

Variable interest credits are exposed to changes in cash flows due to interest rate changes. The Group's policy is intended to conclude interest-bearing loans and borrowings at a fixed rate. Interest rate swaps are agreed to this end.

Currency risk

The bulk of the Group's operations take place in the Euro zone. Incidental foreign currency positions are hedged with forward exchange contracts. The foreign currency risk in respect of the capital and reserves of foreign subsidiaries and long-term loans granted to such subsidiaries, the so-called translation risk, is not hedged.

Cash risk

Financial covenants have been agreed with financial institutions. The Group satisfied these objectives as at balance sheet date 31 December 2008. Among other things, the Group has a committed facility of EUR 325 million at its disposal. At year-end 2008 EUR 80.5 million of this had been drawn (2007: EUR 80.5 million).

Supplier risk

The creditworthiness of the main suppliers is assessed. Extra security is requested if required.

Notes to the consolidated financial statements

(x EUR 1,000)

1. PROPERTY, PLANT AND EQUIPMENT	Land	Business building	Plant and machinery	Other equipment	Assets under construction	Total
As at 1 January 2007						
Cost	4,933	44,441	179,216	17,780	10,071	256,441
Cumulative depreciation and impairment	225	16,350	107,551	15,310	-	139,436
Book value	4,708	28,091	71,665	2,470	10,071	117,005
2007						
Book value as at 1 January Consolidated through business combinations	4,708	28,091	71,665	2,470	10,071	117,005
Investments	1,014	3,572	26,949	1,982	(3,259)	30,258
Disposals	-	196	3,086	48	-	3,330
Impairment	-	-	-	-	-	-
Depreciation	45	1,783	15,378	1,358	-	18,564
Exchange differences	-	-	(248)	-	(30)	(278)
Deconsolidation	-	-	-	-	-	-
Other changes	140	26	(269)	345	(1)	241
Book value as at 31 December	5,817	30,130	82,304	3,432	6,781	128,464
As at 31 December 2007						
Cost	6,087	48,729	204,878	14,900	6,781	281,375
Cumulative depreciation and impairment	270	18,599	122,574	11,468	-	152,911
Book value	5,817	30,130	82,304	3,432	6,781	128,464
2008						
Book value as at 1 January Consolidated through business combinations	5,817	30,130	82,304	3,432	6,781	128,464
Investments	-	384	18,066	2,711	4,647	25,808
Disposals	-	25	502	131	-	658
Impairment	-	-	-	-	-	-
Depreciation	25	1,792	16,291	1,237	-	19,345
Exchange differences	-	(2)	(1,007)	-	(3)	(1,012)
Deconsolidation	-	-	-	-	-	-
Other changes	(61)	(82)	71	26	(193)	(239)
Book value as at 31 December	5,731	28,613	84,016	4,854	11,232	134,446
As at 31 December 2008						
Cost	6,026	48,825	217,098	16,667	11,232	299,848
Cumulative depreciation and impairment	295	20,212	133,082	11,813	-	165,402
Book value	5,731	28,613	84,016	4,854	11,232	134,446

'Plant and machinery' includes:

- Plant and machinery used for production;
- Equipment used for carrying out contracts;
- Office equipment, computer equipment, telephone equipment, etc.

The 'assets under construction' item consists primarily of instalments for the acquisition of equipment that is not yet operational.

EUR 0.6 million is included under property, plant and equipment as surety for banks and/or other lenders (2007: 0.6 million)

Depreciation periods are based on the anticipated economic life of the assets.

- Foundations / Structural building work / Other 50 years
- Roofs / Heating / Ventilation 15 years
- Window frames / External walls / Gas / Electricity / Lifts 25 years
- Plant and machinery 3-10 years
- Other equipment 3-10 years

2. INTANGIBLE ASSETS

	Goodwill	Other intangible assets	Total
As at 1 January 2007			
Cost	68,177	45,008	113,185
Cumulative amortization and impairment	13,567	3,312	16,879
Book value	54,610	41,696	96,306
2007			
Book value as at 1 January	54,610	41,696	96,306
Consolidated through business combinations	-	22	22
Investments	4,517	595	5,112
Disposals	-	-	-
Impairment	150	-	150
Depreciation	-	5,591	5,591
Exchange differences	(154)	-	(154)
Other changes	-	(37)	(37)
Book value as at 31 December	58,823	36,685	95,508
As at 31 December 2007			
Cost	72,540	45,588	118,128
Cumulative amortization and impairment	13,717	8,903	22,620
Book value	58,823	36,685	95,508
2008			
Book value as at 1 January	58,823	36,685	95,508
Consolidated through business combinations	256	1,167	1,423
Investments	7,370	447	7,817
Disposals	-	-	-
Impairment	1,192	-	1,192
Depreciation	-	6,271	6,271
Exchange differences	(1,202)	-	(1,202)
Other changes	(797)	777	(20)
Book value as at 31 December	63,258	32,805	96,063
As at 31 December 2008			
Cost	78,167	47,979	126,146
Cumulative amortization and impairment	14,909	15,174	30,083
Book value	63,258	32,805	96,063

Depreciation of gross of the intangible assets will be in 1-5 years.

The other changes from goodwill to other intangible assets is caused by the definite Purchase Price Allocation for the acquired business combinations.

The consolidation of intangible assets relates to the fair value adjustment of an acquired company, see section 30. The investment of goodwill concerns goodwill of the acquired company, see section 30.

Impairment tests for cash flow generating units containing goodwill:

The Group measures its intangible assets in accordance with IAS 38 and IFRS 3.

In accordance with IAS 36, the Group performs an impairment test on capitalised goodwill at cashflow generating units. The discounted cash flow method is applied, assuming an infinite useful life. The cash flows are based on the relevant unit's business plans for a period of five years. For each cash generating unit, a discount rate (weighted average cost of capital (WACC)) has been determined with reference to a representative peer group. The forecast takes account of cash flows after tax.

The cash flows have been discounted at a net WACC (WACC after tax).

In accordance with IAS 36.44, the forecast years do not take account of expansion investments.

Goodwill per cash generating unit	Country	2008	2007
Groep/WorkspHERE	Netherlands	44,437	44,437
Svensk Banproduktion	Sweden	4,434	4,571
Rail AS	Norway	8,974	3,104
Colijn	Netherlands	3,830	3,830
Grondbank	Netherlands	153	-
Reisse	Germany	1,430	1,689
La Mondiale	Belgium	-	1,192
		63,258	58,823

08
53

The main assumptions and the method of quantifying per cash generating unit are:

Group/WorkspHERE

The test was performed on future cash flows in the Netherlands.

The cash flows are discounted at a net WACC of 11.8%.

Further growth was assumed for the business plan period. No further growth was included in the residual value period.

Revenue of EUR 1,400 million is expected at the end of the business plan period.

The calculated recoverable amount exceeds the carrying amount of the recognised goodwill. The Group therefore did not recognise any impairment of the goodwill for WorkspHERE in this financial year.

Svensk Banproduktion

The test was performed on future cash flows in Sweden.

The cash flows are discounted at a net WACC of 11.4%.

Further growth was assumed for the business plan period. No further growth was included in the residual value period.

Revenue of EUR 107 million is expected at the end of the business plan period.

The calculated recoverable amount exceeds the carrying amount of the recognised goodwill. The Group therefore did not recognise any impairment of the goodwill for Svensk Banproduktion in this financial year.

Rail AS

The test was performed on future cash flows in Norway.

The cash flows are discounted at a net WACC of 11.4%.

Further growth was assumed for the business plan period. No further growth was included in the residual value period. Revenue of EUR 48 million is expected at the end of the business plan period.

The calculated recoverable amount exceeds the carrying amount of the recognised goodwill. The Group therefore did not recognise any impairment of the goodwill for Rail AS in this financial year.

Colijn/Grondbank

The test was performed on future cash flows.

The cash flows are discounted at a net WACC of 12.9%.

Further growth was assumed for the business plan period. No further growth was included in the residual value period.

The calculated recoverable amount exceeds the carrying amount of the recognised goodwill.

The Group therefore did not recognise any impairment of the goodwill for Colijn and Grondbank in this financial year.

Reisse

The test was performed on future cash flows in Germany.

The cash flows are discounted at a net WACC of 11.4%.

Further growth was assumed for the business plan period. No further growth was included in the residual value period. Revenue of EUR 28 million is expected at the end of the business plan period.

The calculated recoverable amount exceeds the carrying amount of the recognised goodwill. The Group therefore did not recognise any impairment of the goodwill for Reisse in this financial year.

La Mondiale

La Mondiale involves a property project and therefore a limited life span of the cash flows.

This means the recognised goodwill was written off at the end of the property project.

The annual impairment of the goodwill corresponds with the revenue and profit recognition of the project.

In 2008, this impairment was EUR 1.2 million (2007: EUR 0.4 million). The project which was completed in 2008.

