

Last day for Acceptance
10 April 2002, 15:00 hours, Dutch time

PUBLIC OFFER

for all outstanding ordinary shares in the share capital of

HOLLANDSCHE BETON GROEP N.V.

(a company incorporated under the laws of The Netherlands, with registered office in Rijswijk, The Netherlands)



by

GRUPO DRAGADOS, S.A.

(a company incorporated under the laws of Spain, with registered office in Madrid, Spain)



Offer Document

15 March 2002

0854726



I. RESTRICTIONS

Capitalised terms used in this chapter have the meaning as ascribed thereto in chapter I 'Definitions'.

General

The distribution of the Offer Document and the Offer described therein may, in certain jurisdictions, (i) be restricted by law, (ii) require authorisation, approval or consent from regulatory authorities, or (iii) otherwise be subject to limitation. Persons obtaining the Offer Document are required to take due note and observe all such restrictions and obtain any necessary authorisations, approvals or consents. Neither Grupo Dragados, nor HBG, accepts any liability for any violation by any person of any such restriction.

United Kingdom

This Offer Document is directed only at persons who (i) are persons falling within Article 49(2) (a) to (d) ('high net worth companies, unincorporated associations, etc.') of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (as amended) or (ii) have professional experience in matters relating to investments or (iii) are outside the United Kingdom (all such persons together being referred to as 'relevant persons'). This Offer Document must not be acted on or relied on by persons who are not relevant persons. The Offer may only be accepted by, and any investment activity to which this communication relates is available only to and will be engaged in only with, relevant persons.

United States of America

The Offer is not being made directly or indirectly in or into the United States, or to any U.S. person (as defined in Regulation S under the United States Securities Act of 1933, as amended), or by use of the mails of, or by any means or instrumentality of interstate or foreign commerce of, or any facilities of a national securities exchange of the United States. This includes, but is not limited to, the post, facsimile transmission, telex or any other electronic forms of transmission and telephone. Accordingly, copies of this Offer Document and any related press announcements, acceptance forms and other documents are not being sent and must not be mailed or otherwise distributed or sent in, into or from the United States. Persons receiving this Offer Document and/or such other documents (including, without limitation, custodians, nominees and trustees) must not distribute or send them in, into or from the United States, or use such mails or any such means, instrumentality or facility for any purpose directly or indirectly in connection with the Offer, and so doing may invalidate any purported Acceptance of the Offer.

Canada

Neither this Offer Document nor any copy of it may be taken or transmitted into Canada or distributed or redistributed in Canada or to any individual outside Canada who is a resident of Canada, except in compliance with the applicable rules.

Japan

Neither this Offer Document nor any copy of it may be taken or transmitted into Japan or distributed or redistributed in Japan or to any resident thereof, except in compliance with the applicable rules.

Australia

This Offer is not being made directly or indirectly in or into and may not be accepted in or from Australia. Accordingly, if any copies of this Offer Document (and any accompanying documents) are mailed or otherwise distributed or sent in or into Australia, such action does not constitute an offer and any purported Acceptance by or on behalf of an Australian resident will be invalid.

Each HBG Shareholder who accepts the Offer irrevocably represents and warrants, by accepting the Offer, to Grupo Dragados at the time it accepts the Offer that (i) such HBG Shareholder has not received or sent copies of this Offer Document, or any related document in, into or from the United States, Canada, Australia or Japan and has not otherwise utilised in connection with the Offer, directly or indirectly, the United States, Canadian, Australian or Japanese mails or any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone, email and other forms of electronic transmission) of interstate or foreign commerce of, or any facilities of a national securities exchange of, the United States, Canada, Australia or Japan, (ii) the Offer Document or any related documents have not been mailed or otherwise sent in, into or from the United States, Canada, Australia or Japan, (iii) such HBG Shareholder was outside the United States, Canada, Australia and Japan when the form of acceptance was delivered and at the time of accepting the Offer, in respect of HBG Shares

to which the Offer relates, is not an agent or fiduciary acting on a non-discretionary basis for a principal who has given any instructions with respect to the Offer from within the United States, Canada, Australia or Japan and (iv) no acceptance of the Offer has been made by any means or instrumentality of interstate or foreign commerce of the United States, Canada, Australia or Japan or signed in the United States, Canada, Australia or Japan.

Furthermore, each HBG Shareholder who accepts the Offer irrevocably represents and warrants, by accepting the Offer, to Grupo Dragados at the time it accepts the Offer that if it received the Offer Document in the United Kingdom it is a person falling within (i) Article 19(5) ('Investment professionals') or (ii) Article 49(2)(a) to (d) ('High net worth companies, unincorporated associations etc.') of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001.

II. IMPORTANT INFORMATION

HBG Shareholders are advised to review the Offer Document thoroughly and completely and to seek independent advice where appropriate in order to reach a balanced judgement in respect of the Offer itself and the contents of the Offer Document. Capitalised terms used in this chapter have the meaning as ascribed thereto in chapter I 'Definitions'.

The information contained in the Offer Document has been provided by Grupo Dragados, except for the information set forth in chapter 9 'Information on HBG', which has been provided by HBG. The auditor's opinion issued in paragraph 9.9 originates from Ernst & Young Accountants. Grupo Dragados and HBG are jointly responsible for the accuracy and completeness of the information contained in chapters II 'Important Information', 1 'Definitions', 2 'Synopsis', 3 'Nederlandse samenvatting', 6 'The Offer', 11 'Statements required by the Decree' and 12 'Press releases', while HBG is solely responsible for the information contained in chapters 5 'Extraordinary General Meeting of HBG Shareholders', 7 'Recommendation of the Offer by the HBG Management Board and the HBG Supervisory Board' and 9 'Information on HBG' and Grupo Dragados is solely responsible for the information contained in chapters I 'Restrictions', 4 'Invitation to the HBG Shareholders', 8 'Tax aspects of the Offer' and 10 'Information on Grupo Dragados'. Grupo Dragados and HBG confirm that on the date of publication of the Offer Document, the information provided by each of the parties respectively, is, to the best of their knowledge, true and accurate and that no facts have been omitted, the inclusion of which would change the meaning of this Offer Document. The HBG Management Board is responsible for managing HBG under supervision of the HBG Supervisory Board (reference is made to paragraph 9.2, 'HBG Management Board and HBG Supervisory Board'). The Grupo Dragados Board of Directors is responsible for managing Grupo Dragados (reference is made to paragraph 10.2 'Grupo Dragados Board of Directors').

The issue and distribution of the Offer Document does not imply in any respect that the information contained herein will continue to be correct and complete after the date of publication of the Offer Document.

This Offer Document contains forward-looking statements. All statements other than statements of historical fact included in this Offer Document constitute forward-looking statements. These forward-looking statements include targets, forecasts, projections, descriptions of anticipated cost savings, statements regarding the possible development or possible assumed future results of operations and any statement preceded by, followed by or including the words 'targets', 'believes', 'expects', 'aims', 'intends', 'will', 'may', 'anticipates' or similar expressions. Such forward-looking statements involve risks, uncertainties and other factors which may cause the actual results, performance or achievements of the New Group or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. All written and oral forward-looking statements attributable to Grupo Dragados or HBG or persons acting on their behalf are expressly qualified in their entirety by the cautionary statements set forth in this paragraph. HBG Shareholders and the shareholders of Grupo Dragados are cautioned not to put reliance on such forward-looking statements. Neither Grupo Dragados nor HBG undertakes any obligation to release publicly any revisions to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date hereof except as required by law, stock exchange rules or by any appropriate regulatory authority.

With the exception of Grupo Dragados and HBG no individual is authorised to provide any information or to make any statements on behalf of Grupo Dragados or HBG in connection with the Offer or the information contained in the Offer Document. If any such information or statement is provided, or made by parties other than Grupo Dragados or HBG, such information or statements should not be relied upon as having been provided by or made by or on behalf of Grupo Dragados or HBG.

Lazard Frères S.A.S. is acting for HBG in connection with the Offer and for no one else and will not be responsible to anyone other than HBG for providing advice in relation to the Offer.

Rothschild España, S.A. is acting for Grupo Dragados in connection with the Offer and for no one else and will not be responsible to anyone other than Grupo Dragados for providing advice in relation to the Offer.

The Offer Document and the Offer are governed by Dutch law. The Offer Document is published in English and includes a Dutch summary (*Nederlandse samenvatting*). In the event of any discrepancies, whether or not in interpretation, between the English text in the Offer Document and the Dutch summary, the English text shall prevail.

Copies of (i) the Offer Document in English (including the Dutch summary), (ii) the Articles of Association, (iii) the annual reports for 2000 and 1999 of HBG in Dutch and in English, and (iv) the press release relating to the financial statements of HBG for 2001 are available free of charge from the offices of:

ING Bank N.V.

Address: Foppingadreef 7
P.O. Box 1800
1000 BV Amsterdam
The Netherlands
Telephone: + 31 20 563 85 21
Fax: + 31 20 563 85 43
and

HBG

Address: Generaal Spoorlaan 489
P.O. Box 81
2280 AB Rijswijk
The Netherlands
Telephone: +31 70 372 21 20
Fax: +31 70 372 25 13

ING Bank N.V. has been appointed as paying agent in the context of the Offer.

15 March 2002

CONTENTS

I. RESTRICTIONS	i
II. IMPORTANT INFORMATION	iii
1. DEFINITIONS	1
2. SYNOPSIS	3
3. NEDERLANDSE SAMENVATTING	4
3.1 Nederlandse Definities	4
3.2 Het Bod	5
3.3 De Aanmeldingstermijn	5
3.4 Betaling	5
3.5 Tijdschema	5
3.6 Verantwoordelijkheid	5
3.7 Strategische beweegredenen	6
3.8 Uitnodiging aan HBG Aandeelhouders	6
4. INVITATION TO HBG SHAREHOLDERS	9
5. EXTRAORDINARY GENERAL MEETING OF HBG SHAREHOLDERS	11
6. THE OFFER	12
6.1 The Offer	12
6.2 Conditions of the Offer	12
6.3 Background to and reasons for the Offer	13
6.4 Synergies	14
6.5 Motivation of the Offer Price	14
6.6 The funding of the Offer	14
6.7 Future board structure and organisation of the New Group	14
6.8 Future legal structure of HBG	15
6.9 Employees, works council and trade unions	16
6.10 Implications of the Offer being declared unconditional	16
6.11 Exclusivity and standstill agreement	16
7. RECOMMENDATION OF THE OFFER BY THE HBG MANAGEMENT BOARD AND THE HBG SUPERVISORY BOARD	17
8. TAX ASPECTS OF THE OFFER	18
8.1 General	18
8.2 Taxes on income and capital gains	18
8.3 Other taxes	19
9. INFORMATION ON HBG	20
9.1 Profile	20
9.2 HBG Management Board and HBG Supervisory Board	20
9.3 Capital and Shares	20
9.4 Share price development	21
9.5 Major Holdings Disclosure Act	22
9.6 Options	22
9.7 Dividend	22
9.8 Financial details of HBG	23
9.9 Auditor's report	42
9.10 Miscellaneous	42
10. INFORMATION ON GRUPO DRAGADOS	47
10.1 Profile	47
10.2 Grupo Dragados Board of Directors	47
10.3 Strategy	47
10.4 Consolidated summary financials for Grupo Dragados	48
11. STATEMENTS REQUIRED BY THE DECREE	49
12. PRESS RELEASES	50