3. INVESTMENT PROPERTY

	2008	2007
As at 1 January		
Cost	10,601	10,522
Cumulative amortization and impairment	7,331	7,273
Book value	3,270	3,249
Changes in financial year		
Book value as at 1 January	3,270	3,249
Consolidated through business combinations	-	-
Investments	36	79
Disposals	-	-
Impairment	-	-
Depreciation	65	58
Exchange differences	-	-
Deconsolidation	3,100	-
Other changes	6	-
Book value as at 31 December	147	3,270
As at 31 December		
Cost	7,543	10,601
Cumulative amortization and impairment	7,396	7,331
Book value	147	3,270

The fair value of the investment in property as at 31 December 2008 is EUR 0.1 million (2007: EUR 3.3 million).

The value was determined in an independent, professional manner by calling in recognised experts.

The company Sint Michielswarande NV has been deconsolidated in 2008.

The investment property relates exclusively to investment properties in Belgium.

Depreciation is based on the expected useful life of the assets:

- Foundations / Building shells / Other 50 years
- Roofs / Heating / Ventilation 15 years
- Casing / Exterior walls / Gas / Electricity / Lifts 25 years

4. ASSOCIATES (EQUITY ACCOUNTED INVESTEES)

The Group has investments in (unlisted) associates:

In 2008 the Group had a 40% interest in Construzione Linee Ferroviarie S.p.A. in Bologna (Italy) (2007: 40%). In addition, the Group has interests in a number of small companies.

	Assets	Obligations	Balance	Revenue	Result
2007					
Construzione Linee Ferroviarie S.p.A.	64,000	46,820	17,180	38,720	2,905
Other			1,282		73
			18,462		2,978
2008					
Construzione Linee Ferroviarie S.p.A.	61,600	41,738	19,862	41,960	2,681
Other			1,362		-
			21,224		2,681

The amounts indicated represent the relative share in the participating interests.

A statutory reserve is maintained at Construzione Linee Ferroviarie S.p.A..

In view of the 40% interest, in 2008 this reserve amounts to EUR 0.2 million (2007: EUR 0.2 million).

5. OTHER INVESTMENTS

	Non current receivables	PPP- receivables	Investments	Financial derivatives	Total
As at 1 January 2007	907	4,768	5,501	-	11,176
Investments	-	-	-	-	-
Disposals	-	-	-	-	-
Consolidated through business combinations	-	-	-	-	-
Loans extended	-	-	-	-	-
Repayment of loans	419	-	-	-	419
Exchange differences	-	-	-	-	-
Deconsolidation	-	-	-	-	-
Other changes	9,534	(77)	-	1,424	10,881
As at 31 December 2007	10,022	4,691	5,501	1,424	21,638
As at 1 January 2008	10,022	4,691	5,501	1,424	21,638
Investments	-	14,365	-	-	14,365
Disposals	-	-	-	-	-
Consolidated through business combinations	-	-	-	-	-
Loans extended	7,312	-	-	-	7,312
Repayment of loans	3,265	-	-	-	3,265
Exchange differences	-	-	-	-	-
Deconsolidation	-	-	-	-	-
Other changes	7,218	848	(7)	(475)	7,584
As at 31 December 2008	21,287	19,904	5,494	949	47,634

The PPP receivables concern payment due from concession agreements in the Netherlands. In 2008, EUR 14.4 million was invested in PPP projects.

The term of the various PPP receivables is approximately 25 years. Most have a term of more than 5 years. The interest rate for these PPP receivables on average amounts to approximately 5% (2007: 5.73%).

The other changes, under long-term receivables, includes an amount of EUR 7.2 million for subordinated loans receivable from the shareholders of special purpose companies by the special purpose companies which perform the PPP projects.

The investments include the interests in Voestalpine Railpro bv, Delfluent bv and Safire B.V.

6. DEFERRED TAX ASSETS AND LIABILITIES

The deferred tax assets and liabilities can be specified as follows:

	Accounts receivable		Liabilities		Balance	
	2008	2007	2008	2007	2008	2007
Property, plant and equipment	-	-	735	735	(735)	(735)
Intangible assets	-	-	8,043	9,155	(8,043)	(9,155)
Construction work in progress	-	-	569	302	(569)	(302)
Financial derivatives	4,952	56	281	363	4,671	(307)
Value for tax purposes of recognised losses carried forward	752	1,450	-	-	752	1,450
Other	343	81	862	258	(519)	(177)
Total	6,047	1,587	10,490	10,813	(4,443)	(9,226)

Changes in the balance of deferred tax assets and liabilities for 2007 can be specified as follows:

	Balance at 01-01-07	Withdrawn in tax burden 2007	Withdrawn in equity	Acquired through business combinations	Other changes	Balance at 31-12-07
Property, plant and equipment	(1,368)	633	-	-	-	(735)
Intangible assets	(10,494)	1,339	-	-	-	(9,155)
Construction work in progress	(17,658)	17,356	-	-	-	(302)
Financial derivatives	132	(41)	(398)	-	-	(307)
Other	147	(226)	-	-	-	(79)
Total	(29,241)	19,061	(398)	-	-	(10,578)
Tax value of recognised losses carried forward	1,429	(37)	-	-	(40)	1,352
	1,429	(37)	-	-	(40)	1,352
Total	(27,812)	19,024	(398)	-	(40)	(9,226)

Changes in the balance of deferred tax assets and liabilities for 2008 can be specified as follows:

	Balance at 01-01-08	Withdrawn in tax burden 2008	Withdrawn in equity	Acquired through business	Other changes	Balance at 31-12-08
Property, plant and equipment	(735)	-	-	-	-	(735)
Intangible assets	(9,155)	1,521	-	(409)	-	(8,043)
Construction work in progress	(302)	(267)	-	-	-	(569)
Financial derivatives	(307)	189	4,789	-	-	4,671
Other	(79)	144	-	(584)	-	(519)
Total	(10,578)	1,587	4,789	(993)	-	(5,195)
Tax value of recognised losses carried forward	1,352	(600)	-	-	-	752
	1,352	(600)	-	-	-	752
Total	(9,226)	987	4,789	(993)	-	(4,443)

The most important change in 2008 related to the deferred receivable on account of the changes to the interest rate swaps for the special purpose companies that perform the PPP projects.

7. INVENTORIES	31-12-2008	31-12-2007
Raw materials and consumables	2,809	3,895
Finished product	590	772
Goods for resale	4,476	3,586
Property development	24,470	24,332
	32,345	32,585

Property development concerns the unsold portion of property development projects already under construction.

8. TRADE AND OTHER RECEIVABLES	31-12-2008	31-12-2007
Debtors	209,003	166,907
Accounts receivable from related parties	7,373	4,907
Other receivables, prepayments and accrued income	103,761	78,733
	320,137	250,547

For the bad debt risk see item 23.

9. CONSTRUCTION WORK IN PROGRESS	31-12-2008	31-12-2007
Costs net of provisions for losses and risks plus pro rata profit taking	1,247,090	1,050,921
Less: invoiced instalments	1,281,439	1,074,091
	(34,349)	(23,170)
The balance of construction work in progress is composed as follows:		
Positive balance of construction work in progress	94,079	112,306
Negative balance of construction work in progress	128,428	135,476
	(34,349)	(23,170)

The positive balance of construction work in progress includes all the construction projects of which the costs incurred, plus the recognised profit, less the recognised losses exceed the invoiced instalments. The positive balance of construction work in progress is recognised under current assets.

The negative balance of construction work in progress includes all the construction projects of which the costs incurred, plus the recognised profit, less the recognised losses are less than the invoiced instalments. The negative balance of construction work in progress is recognised under current liabilities.

10. CASH AND CASH EQUIVALENTS	31-12-2008	31-12-2007
Bank and cash balances	110,306	133,762
Demand deposits	-	-
	110,306	133,762

Cash and cash equivalents includes funds from groups of contractors and clients amounting to EUR 20.0 million (2007: EUR 26.3 million) and funds received on guarantee accounts of EUR 0.9 million (2007: EUR 0.7 million).

These funds are not freely available to the company. The other cash and cash equivalents are entirely freely available.

11. CAPITAL AND RESERVES

Capital and reserves attributable to equity holders:

	Issued and paid up capital	Reserve for exchange differences	Statutory reserve, participating interests	Hedging-reserves	Actuarial reserves	Retained profits	Undistributed earnings	Shareholders' equity attributable to equity holders of the company	Minority interest	Total capital and reserves
2007										
As at January 2007	2,269	162	370	(397)	96	140,349	30,611	173,460	291	173,751
Appropriation of 2006 profit	-	-	-	-	-	30,611	(30,611)	-	-	-
Dividend paid	-	-	-	-	-	(7,650)	-	(7,650)	-	(7,650)
Total result	-	(572)	-	1,160	-	(478)	15,310	15,420	-	15,420
Other changes	-	-	4	-	83	(87)	-	-	(291)	(291)
As at 31 December 2007	2,269	(410)	374	763	179	162,745	15,310	181,230	-	181,230
2008										
As at 1 January 2008	2,269	(410)	374	763	179	162,745	15,310	181,230	-	181,230
Appropriation of 2007 profit	-	-	-	-	-	15,310	(15,310)	-	-	-
Dividend paid	-	-	-	-	-	(6,000)	-	(6,000)	-	(6,000)
Total result	-	(3,726)	-	(13,994)	-	95	14,265	(3,360)	-	(3,360)
Other changes	-	-	-	-	(163)	163	-	-	-	-
As at 31 December 2008	2,269	(4,136)	374	(13,231)	16	172,313	14,265	171,870	-	171,870

Issued and paid-up capital

The authorised capital of Strukton Groep N.V. in 2008 comprises 500 ordinary shares with a nominal value of EUR 4.538 each (2007: 4.538). The issued capital of Strukton Groep N.V. in 2008 comprises 500 ordinary shares with a nominal value of EUR 4.538 each (2007: 4.538). All issued shares are fully paid up.