1. DEFINITIONS

Save where indicated otherwise, capitalised terms used in this Offer Document will have the meaning as ascribed thereto below:

Acceptance:	The tender of HBG Shares by the HBG Shareholders in acceptance of the Offer
Acceptance Period:	The period during which HBG Shareholders can tender their HBG Shares to Grupo Dragados under the terms and conditions of the Offer, which begins on 18 March 2002 and ends, subject to extension, on 10 April 2002 at 15:00 hours Dutch time
Articles of Association:	The articles of association of HBG
Authority FM:	Authority for the Financial Markets (<i>Autoriteit Financiële Markten</i>)
Ballast Nedam:	Ballast Nedam N.V., a company incorporated under Dutch law, with registered office in Nieuwegein, The Netherlands
BHD:	Ballast HAM Dredging B.V., a company incorporated under Dutch law, with registered office in Rotterdam, The Netherlands
Decree:	The Decree on the Supervision of Securities Trade 1995, as amended (<i>Besluit toezicht effectenverkeer 1995</i>)
EUR/€:	Euro
Euronext:	Euronext Amsterdam N.V., a company incorporated under Dutch law, with registered office in Amsterdam, The Netherlands or the Official Market of the stock exchange of Euronext Amsterdam N.V., as the context requires
Euronext Day:	A day on which Euronext is open for trading
Extraordinary General Meeting:	The extraordinary general meeting of HBG Shareholders to be held on 2 April 2002 at the offices of HBG in Rijswijk, The Netherlands at 10:30 hours, in which meeting the Offer will be discussed as meant in article 9q, paragraph 1 of the Decree
Grupo Dragados:	Grupo Dragados, S.A., a company incorporated under the laws of Spain, with registered office in Madrid, Spain
Grupo Dragados Board of Directors:	The board of directors (<i>Consejo de Administración</i>) of Grupo Dragados
HBG:	Hollandsche Beton Groep N.V., a company incorporated under Dutch law, with registered office in Rijswijk, The Netherlands
HBG Management Board:	The management board (<i>raad van bestuur</i>) of HBG
HBG Preferred Shares:	Preferred shares with a nominal value of EUR 1 each in the share capital of HBG
HBG Priority Shares:	Priority shares with a nominal value of EUR 1 each in the share capital of HBG
HBG Shares:	Ordinary shares with a nominal value of EUR 1 each in the share capital of HBG
HBG Supervisory Board:	The supervisory board (<i>raad van commissarissen</i>) of HBG
HBG Shareholders:	Holders of HBG Shares
New Group:	The enlarged group created by Grupo Dragados and HBG after the Offer has been declared unconditional (<i>gestand gedaan</i>) and settlement of the Offer has occurred
New Group Management Board:	The new management board of Grupo Dragados to be instituted after the Offer is declared unconditional (<i>gestand gedaan</i>) and settlement of the Offer has occurred
Offer:	The public offer being made by Grupo Dragados for all HBG Shares outstanding at the closing of the Acceptance Period on the terms and subject to the conditions set out in this Offer Document
Offer Document:	This offer document relating to the Offer

Offer Price:	An amount of EUR 21.25 in cash for each HBG Share tendered under the conditions of the Offer
Priority Shares Foundation:	<i>Stichting tot beheer van prioriteits aandelen van Hollandsche Beton Groep N.V.</i> , with its registered office in Rijswijk, The Netherlands, holder of all HBG Priority Shares
Preferred Shares Foundation:	<i>Stichting HBG</i> , a foundation under Dutch law with its statutory seat in Rijswijk, The Netherlands
Settlement Date:	The date on which, in accordance with the conditions of the Offer, Grupo Dragados shall pay the Offer Price to the HBG Shareholders who have tendered HBG Shares in the manner set out in chapter 4 'Invitation to HBG Shareholders', against transfer of those HBG Shares to Grupo Dragados, which date shall be no later than the fifth Euronext Day after the date on which the Offer is declared unconditional (<i>gestand gedaan</i>)

2. SYNOPSIS

This synopsis is subject to the detailed conditions as stated in the Offer Document. HBG Shareholders are advised to review the Offer Document thoroughly and completely and to seek independent advice where appropriate in order to reach a balanced judgement in respect of the Offer itself and the contents of the Offer Document.

The Offer

The information provided in the Offer Document relates to the Offer by Grupo Dragados for all outstanding HBG Shares. Reference is made to chapter 4 'Invitation to HBG Shareholders'.

The Offer Price for the HBG Shares will be paid in cash. For each HBG Share that is tendered under the conditions of the Offer, Grupo Dragados offers EUR 21.25 in cash; see chapter 4 'Invitation to HBG Shareholders' and chapter 6 'The Offer'. The Offer is subject to certain conditions and restrictions (see chapter I 'Restrictions', chapter II 'Important information', chapter 4 'Invitation to HBG Shareholders' and chapter 6 'The Offer'). In view of the Offer, no dividend will be paid by HBG in relation to the financial year 2001.

The Acceptance Period

The Acceptance Period begins on 18 March 2002 and ends, subject to extension, on 10 April 2002 at 15:00 hours Dutch time. If the Acceptance Period is extended, Grupo Dragados will announce this no later than the third Euronext Day after the closing of the Acceptance Period, with due observance of the provision of article 9o paragraph 5 of the Decree. As soon as possible after the closing of the Acceptance Period, but no later than the fifth Euronext Day thereafter, Grupo Dragados will announce whether the Offer is declared unconditional. Any such announcement will be made in the Official Price List of Euronext and one or more national Dutch newspapers (see chapter 4 'Invitation to HBG Shareholders' and chapter 6 'The Offer').

Payment of the Offer Price

If the Offer is declared unconditional, payment to the HBG Shareholders, who have tendered and transferred their HBG Shares, shall be effected no later than the fifth Euronext Day after the Offer is declared unconditional (see chapter 4 'Invitation to HBG Shareholders' and chapter 6 'The Offer').

Timetable

16 March 2002	Advertisement announcing the availability of the Offer Document; Convening of Extraordinary General Meeting
18 March 2002	Beginning of Acceptance Period
2 April 2002	Extraordinary General Meeting
10 April 2002, 15:00 hours Dutch time	Closing of Acceptance Period (subject to extension of the Acceptance Period)
No later than 5 Euronext Days after closing of Acceptance Period	Announcement whether Offer is declared unconditional
No later than the fifth Euronext Day after announcement of Offer becoming unconditional	Settlement Date

3. NEDERLANDSE SAMENVATTING

Dit hoofdstuk is slechts een samenvatting in de Nederlandse taal van het Engelstalige Biedingsbericht. In geval van enige discrepantie, in interpretatie of anderszins, tussen deze Nederlandse samenvatting en de Engelse tekst, prevaleert de Engelse tekst. HBG Aandeelhouders wordt geadviseerd het Biedingsbericht nauwkeurig en in zijn geheel te bestuderen en waar nodig onafhankelijk advies in te winnen, teneinde een afgewogen oordeel te kunnen vormen over het Bod en over hetgeen in het Biedingsbericht wordt behandeld en uiteengezet.

3.1 Nederlandse Definities

De woorden en uitdrukkingen die in dit hoofdstuk 3 met een hoofdletter zijn geschreven, hebben de volgende betekenis:

Aanmelding:	De aanmelding van HBG Aandelen door HBG Aandeelhouders ter aanvaarding van het Bod
Aanmeldingstermijn:	De periode gedurende welke HBG Aandeelhouders hun HBG Aandelen kunnen aanmelden aan Grupo Dragados ter aanvaarding van het Bod, welke begint op 18 maart 2002 en eindigt, behoudens verlenging, op 10 april 2002 om 15:00 uur Nederlandse tijd
Autoriteit-FM:	Autoriteit Financiële Markten (voorheen genaamd 'Stichting Toezicht Effectenverkeer')
BAVA:	De buitengewone algemene vergadering van HBG Aandeelhouders, te houden op 2 april 2002 ten kantore van HBG te Rijswijk, Nederland, om 10:30 uur, welke vergadering zal dienen ter bespreking van het Bod, op de wijze als bedoeld in artikel 9q lid 1 Bte
Betaaldatum:	De datum waarop, onder de voorwaarden van het Bod, Grupo Dragados de Prijs zal betalen aan de HBG Aandeelhouders die HBG Aandelen hebben aangemeld ter aanvaarding van het Bod, tegen levering van deze HBG Aandelen aan Grupo Dragados, welke datum niet later zal zijn dan de vijfde Euronext Dag na de datum waarop het Bod gestand is gedaan
Biedingsbericht:	Het onderhavige biedingsbericht inzake het Bod
Bod:	Het openbaar bod uitgebracht door Grupo Dragados op alle op het moment van de sluitingsdatum van de Aanmeldingstermijn uitstaande HBG Aandelen, onder de voorwaarden zoals omschreven in het Biedingsbericht
Bte:	Het Besluit toezicht effectenverkeer 1995, zoals nadien gewijzigd
EUR:	Euro
Euronext:	Euronext Amsterdam N.V., een naamloze vennootschap naar Nederlands recht, met statutaire zetel te Amsterdam, Nederland of de Officiële Markt van de effectenbeurs van Euronext Amsterdam N.V. of enige rechtsopvolger daarvan, al naar gelang de context
Euronext Dag:	Een dag waarop Euronext is geopend voor handel
Grupo Dragados:	Grupo Dragados, S.A., een vennootschap naar Spaans recht, gevestigd te Madrid, Spanje
HBG:	Hollandsche Beton Groep N.V., een naamloze vennootschap naar Nederlands recht, met statutaire zetel te Rijswijk, Nederland
HBG Aandeelhouders:	Houders van HBG Aandelen
HBG Aandelen:	Gewone aandelen met een nominale waarde van EUR 1 elk in het aandelenkapitaal van HBG
HBG Prioriteitsaandelen:	Prioriteitsaandelen met een nominale waarde van EUR 1 elk in het aandelenkapitaal van HBG
Prijs:	Een bedrag van EUR 21,25 in contanten voor elk HBG Aandeel dat onder de voorwaarden van het Bod wordt aangemeld

3.2 Het Bod

De in het Biedingsbericht verstrekte informatie heeft betrekking op het Bod door Grupo Dragados op alle uitstaande HBG Aandelen. Onder verwijzing naar de verklaringen, voorwaarden en beperkingen zoals opgenomen in het Biedingsbericht worden de HBG Aandeelhouders uitgenodigd om hun HBG Aandelen aan te bieden op de wijze en onder de voorwaarden zoals in het Biedingsbericht beschreven (zie ook paragraaf 3.8 'Uitnodiging aan HBG Aandeelhouders').

De Prijs voor de HBG Aandelen zal in contanten worden voldaan. Voor ieder HBG Aandeel dat wordt aangeboden onder de voorwaarden van het Bod, biedt Grupo Dragados EUR 21,25 in contanten. Het Bod is onderworpen aan bepaalde voorwaarden en beperkingen. Zie hoofdstuk I 'Restrictions', hoofdstuk II 'Important information' en paragraaf 3.8 'Uitnodiging aan HBG Aandeelhouders'. In verband met het Bod, zal geen dividend worden betaald met betrekking tot het boekjaar 2001.