Reserve for exchange differences

The reserve for exchange differences covers all the gains and losses from the translation of the net investments of Strukton in foreign subsidiaries. In 2008 an amount of EUR 3.7 million was debited to the reserve for exchange differences (2007: EUR 0.6 million credited). This write-down is mainly the result of the relatively strong decline of the exchange rates of the Norwegian and Swedish kroner in 2008.

Statutory reserve of participating interests

The statutory reserve at two foreign subsidiaries remained virtually unchanged in 2008 and 2007.

Hedging reserve

The hedging reserve comprises the cumulative change in the fair value of hedging instruments related to hedged transactions that have not yet occurred or the hedged position not yet terminated. In 2008 the reserve was decreased by an amount of EUR 14.0 million (2007: EUR 1.2 million increase).

In 2008, interest rate swaps were concluded for three new PPP projects. Due to the sharp decrease in the interest rate at the end of 2008, there was a substantial fall in the value of the derivative.

Actuarial reserve

The actuarial reserve comprises the cumulative change in the fair value of pension commitments as a result of changes in the actuarial principles. The actuarial reserves increased by EUR 0.2 million in 2008 (2007: EUR 0.1 million increase).

Retained earnings

In 2008 EUR 6.0 million in dividend was distributed to nv Nederlandse Spoorwegen (2007: EUR 7.65 million).

12. SUBORDINATED LOANS

	31-12-2008	31-12-2007
Special purpose companies for PPP-projects	7,299	-
Other	-	-
	7,299	-

In 2008 the subordinated loans increased by EUR 7.3 million (year-end 2007: nil)

This increase relates to the furnishing of subordinated loans from the shareholders of the special purpose companies to the special purpose companies performing the PPP projects.

13. LOANS AND BORROWINGS

	31-12-2008	31-12-2007
Liabilities for financing of property development	3,602	10,786
Bank credit facilities	83,779	84,056
Financial derivatives (long-term part)	19,419	221
Employee benefits	3,446	3,789
Lease commitments	107	135
Non-recourse PPP financing	17,438	4,520
Other non-current liabilities	15,120	7,803
	142,911	111,310

Due to the proportional consolidation of the PPP projects commenced in 2008, the non-recourse financing of PPP projects increased to EUR 17.4 million (2007: EUR 4.5 million).

Due to the steep interest rate decline in 2008, particularly the value of the interest rate swaps for the PPP projects has declined steeply. At year-end 2008 this debt amounted to EUR 19.4 million (2007: EUR 0.2 million).

The actuarial calculation of the employee benefits is based on a discount rate of 5.65% (2007: 5.5%).

The repayment schedule of the loans and borrowings is as follows:

	< 1 year	1-5 year	> 5 year	Total
Liabilities for financing of property development	3,602	-	-	3,602
Bank credit facilities	-	83,779	-	83,779
Financial derivatives (long-term part)	-	3,000	16,419	19,419
Employee benefits	145	947	2,354	3,446
Lease commitments	32	75	-	107
Non-recourse PPP financing	-	1,000	16,438	17,438
Other non-current liabilities	2,182	5,709	7,229	15,120
	5,961	94,510	42,440	142,911

Of the total debt, EUR 42.4 million (2007: EUR 20.9 million) has a term longer than five years.

For more information about the interest and exchange rate risks, reference is made to the section on financial instruments and the section on financial risk management.

14. PROVISIONS

Summary of the changes in 2008:

	Reorganisation- provision	Pension- provision	Garantuee- commitments	Other provision	Total
Balance as at 1 January 2008	152	5,039	15	665	5,871
Consolidation/deconsolidation	-	-	-	-	-
Exchange rate differences	-	(552)	-	-	(552)
Addition	-	616	-	-	616
Withdrawal	64	-	-	148	212
Release	-	72	15	159	246
Provision for adding interest	-	-	-	-	-
Other changes	-	(15)	-	38	23
Balance as at 31 December 2008	88	5,016	-	396	5,500
Non-current portion	-	5,016	-	72	5,088
Current portion	88	-	-	324	412
	88	5,016	-	396	5,500

The provision for guarantee commitments is for contingent liabilities arising within the agreed guarantee periods. As at year-end 2008, this provision is zero. The other provisions comprise provisions for specific guarantees issued when participating interests are sold, risks of legal proceedings against Strukton Groep N.V. and/or its operating companies, redundancy arrangements and other relatively minor risks.

Pension commitments

The pension plans of the following pension funds apply to the staff of the Strukton group companies, with an indication of the numbers of affiliated active members as at 31 December 2007:

- Industrial pension fund for Construction sector (1,372)
- Industrial pension fund for Concrete production sector (20)
- Industrial pension fund for Installation technique sector (1,479)
- Industrial pension fund for Railway sector (2,149)

- Zwitserleven group insurance (12)
- Nordea pension plan (54)
- Gjensidige Forrikring Pensionplan (151)
- Alecta pension insurance plan Sweden ITP scheme (100)

- Alecta pension insurance plan Sweden SAF-LO scheme (320)
- Axa pension insurance Belgium (33)

The above-mentioned first three pension schemes concern the schemes of industrial pension funds. In all cases where there is an affiliation with industrial pension funds, Strukton group companies do not have any obligation in the case of a deficit at the industrial pension fund, to pay additional amounts other than to pay the future contributions.

Furthermore, the Strukton group companies are not entitled to claim any surpluses in the funds. As a result of this, these pension plans are accounted for in these financial statements as defined contribution plans.

With respect to the pension plan for the railway sector, which is accommodated with the Spoorwegpensioenfond, employer and employee representatives in this sector reached agreement on a new pension plan in 2005. This new plan came into effect on 31 December 2005, and qualifies as a defined contribution scheme for the financial accounts.

The distinguishing characteristic of this pension fund is that the company is obliged to pay a previously determined annual premium. The premium that has been agreed with the Spoorwegpensioenfond is an annually increasing percentage of the payroll total. The percentage will eventually increase from 16.6% in 2008 to a break-even level of 19.2%. After payment of the agreed premium, the company has no obligation to pay additional amounts should there be a deficit at the pension fund. Likewise, the Strukton group companies are not entitled to claim any surpluses in the funds. The actuarial risks and the investment risks are for the pension fund and its participants.

The pension plans at Zwitserleven, Nordea, Gjensidige Forsikring and Alecta ITP scheme qualify as defined contribution plans.

The pension provision is composed as follows:

	31-12-2008	31-12-2007
Strukton Rail AB	4,098	4,034
Axa pension insurance Strukton Railinfra NV Belgium	284	356
Georg Reisse Bauunternehmung GmbH & Co. KG	634	649
Other	-	-
	5,016	5,039

The Alecta pension insurance SAF-LO scheme is a defined pension plan. Alecta does not, however, provide any information to facilitate the calculation of the pension commitment. As a result of this, the plan is treated as a defined contribution scheme. Before the acquisition of Strukton Rail AB (formerly Svensk Banproduktion AB), the pension plan was accommodated with a group plan for the public sector. Part of this pension scheme is a defined pension plan. The present value of this commitment is included in the balance sheet of the company. The plan now only involves a number of employees and no new employees are joining anymore. This commitment is accounted for under the pension provisions item. Georg Reisse Bauunternehmung GmbH, acquired in 2007, has a limited defined benefit scheme for its employees. A provision has been made for this on the company's balance sheet in the amount of EUR 0.6 million.

The pension insurance for the employees of Strukton Railinfra NV in Belgium is in the form of a defined benefit plan. The deficit between pension commitments and pension capital is included under the pension provisions item. The pension commitments and pension capital are based on actuarial calculations as at 31 December. The principles, composition and the movement of the pension commitment and the pension capital with respect to the defined benefit plan for the employees of Strukton Railinfra NV Belgium are shown below:

Basic principles:

	31-12-2008	31-12-2007
Discount rate	6.20%	5.50%
Expected return on plan assets in the long term	5.00%	4.00%
Expected return on plan assets in the coming year		
Pay rise	3.50%	3.50%
Pension increase	0.00%	2.00%
Inflation	2.00%	2.00%

Life expectancy table

Mortality tables as prescribed by the Belgian authorities

(x EUR 1.000)

	31-12-2008	31-12-2007
Composition:		
Fair value of the plan assets	367	224
Actuarial results	(39)	(96)
Present value of the pension commitments	(612)	(484)
Adverse balance	(284)	(356)
Movement:		
Pension capital as at 1 January	224	187
Expected return	46	11
Pension contributions	122	44
Paid pensions	(25)	(11)
Difference between actual return and expected return	-	-
Other changes	-	(7)
Pension capital as at 31 December	367	224
Pension commitments as at 1 January	484	332
Pension contributions	26	34
Interest charges	46	23
Paid pensions	(25)	(11)
Net actuarial gain or loss	81	(100)
Other changes	-	206
Pension commitments as at 31 December	612	484
Composition of pension capital:		
Shares	73	45
Fixed-interest securities	294	179
Total	367	224
Pension charge components in connection with defined benefit schemes:	2008	2007
Pension contributions	43	206
Interest charges	26	23
Expected return on investments	(10)	(8)
Total pension charges in the income statement	59	221

The expected contribution to the pension plan in 2009 amounts to EUR 0.1 million.