Het Bod wordt aanbevolen door de raad van bestuur en de raad van commissarissen van HBG.

De centrale ondernemingsraad van HBG heeft een positief advies uitgebracht ten aanzien van het Bod.

3.3 De Aanmeldingstermijn

De Aanmeldingstermijn begint op 18 maart 2002 en eindigt, behoudens verlenging, op 10 april 2002 om 15:00 uur Nederlandse tijd. Indien de Aanmeldingstermijn wordt verlengd, zal Grupo Dragados dit uiterlijk op de derde Euronext Dag na sluiting van de Aanmeldingstermijn mededelen, zulks met inachtneming van het bepaalde in artikel 9o lid 5 Bte. Zo snel mogelijk na sluiting van de Aanmeldingstermijn en in elk geval uiterlijk vijf Euronext Dagen na sluiting van de Aanmeldingstermijn, zal Grupo Dragados het Bod al dan niet gestand doen en daarvan mededeling doen. Een dergelijke mededeling zal in ieder geval worden gedaan in de Officiële Prijscourant van Euronext en één of meer landelijke Nederlandse dagbladen. Zie paragraaf 3.8 'Uitnodiging aan HBG Aandeelhouders'.

3.4 Betaling

Indien het Bod gestand wordt gedaan, zal betaling aan de HBG Aandeelhouders die hun HBG Aandelen hebben aangeboden en geleverd, plaatsvinden uiterlijk op de vijfde Euronext Dag na de dag waarop het Bod gestand is gedaan. Zie paragraaf 3.8 'Uitnodiging aan HBG Aandeelhouders'.

3.5 Tijdschema

16 maart 2002	Advertentie verkrijgbaarstelling Biedingsbericht Oproep BAVA
18 maart 2002	Begin Aanmeldingstermijn
2 april 2002	BAVA
10 april 2002, 15:00 uur Nederlandse tijd	Einde Aanmeldingstermijn (behoudens verlenging van de Aanmeldingstermijn)
Uiterlijk op de vijfde Euronext Dag na einde Aanmeldingstermijn	Gestanddoening, dan wel niet-gestanddoening van het Bod en bekendmaking daaromtrent
Uiterlijk op de vijfde Euronext Dag na bekendmaking gestanddoening	Betaaldatum

3.6 Verantwoordelijkheid

De gegevens zoals opgenomen in het Biedingsbericht zijn afkomstig van Grupo Dragados, met uitzondering van de informatie die is vermeld in hoofdstuk 9 'Information on HBG', welke informatie afkomstig is van HBG. De in paragraaf 9.9 opgenomen accountantsverklaring is afkomstig van Ernst & Young Accountants. Grupo Dragados en HBG zijn gezamenlijk verantwoordelijk voor de juistheid en volledigheid van de gegevens zoals opgenomen in hoofdstukken II 'Important Information', 1 'Definitions', 2 'Synopsis', 3 'Nederlandse samenvatting', 6 'The Offer', 11 'Statements required by the Decree' en 12 'Press releases', terwijl uitsluitend HBG verantwoordelijk is voor de gegevens zoals opgenomen in hoofdstukken 5 'Extraordinary General Meeting of HBG Shareholders', 7 'Recommendation of the Offer by the HBG Management Board and the HBG Supervisory Board' en 9 'Information on HBG' en uitsluitend Grupo Dragados verantwoordelijk is voor de gegevens opgenomen in hoofdstukken I 'Restrictions', 4 'Invitation to the HBG Shareholders', 8 'Tax aspects of the Offer' en 10 'Information on Grupo Dragados'. Grupo Dragados en HBG bevestigen dat op de datum van publicatie van het Biedingsbericht de gegevens, waarvoor zij verantwoordelijk zijn, voor zover hun redelijkerwijze bekend had kunnen zijn, in overeenstemming zijn met de werkelijkheid en dat er geen gegevens zijn weggelaten, waarvan de

vermelding de strekking van het Biedingsbericht zou wijzigen. De raad van bestuur van HBG is verantwoordelijk voor het beleid van HBG, onder toezicht van de raad van commissarissen van HBG (zie paragraaf 9.2 'HBG Management Board and HBG Supervisory Board'). De 'board of directors' van Grupo Dragados is verantwoordelijk voor het beleid van Grupo Dragados (zie paragraaf 10.2 'Grupo Dragados Board of Directors').

3.7 Strategische beweegredenen

In het laatste decennium heeft Grupo Dragados op succesvolle wijze haar bouwdivisie gebruikt als een basis voor diversificatie in activiteiten met een hogere toegevoegde waarde, zoals concessies en services, voornamelijk in Spanje en Latijns-Amerika. HBG's recentelijk geformuleerde strategische doelstellingen omvatten de uitbreiding van die activiteiten met een hogere toegevoegde waarde, het benutten van de know-how en schaalgrootte van de groep en verdere ontwikkeling van een leidende positie in de baggermarkt. De fusie van Grupo Dragados en HBG is een verdere stap voor beide ondernemingen om deze strategische doelstellingen te bereiken. De nieuwe groep zal haar activiteiten verder diversifiëren door het betreden van de winstgevende baggermarkt. De bouwactiviteiten van HBG in Duitsland, het Verenigd Koninkrijk, Ierland, de Verenigde Staten en de Benelux vormen een uitstekende basis om in deze markten activiteiten met hoge toegevoegde waarde te ontwikkelen op het gebied van concessies, services en industriële dienstverlening. Hierbij zal worden gebruikgemaakt van de kennis en ervaring van Grupo Dragados. De nieuwe groep zal een Europese services en bouwgroep zijn die minder afhankelijk is van specifieke geografische markten of sectoren, waardoor meer stabiele resultaten en kasstromen kunnen worden behaald. De nieuwe groep is wereldwijd marktleider op het gebied van transportconcessies, is naar vlootcapaciteit gemeten 's werelds grootste baggeraar en is qua omzet de op twee na grootste services en bouwonderneming van Europa.

De activiteiten van de groep zullen op termijn worden georganiseerd in vijf kerngebieden:

- Baggeren;
- Concessies;
- Services en industriële dienstverlening;
- Civiel; en
- Bouw en vastgoed.

3.8 Uitnodiging aan HBG Aandeelhouders

Onder verwijzing naar de verklaringen, voorwaarden en beperkingen zoals opgenomen in het Biedingsbericht worden de HBG Aandeelhouders hierbij uitgenodigd om hun HBG Aandelen aan te bieden op de wijze en onder de voorwaarden zoals hierna beschreven.

1. Het Bod

Voor elk HBG Aandeel dat wordt aangeboden onder de voorwaarden van het Bod, biedt Grupo Dragados EUR 21,25 in contanten.

2. Aanmelding

HBG Aandeelhouders wordt verzocht om hun Aanmelding via hun bank of commissionair in effecten kenbaar te maken aan ING Bank N.V. (Foppingadreef 7, Postbus 1800, 1000 BV Amsterdam, Nederland), uiterlijk op 10 april 2002 om 15:00 uur Nederlandse tijd, behoudens verlenging van de Aanmeldingstermijn, zoals onder punt 4 hierna is aangegeven.

De tot Euronext toegelaten instellingen kunnen de Aanmeldingen alleen indienen bij ING Bank N.V. (Foppingadreef 7, Postbus 1800, 1000 BV Amsterdam, Nederland). In de Aanmeldingen, die schriftelijk dienen te geschieden, zullen de tot de Euronext toegelaten instellingen dienen te verklaren dat zij de door hen aangemelde HBG Aandelen in bewaring hebben en dat zij de verplichting op zich nemen om deze HBG Aandelen op de Betaaldatum aan Grupo Dragados te leveren, indien het Bod gestand is gedaan.

Behoudens voor zover het Bte anders vereist, is een Aanmelding onherroepelijk.

3. Voorwaarden

Het Bod zal gestand worden gedaan, indien aan de volgende voorwaarden is voldaan:

- (i) Het aantal HBG Aandelen dat voor de sluiting van de Aanmeldingstermijn is aangemeld onder het Bod, tezamen met de HBG Aandelen die op dat moment door Grupo Dragados worden gehouden, vertegenwoordigt tenminste 95% van alle op de sluitingsdatum van de Aanmeldingstermijn uitstaande HBG Aandelen, gehouden door anderen dan HBG.

- (ii) Vóór de sluitingsdatum van de Aanmeldingstermijn is er geen openbare mededeling geweest, waaruit voor het eerst blijkt dat een derde partij een openbaar bod voorbereidt of uitbrengt op de HBG aandelen, dan wel het recht heeft verkregen of is overeengekomen om door HBG uit te geven HBG Aandelen te kopen dan wel te nemen.
- (iii) Vóór de sluitingsdatum van de Aanmeldingstermijn (a) zijn in verband met het Bod en de voorgenomen verandering van zeggenschap alle vereiste onvoorwaardelijke goedkeuringen, vergunningen, ontheffingen en instemmingen van binnenlandse, internationale en supranationale autoriteiten en/of derden onherroepelijk verkregen en volledig van kracht gebleven, (b) hebben, noch binnenlandse, noch internationale, noch supranationale autoriteiten, noch derden stappen ondernomen of aangekondigd, welke het Bod en de beoogde wijziging van zeggenschap zouden kunnen belemmeren of in enig ander opzicht materiële negatieve gevolgen voor Grupo Dragados of HBG tot gevolg kunnen hebben en (c) zijn alle krachtens toepasselijke wetgeving of contractuele afspraken geldende wachtperiodes verstreken, gedurende welke de autoriteiten en/of derden de hiervoor bedoelde stappen kunnen zetten of aankondigen dan wel de autoriteiten en/of derden bezwaar kunnen maken tegen het Bod en de daarmee beoogde verandering van zeggenschap.
- (iv) Er is geen mededeling van de Autoriteit-FM ontvangen dat het Bod in strijd met Hoofdstuk IIA van de Wet toezicht effectenverkeer 1995 is uitgebracht, in welk geval effecteninstellingen conform het bepaalde in artikel 32a Bte geen medewerking zouden mogen verlenen aan de uitvoering en afwikkeling van het Bod.
- (v) HBG heeft zich vanaf de datum van het Biedingsbericht op geen enkele manier verbonden om HBG Aandelen of enige effecten converteerbaar in HBG aandelen, noch rechten of opties op het nemen of verwerven van HBG Aandelen of effecten converteerbaar in HBG Aandelen, aan derden uit te geven, en er zijn geen HBG Preferente aandelen uitgegeven en er zijn geen HBG Prioriteitsaandelen overgedragen sinds de datum van het Biedingsbericht. HBG heeft zich op geen enkele manier verbonden om obligaties uit te geven of om een dividend of een andere uitkering te betalen noch heeft HBG een dividend of een andere uitkering betaald of obligaties uitgegeven.
- (vi) Er hebben zich geen feiten of omstandigheden voorgedaan die op het moment dat het Bod werd uitgebracht niet aan Grupo Dragados bekend waren (daaronder begrepen en niet beperkt tot buitengewone ontwikkelingen, nationaal en/of internationaal, in financiële, politieke en/of economische omstandigheden) die van zodanig essentiële aard zijn dat in redelijkheid niet van Grupo Dragados verwacht kan worden dat zij het Bod gestand doet.