15. TRADE AND OTHER PAYABLES

	31-12-2008	31-12-2007
- Debts to suppliers	186,426	137,925
- Amounts owed to related parties	139	403
- Taxes and social security contributions	24,720	30,815
- Pension contributions	6,231	7,922
- Other debts, accruals and deferred income	132,607	123,661
	350,123	300,726

The other debts, accruals and deferred income consist for a large part of invoices still to be received for work.

No security is provided for the other interest-bearing loans and borrowings and bank overdraft institutions, other than the security stated under off-balance sheet commitments.

16. REVENUE

The revenue per operating company amounts to:

	2008	2007
Rail	531,854	496,654
Civil	352,138	280,217
Construction & Property Development	192,762	220,639
Workspere	194,869	184,304
PPP concessions	15,728	1,302
Other	3,645	3,897
	1,290,996	1,187,013
Elimination of internal revenues	(41,762)	(42,216)
	1,249.234	1,144.797

Of the increase in revenue, EUR 22 million is accounted for by acquisitions and EUR 82 million by autonomous growth (2007: EUR 100 million).

Breakdown of revenue categories	2008	2007
Construction contracts	913,835	821,968
Service, maintenance and concessions	318,946	312,394
Revenue from inventory	6,114	5,322
Other	10,339	5,113
	1,249.234	1,144.797

The share of service, maintenance and concession assignments in total revenue in 2008 was 25.5% (2007: 27.3%).

17. COST OF RAW MATERIALS, EQUIPMENT AND OUTSOURCED WORK

Cost of raw materials, equipment and outsourced work concerns external overheads directly attributable to the production process.

18. PERSONNEL EXPENSES

	2008	2007
Wages and salaries	273,893	245,976
Social security charges	45,094	40,447
Defined contribution plans	19,598	18,152
Defined benefit plans	1,915	1,453
Long-service awards	368	292
	340,868	306,320

In 2008, the category 'defined contribution plan' includes EUR 19.0 million in connection with defined benefit plans incorporated as defined contribution plans (2007: EUR 17.4 million).

19. OTHER OPERATING EXPENSES

In 2008, a total of EUR 1.4 million was received in subsidies (2007: EUR 2.8 million). The subsidies in question were deducted from the costs to which the grant relates. The subsidies received mainly concern ESF subsidies and WBSO subsidies. Research and development costs (excluding training costs) for 2008 amount to EUR 10.4 million (2007: EUR 4.3 million.)

20. FINANCE INCOME AND EXPENSE

	2008	2007
Finance income		
Third-party interest income	3,473	3,026
Group company interest income	-	-
Discounting other investments	627	274
Exchange rate gains	-	111
Change in derivatives	-	282
	4,100	3,693
Financial expenses		
Third-party interest charges	10,390	8,167
Group company interest expenses	-	-
Exchange rate losses	1,439	-
Change in derivatives	734	119
	12,563	8,286

The higher interest expense in relation to 2007 is explained by a relatively high translation loss in 2008, particularly as a consequence of the fall in the exchange rates of the Swedish and Norwegian kroner. The exchange difference recognised in the income statement in 2008 amounts to EUR -1.4 million (2007: EUR 0.1 million).

The higher interest expenses are mainly caused by a higher average level of capital invested in 2008. The change in derivatives relates to the ineffective part of the interest and inflation swaps.

08
64

21. INCOME TAX EXPENSE

	2008	2007
Taxes payable	9,975	25,205
Deferred tax	(987)	(19,024)
	8,988	6,181

The income tax accounted for differs from the amount that would in theory be payable using the average tax rate (25.5%) that applies to the results of the consolidated companies.

The difference can be explained as follows:

	2008	2007
Profit before tax	23,253	21,491
Nominal Dutch income tax rate	5,930	5,480
Effect of different tax rates in various countries	33	452
Participation exemption	(684)	(752)
Impairment of goodwill	304	104
Amortization of intangible assets	1,521	1,339
Adjustment with respect to previous years	973	-
Release of deferred taxes	(1,521)	(1,339)
Other including non-deductible costs	2,432	897
Effective tax burden	8,988	6,181
Effective tax burden (%)	38.7%	28.8%

The increase of the effective tax burden is largely due to non-deductible costs, such as impairment goodwill and other non-deductible costs abroad as well as non-offsettable foreign losses.

22. WORKFORCE

In 2008, an average of 5,962 personnel were employed (2007: 5,514), of whom 883 abroad (2007: 693).

The breakdown is as follows:

	2008	2007
Rail	3,198	2,910
Civil	829	726
Construction & Property Development	430	397
WorkspHERE	1,454	1,433
PPP-concessions	21	16
Other	30	32
	5,962	5,514

At year-end 2008 the total number of employees was 6,171 (2007: 5,751).

23. FINANCIAL INSTRUMENTS

Maximum credit risk

	31-12-2008	31-12-2007
Investments available for sale	-	-
Associates without significant influence	5,494	5,501
Financial lease receivables	-	-
Other long-term accounts receivables	47,238	16,300
Bonds	-	-
Deposits	-	-
Trade accounts receivable	216,376	171,814
Other accounts receivable	197,989	191,229
Cash and cash equivalents	110,306	133,762
Used for hedging:		
interest rate swaps	794	1,424
forward exchange contracts	155	-
	578,352	520,030

The majority (91%) of the maximum credit risk consists of current receivables and cash (2007: 96%).

Breakdown of trade accounts receivable

	31-12-2008	31-12-2007
Netherlands	158,602	128,097
Euro zone	25,872	21,584
Other Europe	29,604	18,638
Other	2,298	3,495
	216,376	171,814

The majority (85%) of the trade accounts receivable are located in the Euro zone (2007: 87%).

Ageing analysis of accounts receivable	31-12-2008		31-12-2007	
	Gross	Provided	Gross	Provided
Not yet due	116,279	168	81,135	480
Due in 0-30 days	41,824	19	48,915	107
Due in 31-120 days	55,731	1,363	37,336	594
Due in 121-180 days	2,975	288	2,778	153
Due in 181-360 days	1,249	256	1,389	2
Due in more than a year	1,536	1,124	3,825	2,228
Total	219,594	3,218	175,378	3,564
Net accounts receivable		216,376		171,814

The share of trade accounts receivable due for payment decreased in 2008 to 47% (2007: 54%).

Change in provision for bad debts	2008	2007
Position as at 1 January	3,564	3,225
Additions	1,572	1,872
Used	334	131
Released	1,310	1,483
Other changes	(274)	81
Position as at 31 December	3,218	3,564

Cash risk

Liabilities	Currency	Nominal interest rate	Expiry date	31-12-2008		31-12-2007	
				Nominal value	Book value	Nominal value	Book value
Long-term liabilities							
Subordinated loans	EUR	12.00%	>2025	7,299	7,299		
Bank finance	EUR	3.34%	>2012	84,245	83,779	84,722	84,056
Mortgage loan	EUR	5.10%	2010	3,602	3,602	10,786	10,786
Non-recourse PPP financing	EUR	3.39%	>2025	17,438	17,438	4,520	4,520
Financial lease commitments	EUR			107	107	135	135
Derivatives	EUR			19,419	19,419	221	221
Other liabilities	EUR			34,144	34,144	27,482	27,482
Subtotal				166,254	165,788	127,866	127,200
Current liabilities							
Owed to banks	EUR		2009	41,536	41,536	46,234	46,234
Other liabilities	EUR		2009	483,383	483,383	443,655	443,655
Subtotal				524,919	524,919	489,889	489,889
Total				691,173	690,707	617,755	617,089

The majority (76%) of the liabilities are current and consist of trade accounts payable and amounts owed to banks (2007: 79%).