Grupo Dragados behoudt zich het recht voor om indien aan een of meer van de bovengenoemde voorwaarden niet is voldaan naar haar discretie hetzij dergelijke niet vervulde voorwaarde(n) in te roepen dan wel het Bod gestand te doen.

Met betrekking tot de voorwaarde genoemd onder (i) zijn HBG en Grupo Dragados overeengekomen dat

- (A) indien op de sluitingsdatum van de Aanmeldingstermijn (a) het aantal aangemelde HBG Aandelen tezamen met de door Grupo Dragados gehouden HBG Aandelen hoger is dan of gelijk is aan 70% maar lager dan 95% van alle uitstaande HBG Aandelen die gehouden worden door anderen dan HBG en (b) alle voorwaarden anders dan voorwaarde (i) zijn vervuld, Grupo Dragados het Bod gestand zal doen, tenzij HBG en Grupo Dragados overeenkomen dat Grupo Dragados het Bod niet gestand doet; en dat
- (B) indien op de sluitingsdatum van de Aanmeldingstermijn het aantal aangemelde HBG Aandelen tezamen met de door Grupo Dragados gehouden HBG Aandelen lager is dan 70% van alle uitstaande HBG Aandelen die gehouden worden door anderen dan HBG Grupo Dragados het Bod niet gestand zal doen, tenzij HBG toestaat dat Grupo Dragados het Bod wel gestand doet.

4. Verlenging

Indien de Aanmeldingstermijn wordt verlengd, met als gevolg dat de verplichting om bekend te maken of het Bod al dan niet gestand wordt gedaan wordt uitgesteld, zal door Grupo Dragados een aankondiging hiervan worden gedaan uiterlijk op de derde Euronext Dag na de sluitingsdatum van de Aanmeldingstermijn, conform artikel 90 lid 5 Bte.

5. Gestanddoening

Niet later dan op de vijfde Euronext Dag na het verstrijken van de Aanmeldingstermijn, zal een mededeling worden gedaan door Grupo Dragados zowel via een persbericht als in de Officiële Prijscourant van Euronext als via een advertentie in één of meer landelijke Nederlandse dagbladen, waarin zal worden aangegeven of het Bod al dan niet gestand wordt gedaan.

6. Betaling

Op de Betaaldatum zal aan de HBG Aandeelhouders die hun HBG Aandelen hebben aangemeld en geleverd een bedrag van EUR 21,25 per HBG Aandeel worden betaald. HBG Aandeelhouders die hun HBG Aandelen hebben aangemeld, doen afstand van hun recht de onderliggende overeenkomst te ontbinden of te vernietigen.

7. Commissie

De tot Euronext toegelaten instellingen zullen van Grupo Dragados een commissie ontvangen van EUR 0,0247 per onder het Bod aangemeld HBG Aandeel met een maximum van EUR 10.000 per depot cliënt. Indien de Aanmeldingstermijn wordt verlengd conform het bepaalde in artikel 9o lid 5 Bte ontvangen de toegelaten instellingen een additionele EUR 3,00 per additioneel aangeschreven cliënt. Indien het Bod niet gestand wordt gedaan ontvangen de toegelaten instellingen slechts een commissie van EUR 4,00 per depot cliënt. De toegelaten instellingen dienen deze commissie binnen 30 dagen na gestanddoening van het Bod via ING Bank N.V. te hebben gevorderd van Grupo Dragados. Ten gevolge hiervan zullen aan de individuele HBG Aandeelhouders door de voornoemde toegelaten instellingen in beginsel geen kosten worden berekend in verband met de Aanmelding.

8. Restricties

Het Bod wordt uitgebracht met inachtneming van zodanige verklaringen, voorwaarden en beperkingen als zijn opgenomen in het Biedingsbericht. Grupo Dragados behoudt zich het recht voor om enige Aanmelding die wordt gedaan door of namens een HBG Aandeelhouder te aanvaarden, zelfs wanneer deze niet geheel aan de in het Biedingsbericht omschreven voorwaarden voldoet.

9. Nederlands recht

Het Bod en het Biedingsbericht zijn onderworpen aan Nederlands recht.

4. INVITATION TO HBG SHAREHOLDERS

HBG Shareholders are advised to review the Offer Document thoroughly and completely and to seek independent advice where appropriate in order to reach a balanced judgement in respect of the Offer itself and the contents of the Offer Document.

With due reference to the statements and restrictions set out in the Offer Document, the HBG Shareholders are hereby invited to tender their HBG Shares for sale in the manner and under the conditions set out below:

1. The Offer

For each HBG Share tendered under the terms and conditions of the Offer, Grupo Dragados offers EUR 21.25 in cash.

2. Acceptance

HBG Shareholders are requested to make their Acceptance known through their bank or stockbroker to ING Bank N.V. (Foppingadreef 7, P.O. Box 1800, 1000 BV Amsterdam, The Netherlands), no later than 10 April 2002 at 15:00 hours Dutch time, unless the Acceptance Period is extended in accordance with paragraph 4 below.

Institutions admitted to Euronext may make their Acceptance only to ING Bank N.V. (Foppingadreef 7, P.O. Box 1800, 1000 BV Amsterdam, The Netherlands), and only in writing. In submitting their Acceptance, the institutions admitted to Euronext are required to declare that they have the tendered HBG Shares in their custody and that they undertake to transfer these HBG Shares to Grupo Dragados on the Settlement Date, provided the Offer has been declared unconditional (*gestand gedaan*).

3. Conditions

The Offer shall be declared unconditional upon fulfilment of the conditions as set out in chapter 6.2 'Conditions of the Offer' or earlier if Grupo Dragados has waived such fulfilment. Except insofar as the Decree requires otherwise, an Acceptance is irrevocable.