Book value and contractual cash flows

2008	Book value	Contractual cash flows	< 6 months	6-12 months	1-2 years	2-5 years	> 5 years
Non-derived financial liabilities							
Subordinated loans	7,299	30,072	438	438	1,752	2,628	24,817
Bank finance	83,779	101,967	1,399	1,399	5,596	93,573	-
Mortgage loans	3,602	3,633	3,633	-	-	-	-
Non-recourse PPP financing	17,438	32,808	296	296	1,182	1,773	29,261
Financial lease commitments	107	107	16	16	33	42	-
Accounts payable and other debts	517,527	517,527	346,743	170,784	-	-	-
Amount owing to banks	41,536	41,536	27,829	13,707	-	-	-
Derived financial liabilities							
Interest rate swaps used	19,419	48,360	1,247	1,468	3,697	10,119	31,828
Forward exchange contracts	-	-	-	-	-	-	-
Inflation rate swaps	-	-	-	-	-	-	-
	690,707	776,010	381,601	188,108	12,260	108,135	85,906
2007							
	Book value	Contractual cash flows	< 6 months	6-12 months	1-2 years	2-5 years	> 5 years
Non-derived financial liabilities							
Subordinated loans	-	-	-	-	-	-	-
Bank finance	84,056	109,441	2,225	2,225	8,455	96,536	-
Mortgage loans	10,786	13,978	1,918	231	369	11,460	-
Non-recourse PPP financing	4,520	6,204	124	124	249	746	4,961
Financial lease commitments	135	135	41	41	53	-	-
Accounts payable and other debts	471,138	471,138	310,953	160,185	-	-	-
Amount owing to banks	46,234	46,234	30,513	15,721	-	-	-
Derived financial liabilities							
To cover interest rate swaps used	221	535	142	142	50	151	50
Forward exchange contracts	-	-	-	-	-	-	-
Inflation rate swaps	-	-	-	-	-	-	-
	617,090	647,665	345,916	178,669	9,176	108,893	5,011

In view of the policy of hedging interest rate risks, the Group has concluded four EUR interest rate swaps in order to convert variable interest-bearing loans and borrowings to fixed interest. Hedge accounting is applied in accordance with the cash flow model to two swaps. In the case of two other swaps there is an economic hedge to which no hedge accounting is applied. All changes in the value of the last two swaps are accounted for in the income statement.

In addition, the special purpose companies concluded various interest rate and inflation swaps for the PPP projects that commenced in 2008. The changes to these derivatives have been proportionally included in the financial statements.

Cash flows resulting from derivatives

2008	Book value	Anticipated cash flows	< 6 months	6-12 months	1-2 years	2-5 years	> 5 years
Interest rate swaps							
Assets	-	-	-	-	-	-	-
Liabilities	(19,418)	(48,360)	(1,247)	(1,468)	(3,697)	(10,119)	(31,829)
Forward exchange contracts:							
Assets	155	155	155	-	-	-	-
Liabilities	-	-	-	-	-	-	-
Inflation rate swap							
Assets	1,582	13,585	272	272	543	1,630	10,868
Liabilities	-	-	-	-	-	-	-
	(17,682)	(34,620)	(820)	(1,196)	(3,154)	(8,489)	(20,961)
2007	Book value	Anticipated cash flows	< 6 months	6-12 months	1-2 years	2-5 years	> 5 years
Interest rate swaps							
Assets	1,424	2,735	234	234	468	1,404	395
Liabilities	(221)	(535)	(142)	(142)	(50)	(151)	(50)
Forward exchange contracts:							
Assets	-	-	-	-	-	-	-
Liabilities	-	-	-	-	-	-	-
Inflation rate swap							
Assets	-	-	-	-	-	-	-
Liabilities	-	-	-	-	-	-	-
	1,203	2,200	92	92	418	1,253	345

The portion of the cash flows by which it is expected that the profit or loss will be affected:

2008	Book value	Anticipated cash flows	< 6 months	6-12 months	1-2 years	2-5 years	> 5 years
Interest rate swaps							
Assets	-	-	-	-	-	-	-
Liabilities	(954)	(1,438)	(245)	(242)	(269)	(682)	-
Forward exchange contracts:							
Assets	-	-	-	-	-	-	-
Liabilities	-	-	-	-	-	-	-
Inflation rate swap							
Assets	-	-	-	-	-	-	-
Liabilities	-	-	-	-	-	-	-
	(954)	(1,438)	(245)	(242)	(269)	(682)	-
2007	Book value	Anticipated cash flows	< 6 months	6-12 months	1-2 years	2-5 years	> 5 years
Interest rate swaps							
Assets	-	-	-	-	-	-	-
Liabilities	(221)	(535)	(142)	(142)	(50)	(151)	(50)
Forward exchange contracts:							
Assets	-	-	-	-	-	-	-
Liabilities	-	-	-	-	-	-	-
Inflation rate swap							
Assets	-	-	-	-	-	-	-
Liabilities	-	-	-	-	-	-	-
	(221)	(535)	(142)	(142)	(50)	(151)	(50)

Foreign currency exposure

The majority of the Group's activities take place in the Euro zone. The subsidiaries outside the Euro zone often trade in the currency of the country concerned. For transactions in foreign currencies the policy is that the net position is fully hedged by means of foreign currency contracts.

The translation risk on capital and reserves and loans to subsidiaries outside the Euro zone is not hedged.

The Group's currency exposure is limited to the foreign subsidiaries, primarily in Scandinavia, in the converted amount of EUR 37 million (2007: EUR 20 million).

The major exchange rates during the year under review were as follows:

	Average rate		Spot rate on reporting date	
	2008	2007	2008	2007
DKK	0.134	0.134	0.134	0.134
NOK	0.119	0.125	0.102	0.126
SEK	0.102	0.108	0.092	0.106
GBP	1.236	1.462	1.048	1.357
KRW	0.001	0.001	0.001	0.001

An increase of 10 percent in the euro in relation to these exchange rates at year-end would have reduced equity and profit for the period under review by EUR 3.7 million (2006: EUR 2.0 million). Assuming that all other variables remained constant.

A decline of 10 percent in the euro in relation to these exchange rates at year-end would have had a comparable opposite effect.

08
69

Interest exposure

	31-12-2008	31-12-2007
	Book value	Book value
Instruments with fixed interest rate		
Financial assets	19,904	4,690
Financial liabilities	101,217	88,576
	(81,313)	(83,886)
Instruments with variable interest rate		
Financial assets	110,306	133,762
Financial liabilities	45,138	57,020
	65,168	76,742

As a result of an increase of 100 base points in the interest rate, shareholders equity and profit for the period under review would have declined by EUR 0.5 million (2007: EUR 0.4 million decrease). It is assumed that all other variables remain constant.

A fall of 100 base points in the interest rate would have had a comparable but opposite effect.

Interest- and inflationswaps

An increase of 100 base points in the interest rate results in a EUR 8.6 million increase of the financial derivative. Of this increase, EUR 8.4 million is accounted for in equity. EUR 0.2 million is accounted for in the income statement.

A fall of 100 base points in the interest rate results in a change of the financial derivative of EUR 11.5 mln. Of this change, EUR 11.3 million is accounted for in equity. EUR 0.2 million is accounted for in the income statement.

Book values versus actual values

There is hardly any difference between the book values and the actual values of financial assets and liabilities, reported in the balance sheet.

24. CASH FLOW STATEMENT

The breakdown of cash and cash equivalents at the beginning and end of 2008 is as follows:

	2008	2007
Cash at bank and in hand	110,306	133,762
Debts to credit institutions	41,536	46,234
	68,770	87,528

Interest received in 2008 amounts to EUR 4.1 million (2007: EUR 3.3 million).

Interest paid in 2008 amounts to EUR 10.1 million (2007: EUR 8.2 million).

Income tax paid in 2008 amounts to EUR 11.6 million (2007: EUR 26.0 million).

25. OFF BALANCE SHEET COMMITMENTS AND SECURITY PROVIDED

Contingent liabilities

Contingent liabilities are commitments that ensue from past events and whose existence can only be confirmed by the occurrence of one or more uncertain future events over which the entity does not have complete control. If it is unlikely that an outflow of resources embodying economic benefits will be required to settle the commitment, or if the amount of the commitment cannot be valued with sufficient reliability, the relevant commitments are also regarded as contingent liabilities. The contingent liabilities relate to issued guarantees, operational lease commitments and any obligations from legal proceedings against Strukton Groep N.V. and/or its operating companies, the risks and possible obligations of which cannot be reliably estimated.

Furthermore, Strukton Groep N.V. is jointly and severally liable for all liabilities of general partnerships (groups of contractors) in which it directly participates. This liability is limited to the group companies participating in the general partnerships.

No obligations in this respect are included in the financial statements.

For credits taken out by its group companies / participating interests, Strukton Groep N.V. has issued guarantees up to EUR 6.5 million. (year-end 2007: EUR 6.5 million).

As at 31 December 2008, bankers had issued guarantees and letters of intent for an amount totalling EUR 156.0 million (year-end 2007: EUR 140.0 million). These guarantees mainly concern obligations by virtue of construction work in progress and maintenance obligations with respect to completed projects.

In respect of projects an amount of EUR 3.6 million has been provided as security to cover loans taken up. The operating lease commitments relate primarily to future instalments in connection with the leasing of cars, delivery vans and minibuses.

Operating lease commitments

	31-12-2008	31-12-2007
Less than 1 year	20,653	19,817
More than 1 year and less than or equal to 5 years	45,114	43,220
More than 5 years	-	194
	65,767	63,231

Investment commitments

	31-12-2008	31-12-2007
Contractual obligations in connection with -acquisition of property, plant and equipment	1,596	11,176
	1,596	11,176

26. RELATED PARTY TRANSACTIONS

Identification

The following related parties of Strukton Groep N.V. can be distinguished: nv Nederlandse Spoorwegen (shareholder), subsidiaries, associates, the joint ventures, the members of the Supervisory Board of Strukton Groep N.V. and the Group Executive Board of Strukton Groep N.V., the members of the Supervisory Board and Executive Board of nv Nederlandse Spoorwegen.

Transactions with supervisory directors and managers in key positions

The remuneration of managers in key positions can be specified as follows:

	31-12-2008	31-12-2007
Short-term employee benefits	4,919	4,682
Post-employment benefits	842	-
Other long-term employee benefits	-	-
	5,761	4,682

Employee benefits for 2008 include EUR 1.0 million in pension charges (2007: EUR 0.9 million).

Remuneration of the directors amounted to EUR 1,603,788 in 2008 (2007: EUR 1,040,398).

Remuneration of the supervisory directors amounted to EUR 71,672 in 2008 (2007: EUR 67,150).

Other transactions with related parties

Transactions with subsidiaries, associates and joint ventures are conducted on a commercial basis under comparable conditions to those that apply to transactions with third parties.

In the financial year, internal deliveries were made to nv Nederlandse Spoorwegen for EUR 28.2 million (2007: EUR 49.4 million).

At year-end, the following receivables and payables were outstanding as a result of transactions with nv Nederlandse Spoorwegen:

	31-12-2008	31-12-2007
Current receivables	7,373	4,907
Current liabilities	139	403
Subordinated loan	-	-
Income tax payable	3,210	3,446

27. SUBSEQUENT EVENTS

There are no subsequent events to mention.

28. SERVICES FOR CONCESSIONS AND PPP

Strukton group companies participate in six special purpose entities for PPP concession projects. These companies have concluded a concession agreement for the services to be delivered. All three agreements are based on a public-private partnership (PPP) involving so-called DBFM(O) contracts (Design, Build, Finance, Maintain and Operate).

Companies where the Group is able (jointly) to exercise a controlling influence have been included (proportionally) in the consolidated statements. Where the Group does not have a controlling influence, the company has been accounted for as an associate or investment.

The following provisions apply to all six concession agreements:

- The concession payments depend on the availability of the equipment or accommodation;
- To the extent that the payments relate to support services being provided, recognition is proportionate to the delivery of the services;
- The concession agreement contains indexation provisions and, with reference to a benchmark, certain aspects in the agreement can be altered;
- The Group is not itself the owner of the equipment or accommodation;
- The volatility of the revenues and results is limited;
- The concession agreement has no option for extension.

Water purification

The Group has a 5% stake in Delfluent BV. The concession agreement is a DBFMO contract for the construction, maintenance and management of a water purification installation in Harnaschpolder, for the Haaglanden region. The concession commenced in 2003 and runs until 2033.

School buildings

The Group has a 45% participating interest in Talengroep Montaigne BV. The concession agreement is a DBFMO contract for the construction, maintenance and management of a school building for the Montaigne Lyceum in The Hague. The concession commenced in 2004 and runs until 2034.

Public buildings

The Group has a 5% stake in Safire BV. The concession agreement is a DBFMO contract for the construction, maintenance and management of Ministry of Finance in The Hague. The concession commenced in 2006 and runs until 2033.

The Group has a 50% stake in DC16 BV. The concession agreement is a DBFMO contract for the construction, maintenance and management of a school building for the Montaigne Lyceum in The Hague. The concession commenced in 2008 and runs until 2035.

The Group has a 30% stake in Duo2 BV. The concession agreement concerns a DBFMO contract for the construction, maintenance and operation of the joint accommodation in Groningen of the Informatie Beheer Groep (National educational/student funding administration) and the tax authorities in Groningen. The concession commenced in 2008 and runs until 2031.

The Group has a 30% stake in Komfort BV. The concession agreement is a DBFMO contract for the construction, maintenance and management of the Kromhout barracks in Utrecht. The concession commenced in 2008 and runs until 2035.

The respective special purpose companies received non-recourse finance. No repayment or interest rate guarantees have been issued. At the end of 2008 the order book of the PPP projects amounts to EUR 608 mln.

29. ASSETS AND LIABILITIES HELD FOR SALE

No assets and liabilities were held for sale in 2007 and 2008.

30. ACQUISITIONS

Acquisitions of new business combinations

A final Purchase Price Allocation has been drawn up for the 100% interest in Georg Reisse Bauunternehmung GmbH & Co in Germany.

On 25 January 2008 Strukton Rail AS acquired a 100% interest in Betonmast Bane AS.

This transaction was completed by means of a cash payment and transfer of shares in Strukton Rail AS. Following this transaction Strukton Railinfra AS has a 66% interest and Bane Holding AS a 34% interest in Strukton Rail AS.

The activities of Strukton Rail and Betonmast have been combined in Strukton Rail immediately after the acquisition.

On 25 June 2008, Strukton Civiel BV acquired a 100% interest in Grondbank Nederland BV.
Grondbank Nederland BV manages the entire chain of contaminated soil and secondary building materials throughout the Netherlands.

A final Purchase Price Allocation has been drawn up for Grondbank Nederland BV.

A preliminary Purchase Price Allocation has been drawn up for Betonmast Bane AS.

Identified adjustments in fair market value relate to work in progress, property, plant and equipment, client base and order book.

REISSE	Book value for acquisition	Fair value adjustments provisional	Fair value adjustments final	Recognised value on acquisition final
Property, plant and equipment	3,057	-	-	3,057
Intangible assets	22	-	360	382
Financial fixed assets	927	-	-	927
Deferred tax assets	-	-	-	-
Inventories	-	-	-	-
Accounts receivable	28,346	-	-	28,346
Cash and cash equivalents	4,631	-	-	4,631
Non-current liabilities	(634)	-	-	(634)
Deferred tax liabilities	-	-	(101)	(101)
Current liabilities	(24,352)	-	-	(24,352)
Net value of assets and liabilities	11,997	-	259	12,256
Goodwill on acquisition				1,430
Cash price on acquisition				13,686
Acquisition expenses				-
Cash and cash equivalents acquired				4,631
Net cash outflow				9,055

The goodwill recognised upon acquisition is primarily attributable to synergy benefits that are expected from the integration of the company with the Group's existing activities. For Reisse the synergy benefits lie in the area of more efficient use of the equipment and the possibility of offering in Germany products and services developed elsewhere in Europe.

BETONMAST	Book value for acquisition	Fair value adjustments provisional	Fair value adjustments final	Recognised value on acquisition provisional
Property, plant and equipment	1,389	-	-	1,389
Intangible assets	256	417	-	673
Financial fixed assets	-	-	-	-
Deferred tax assets	-	-	-	-
Inventories	856	-	-	856
Accounts receivable	5,824	-	-	5,824
Cash and cash equivalents	373	-	-	373
Non-current liabilities	-	-	-	-
Deferred tax liabilities	(781)	(117)	-	(898)
Current liabilities	(5,474)	-	-	(5,474)
Net value of assets and liabilities	2,443	300	-	2,743
Goodwill on acquisition				5,064
Cash price on acquisition				6,217
Acquisition expenses				-
Cash price in shares				1,590
Cash and cash equivalents acquired				373
Net cash outflow				5,844

The activities of Strukton Rail and Betonmast have been combined in Strukton Rail immediately after the acquisition. It is therefore impossible to independently determine the revenue and contribution to the result of Betonmast in 2008.

The goodwill recognised in connection with the acquisition is primarily attributable to synergy benefits that are expected from the integration of the company with the Group's existing activities. For Betonmast, the synergy benefits lie in the area of more efficient use of people and resources, particularly in Norway and other Scandinavian countries. The acquisition of Betonmast reinforces the market position in Scandinavia.

GRONDBANK	Book value for acquisition	Fair value adjustments provisional	Fair value adjustments final	Recognised value on acquisition final
Property, plant and equipment	89	-	-	89
Intangible assets	-	-	750	750
Financial fixed assets	-	-	-	-
Deferred tax assets	-	-	-	-
Inventories	-	-	-	-
Accounts receivable	1,373	-	-	1,373
Cash and cash equivalents	873	-	-	873
Non-current liabilities	-	-	-	-
Deferred tax liabilities	-	-	(191)	(191)
Current liabilities	(2,624)	-	-	(2,624)
Net value of assets and liabilities	(289)	-	559	270
Goodwill on acquisition				153
Cash price on acquisition				423
Acquisition expenses				-
Cash and cash equivalents acquired				873
Net cash outflow				(450)
EBITDA from transaction date				200
EBIT from transaction date				186
Net result from transaction date				195
Net result from 1 January 2008				(192)
Revenue from transaction date				2,048
Revenue from 1 January 2008				4,636

The goodwill recognised in connection with the acquisition is primarily attributable to synergy benefits that are expected from the integration of the company with the Group's existing activities.

Grondbank Nederland BV operates in the Dutch market.

Acquisities van minderheidsbelangen

On 23 December 2008, **Strukton Railinfra AS** acquired the remaining 34% interest in Strukton Rail AS from Bane Holding AS. This transaction was entirely settled in cash.

Strukton Rail AS is active in the field of the construction and maintenance of rail and rail-related systems in Norway.

The goodwill arising from the acquisition is based on the difference between the additional investment and the carrying amount of the assets and liabilities on the date of transaction.

	Book value for acquisition	Fair value adjustments	Recognised value on acquisition
Net value of assets and liabilities	3,809	-	3,809
Minority interest acquired	1,295	-	1,295
Goodwill on acquisition			2,153
Cash price on acquisition			3,448
Acquisition expenses			26
Net cash outflow			3,474

31. JOINT VENTURES

The activities of Strukton Group are partly performed in joint ventures (temporary and permanent).

The consolidated financial statements include the following items, which correspond with the interest of Strukton Group in the revenues, costs, assets and liabilities of the various joint ventures:

	2008	2007
Assets		
Non-current assets	42,673	23,452
Current assets	220,552	190,791
	263,225	214,243
Liabilities		
Non-current assets	61,108	27,740
Current liabilities	208,605	182,646
	269,713	210,386
Net assets and liabilities	(6,488)	3,857
Revenue	305,866	207,321
Expenses	295,211	196,664
	10,655	10,657

The increase in the assets and liabilities is largely caused by the proportional inclusion in the consolidation of the PPP projects that commenced in 2008.

32. SUMMARY OF MOST IMPORTANT GROUP COMPANIES AND JOINT VENTURES

The following companies are fully consolidated:

Name	Registered office	Share in issued capital %
Strukton Rail bv	Utrecht	100
Strukton Rail Regio bv	Utrecht	100
Strukton Railinfra Projecten bv	Maarssen	100
Strukton Rail Installatietechniek bv	Utrecht	100
Strukton Rail Materieel bv	Den Bosch	100
Strukton Systems bv	Maarssen	100
Strukton Rail Projects bv	Utrecht	100
Strukton Rail International bv	Utrecht	100
Strukton Rail NV	Merelbeke (Bel)	100
Strukton Rail Consult bv	Utrecht	100
Ecorail bv	Den Haag	100
Strukton Railinfra AB	Stockholm (Swe)	100
Strukton Rail AB	Stockholm (Swe)	100
Strukton Railinfra Nordic AB	Stockholm (Swe)	100
Strukton Railinfra AS	Oslo (Nor)	100
Strukton Rail AS	Oslo (Nor)	100
Strukton Rail Holding A/S (DK)	Kopenhagen (Den)	100
Strukton Rail A/S	Kopenhagen (Den)	100
Strukton Railinfra GmbH	München (Ger)	100
Georg Reisse Bauunternehmung GmbH & Co KG	Kassel (Ger)	100
Reisse Bau GmbH & Co KG	Erfurt (Ger)	100
Strukton Civiel BV	Utrecht	100
Strukton Civiel Projecten bv	Utrecht	100
Grondbank Nederland bv	Utrecht	100
Colijn Beheer bv	Werkendam	100
Colijn Aannemersbedrijf bv	Werkendam	100
Geocon bv	Utrecht	100
Terracon International bv	Werkendam	100
Terracon Funderingstechniek bv	Werkendam	100
Terracon Spezialtiefbau GmbH	Bad Liebenwerda (Ger)	100
Strukton Prefab Beton bv	Maarssen	100
Strukton Afzinktechnieken bv	Maarssen	100
Strukton Microtunneling bv	Maarssen	100
Strukton Infratechnieken bv	Utrecht	100
Canor Benelux bv	Utrecht	100
Repa Infra bv	Deventer	100
Reef Infra bv	Oldenzaal	100
Reef Wegenbouw bv	Oldenzaal	100
Reef Milieu bv	Oldenzaal	100
Strukton Specialistische Technieken bv	Utrecht	100
Strukton Engineering bv	Utrecht	100
Strukton Bouw & Vastgoed bv	Utrecht	100
Strukton Projectontwikkeling bv	Utrecht	100
La Mondiale NV	Kortrijk (Bel)	100
Strukton Bouw & Onderhoud bv	Maarssen	100
Strukton Vastgoedontwikkeling Beheer bv	Maarssen	100
Strukton Ganzenmarkt bv	Utrecht	100
Strukton Ezinger bv	Utrecht	100
Strukton Peizerhoven bv	Utrecht	100
Vastgoedontwikkeling Beilen Oost bv	Utrecht	100
Strukton Services bv	Utrecht	100
Strukton Worksphere bv	Utrecht	100
Strukton Worksphere België bv ba	Tongeren	100

Name	Registered office	Share in issued capital %
Strukton Integrale Projecten bv	Maarsse	100
Strukton Vastgoedbeheer en Facility Management bv	Utrecht	100
Strukton Materieel bv	Maarsse	100
Strukton Finance bv	Maarsse	100
Strukton Finance Holding bv	Maarsse	100
Strukton Elscho	Maarsse	100
SDM Finance NV	Gent (Bel)	100
Parc Invest NV	Gent (Bel)	100
Congress Valley NV	Gent (Bel)	100

The following companies are partially consolidated:

Europool bv	Maarsse	50
Eurailsco	Utrecht	50
Tribase Computer and Network Services Vof	Utrecht	33 $\frac{1}{3}$
Tubex bv	Oostburg	50
DMI Nederland bv	Weert	50
DMI Injektionstechnik GmbH	Berlijn	50
ACH Exploitatie bv	Hengelo	33 $\frac{1}{3}$
Noordelijke Asfaltproduktie (NOAP) bv	Heerenveen	50
La Linea Leiden cv	Rotterdam	50
TalentGroep Montaigne bv	Rotterdam	44.9
DC 16 bv	Nieuwegein	50
Duo2 bv	Utrecht	30
Komfort bv	Nieuwegein	30

A list of participating interests in the meaning of Sections 379 and 414 of Book 2 of the Netherlands Civil Code (BW) is filed with the trade register in Utrecht.

Company balance sheet

(x EUR 1,000)

	Notes	31-12 08	31-12 07
ASSETS			
Non-current assets			
Property, plant and equipment	(1)	21,728	22,649
Financial fixed assets	(2)	328,406	290,903
		<u>350,134</u>	<u>313,552</u>
Current assets			
Accounts receivable	(3)	19,134	18,191
Cash and cash equivalents	(4)	1,013	3,043
		<u>20,147</u>	<u>21,234</u>
		<u>370,281</u>	<u>334,786</u>
EQUITY AND LIABILITIES			
Equity and liabilities			
Issued capital		2,269	2,269
Other reserves		155,336	163,651
Retained earnings		14,265	15,310
Total shareholders' equity	(5)	<u>171,870</u>	<u>181,230</u>
Subordinated loans	(6)	-	-
Provisions	(7)	948	1,251
Loans and borrowings	(8)	90,656	80,757
Current liabilities	(9)	<u>106,807</u>	<u>71,548</u>
		<u>370,281</u>	<u>334,786</u>

08
79

Company income statement

(x EUR 1.000)

	Notes	08	07
Total profit of participating interests		23.489	25.655
Other results after taxes	(10)	(9,224)	(10,345)
Extraordinary item		-	-
Total of other results after taxes		(9,224)	(10,345)
Profit for the period		14,265	15,310

Notes to the company financial statements

Strukton Groep N.V. is part of nv Nederlandse Spoorwegen.

Where reference is made in the company financial statements to transactions with group companies, this means both transactions between Strukton Groep N.V. and its subsidiaries and transactions with other group companies belonging to and related to nv Nederlandse Spoorwegen.

ACCOUNTING POLICIES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of Strukton Groep N.V. are included in the consolidated financial statements. The separate financial statements of Strukton Groep N.V. are prepared in accordance with the statutory requirements of Part 9, Book 2 BW. In this context, the company utilises the option under section 2:362(8) BW to apply the same principles for valuation and result determination to the separate financial statements as those applied to the consolidated financial statements.

In respect of the company income statement of Strukton Groep N.V. use has been made of the exemption pursuant to article 2:402, book 2 BW.

The consolidated group companies are stated at net asset value in accordance with the policies used for the consolidated IFRS financial statements of Strukton Groep N.V. The participating interests where significant influence is exercised are also valued according to these valuation principles set out in the consolidated financial statements. The same applies with respect to the principles for determining the result. Consequently, equity and the net result of Strukton Groep N.V. are equal to those in the consolidated financial statements.

PRINCIPLES OF VALUATION AND DETERMINATION OF RESULTS

The principles for valuation and determination of the result for the company financial statements are the same as those for the consolidated financial statements. If no specific policies are mentioned, please refer to the policies mentioned in the consolidated financial statements of Strukton Groep N.V.. For a correct interpretation of the company financial statements of Strukton Groep N.V., reference should be made to the consolidated financial statements of Strukton Groep N.V.

1. Property, plant and equipment (as at 31 December 2008)

	Land	Business buildings	Plant and machinery	Assets under construction	Total
Acquisition price as at 1 January 2008	3,032	30,903	1,335	-	35,270
Cumulative depreciation	279	11,123	1,219	-	12,621
Book value as at 1 January 2008	2,753	19,780	116	-	22,649
Investments	-	-	-	301	301
Divestments	-	-	-	-	-
Depreciation	25	1,147	50	-	1,222
Other changes	-	-	-	-	-
Book value as at 31 December 2008	2,728	18,633	66	301	21,728
Acquisition price as at 31 December 2008	3,032	30,903	1,335	301	35,571
Cumulative depreciation	304	12,270	1,269	-	13,843
Book value as at 31 December 2008	2,728	18,633	66	301	21,728

2. Financial fixed assets

The financial fixed assets comprise:

	31-12-2008	31-12-2007
Participating interests in group companies	145,583	138,152
Accounts receivable from group companies	179,049	148,175
Financial derivatives	-	1,199
Deferred tax assets	824	427
	325,456	287,953
Other subsidiaries	2,950	2,950
	328,406	290,903

Movement in the financial assets in 2008 was as follows:

	Participating interests from group companies	Accounts receivable from group companies	Financial derivatives	Deferred tax receivables	Other participating interests	Total
As at 1 January 2008	138,152	148,175	1,199	427	2,950	290,903
In consolidation	-	-	-	-	-	-
Expansion	29,449	-	-	-	-	29,449
Disposal	-	-	-	-	-	-
Share in results	23,489	-	-	-	-	23,489
Dividends	32,304	-	-	-	-	32,304
Loans extended	-	109,890	-	-	-	109,890
Repayments	-	79,016	-	-	-	79,016
Consolidations, deconsolidations and other changes	(13,203)	-	(1,199)	397	-	(14,005)
As at 31 December 2008	145,583	179,049	-	824	2,950	328,406

3. Accounts receivable

The receivables consist of:

	31-12-2008	31-12-2007
Receivables from group companies	6,547	16,433
Taxation and social security	61	571
Other receivables, prepayments and accrued income	12,526	1,187
	19,134	18,191

4. Cash and cash equivalents

These cash and cash equivalents are freely available to the company.

5. Capital and reserves

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

6. Subordinated loans

At year-end 2008 no subordinated loans had been taken up or repaid.

7. Provisions

Summary of changes in the book value in 2008:

	Book value 1-1-2008	Consolidation	Addition	Withdrawal	Release	Other	Book value 31-12-2008
Provisions for taxes	1,041	-	-	-	-	(93)	948
Other provisions	210	-	-	60	150	-	-
	<u>1,251</u>	<u>-</u>	<u>-</u>	<u>60</u>	<u>150</u>	<u>(93)</u>	<u>948</u>

8. Loans and borrowings

	31-12-2008	31-12-2007
Non-current liabilities comprise:		
Interest-bearing loans and borrowings	80,500	80,500
Amounts owed to group companies	6,800	-
Other	3,356	257
	<u>90,656</u>	<u>80,757</u>

9. Current liabilities

	31-12-2008	31-12-2007
The liabilities comprise:		
Bank overdraft	39,720	45,000
Debts to suppliers	226	443
Amounts owed to group companies	54,550	19,346
Taxation and social security	3,317	3,870
Other debts, accruals and deferred income	8,994	2,889
	<u>106,807</u>	<u>71,548</u>

10. Other results after taxes

	2008	2007
Other results after taxes	(9,224)	(10,345)

The other results are mainly due to the Dutch income tax payable by the tax entity. At year-end 2008 this tax debt amounted to EUR 7.8 million (2007: EUR 5.0 million).

Strukton Groep N.V., with the majority of its wholly-owned domestic participating interests, forms part of the tax entity of nv Nederlandse Spoorwegen: on the grounds of this tax entity, the company is jointly and severally liable for the taxes payable by the tax entity as a whole. Within the tax entity, Strukton Groep N.V. is treated as an autonomous taxable entity.

Strukton Groep N.V. does not charge income tax on to its individual subsidiaries.

11. Off-balance sheet commitments

For loans and advances contracted by operating companies/participating interests, Strukton Groep N.V. has issued guarantees for a total of EUR 6.5 million (year-end 2007: EUR 6.5 million).

As at 31 December 2008, bankers had issued guarantees and letters of intent for an amount of EUR 156.0 million (year-end 2007: EUR 140.0 million). These guarantees mainly concern obligations by virtue of construction work in progress and maintenance obligations with respect to completed projects.

Collateral in the amount of EUR 3.6 has been furnished to cover loans taken up.

Remuneration of directors and supervisory directors

For a summary of the remuneration of directors and supervisory directors, please refer to the consolidated financial statements.

Utrecht, 3 March 2009

The management

dr. D.G. ten Wolde (chairman a.i.)
R.T.A. Steenvoorden

The Supervisory Board

M. Niggebrugge (chairman)
R. den Besten
C.A. de Ruyter

Other information

Provisions of the articles of association governing profit appropriation

The provisions governing the profit appropriation are included in article 33 of the articles of association. These provisions state that the profit is at the free disposal of the General Meeting of Shareholders.

Proposed dividend

It is proposed to the General Meeting of Shareholders to distribute EUR 6.0 million in dividend (2007: EUR 6.0 million).

Subsequent events

For subsequent events, please refer to the consolidated financial statements.

To: The shareholder of Strukton Groep N.V.

Auditor's report

Report on the financial statements

We have audited the financial statements for 2008 included in this report on page 34 to 84 of Strukton Groep N.V., Maarssen, with its actual registered office in Utrecht. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2008, the income statement, statement of total recognised income and expense and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at 31 December 2008, the company income statement for the year then ended and the notes.

Management's responsibility

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

Auditor's responsibility

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

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

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

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Strukton Groep N.V. as at 31 December 2008, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

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

Report on other legal and regulatory requirements

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

Utrecht, 3 March 2009

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Central Works Council (COR)
H. van der Meijden (chairman)
C.L.M. de Bakker (secretary)
J.A.H. Hoogenboom (official secretary)
D. de Groot
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Alliance contract written agreement to form an alliance in which the partners (client and contractor) participate as equals. The partners must work together on an equal footing to achieve common goals and share the benefits. Profits and losses are shared and risks are borne jointly.

Amfora Dutch abbreviation for Alternative Multi-Functional Underground Space Amsterdam. Extra space is created underground for traffic and urban functions for the benefit of a liveable, pleasant and authentic Amsterdam above ground. In this group initiative, Strukton presents a feasible and affordable vision to solve the traffic, spatial planning and environmental problems in the centre of Amsterdam.

Back on Track internal programme to strengthen the organisation of Strukton Bouw & Vastgoed

Capital invested equity plus loans granted and net bank balances

Core values the three properties of the Strukton mindset

CSR Corporate Social Responsibility

DBFMO Design, Build, Finance, Maintain & Operate

EBIT/operating result Earnings Before Interest and Tax

EBITDA/operational result Earnings Before Interest, Tax, Depreciation and Amortisation

IFRS International Financial Reporting Standards (formerly International Accounting Standards (IAS)), as of 1 January 2005 the standard international accounting rules for the preparation of the annual accounts of all listed companies in the European Union. IFRS improve the comparability of accounts and give a better view of the financial position and results.

Immersion technique technique to sink tunnel elements in water

Lifecycle approach a way of working that takes account of the total lifecycle of a building or part of the infrastructure

NL GAAP Dutch generally accepted accounting principles.

One company, One system, Two processes an internal programme at Strukton Worksphere to standardise its processes wherever possible and address the imbalance between the project organisation on the one hand and the service, management and maintenance organisation on the other.

Glossary

08
91

Operational management management of a building when it is in use

Order book engagements won but not yet being carried out

Organic growth growth from a company's continuing activities (not from acquisitions, divestments or exchange rate movements)

POSS Dutch abbreviation for Preventive Maintenance and Failure Diagnosis System

PPP concession public private partnership in which a government body awards a long-term contract to a private consortium for the design, construction, financing, management and maintenance of a project and often also facility services

Preferred bidder the final party remaining at the end of the selection procedure for an engagement

Total capital invested equity plus loans granted and net bank balances

Video inspection train a maintenance train that inspects railway lines using a video system

Work in hand the order book plus an estimate of orders expected in the near future, including work developed by Strukton and projects for which Strukton is negotiating largely on an exclusive basis and/or has been appointed preferred bidder

Working capital non-cash current assets less non-interest-bearing current liabilities

$$\text{IF - index} = \frac{1,000,000 \times (\text{number of lost time accidents})}{\text{number of hours worked}}$$

$$\text{Accident figure} = \frac{\text{Total number of fatal and serious lost time accidents} > 3 \text{ days} \times 1,000}{\text{average number of employees}}$$

$$\text{Frequency figure} = \frac{\text{Total number of fatal and serious lost time accidents} > 3 \text{ days} \times 100,000}{\text{total number of hours worked}}$$

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