4. Extension

If the Acceptance Period is extended with the result that the obligation to announce whether the Offer is declared unconditional is deferred, a public announcement to that effect shall be made by Grupo Dragados no later than on the third Euronext Day after the closing of the Acceptance Period, with due observance of the provision of article 9o paragraph 5 of the Decree.

5. Declaring the Offer unconditional (*gestanddoening*)

No later than the fifth Euronext Day after the closing of the Acceptance Period, an announcement will be made by Grupo Dragados in a press release as well as in the Official Price List of Euronext and one or more Dutch national newspapers, stating whether the Offer is declared unconditional.

6. Settlement

On the Settlement Date the holders of HBG Shares who have tendered and transferred their shares will be paid an amount of EUR 21.25 per HBG Share. HBG Shareholders who tender their HBG Shares, waive their right to dissolve or annul the underlying agreement after transfer of the HBG Shares.

7. Commission

Institutions admitted to Euronext shall receive from Grupo Dragados a commission of EUR 0.0247 per HBG Share tendered under the Offer with a maximum of EUR 10,000 per account. If the Acceptance Period is extended in accordance with article 9o paragraph 5 of the Decree, the admitted institutions will receive an additional EUR 3.00 per additional notified client. If the Offer is not declared unconditional, admitted institutions shall only receive a commission of EUR 4.00 per account. The admitted institutions must have claimed such commission from Grupo Dragados via ING Bank N.V. within 30 days of the Offer being declared unconditional. As a result, in principle, no costs will be charged to the individual holders of HBG Shares by the above institutions in connection with the tendering of HBG Shares.

8. Restrictions

The Offer is being made with due observance of such statements, conditions and restrictions as are included in the Offer Document. Grupo Dragados reserves the right to accept any tender under the Offer, which is made by or on behalf of a HBG Shareholder, even if it has not been effected in such manner as set out above.

9. Dutch law

The Offer and the Offer Document are governed by Dutch law.

5. EXTRAORDINARY GENERAL MEETING OF HBG SHAREHOLDERS

The Extraordinary General Meeting will be held on 2 April 2002, at 10:30 hours Dutch time at the offices of HBG at Generaal Spoorlaan 489 in Rijswijk, The Netherlands. The purpose of this meeting shall be to discuss the Offer pursuant to article 9q, paragraph 1 of the Decree. A memorandum to HBG Shareholders with the information on HBG's considerations in relation to the transaction will be made available to HBG Shareholders separately.

The convening and publication of the agenda of the Extraordinary General Meeting has been organised by HBG in the usual manner and in accordance with the Articles of Association.

6. THE OFFER

6.1 The Offer

On 5 February 2002 Grupo Dragados and HBG announced that the expectation was justified that agreement could be reached between Grupo Dragados and HBG about a cash offer to be launched by Grupo Dragados for all HBG Shares. On 6 March 2002 Grupo Dragados and HBG announced that they reached agreement with respect to a public offer by Grupo Dragados for all outstanding HBG Shares. See chapter 12 'Press releases'.

For each HBG Share that is tendered for Acceptance under the terms and conditions of the Offer, Grupo Dragados offers EUR 21.25 in cash.

6.2 Conditions of the Offer

The Offer will be declared unconditional if the following conditions are fulfilled:

- (i) The number of HBG Shares tendered for Acceptance under the Offer before the closing of the Acceptance Period, together with the HBG Shares which are held at that time by Grupo Dragados, represents at least 95% of all the issued HBG Shares held by parties other than HBG at the closing of the Acceptance Period.
- (ii) Prior to the closing of the Acceptance Period no public announcement has been made indicating for the first time that a third party is preparing or is to make a public offer for HBG Shares, or has obtained the right or has reached agreement to buy or subscribe to HBG Shares to be issued by HBG.
- (iii) Prior to the closing of the Acceptance Period (a) all necessary unconditional approvals, permits, exemptions and permissions of domestic, international and supranational authorities and/or third parties in connection with the Offer and its intended change of control have been obtained and remain in full force, (b) neither international nor domestic nor supranational authorities nor third parties have taken or announced steps which could impede the Offer and the envisaged change of control or could, in any other way, result in any material adverse effect for Grupo Dragados or HBG and (c) all waiting periods pursuant to applicable legislation or under any contractual relationship have expired during which time the authorities and/or third parties could take and/or announce the steps stated above, or authorities and/or third parties might oppose the Offer and the intended change of control.
- (iv) No notification has been received from the Authority FM that the Offer has been made in conflict with Chapter IIA of the Act on the Supervision of the Securities Trade 1995, in which case the security institutions pursuant to the provision of article 32a of the Decree would not be allowed to co-operate with the settlement of the Offer.
- (v) HBG has not committed itself in any way, on or after the date of the Offer Document, to issue or sell to third parties any HBG Shares or securities convertible into HBG Shares, nor has it committed itself, in any way, to any rights or options to subscribe for or acquire any HBG Shares or securities convertible into HBG Shares and no HBG Priority Shares have been transferred, and no HBG Preferred Shares have been issued, since the date of the Offer Document. HBG has not issued, or committed itself in any way, to issue any debt instruments and has not paid, nor committed itself to pay a dividend or any other distribution.
- (vi) No facts or circumstances have occurred which were unknown to Grupo Dragados at the time the Offer was made (including but not limited to extraordinary developments, domestic or international, in financial, political and/or economic circumstances) which are of such a material nature that in reasonableness it cannot be expected from Grupo Dragados to declare the Offer unconditional.

Subject to the arrangements as set out in the next two paragraphs, Grupo Dragados reserves the right if one or more of the above conditions have not been met in its sole discretion either to invoke any such non-fulfilled condition or to declare the Offer unconditional.

With respect to the condition mentioned above under (i), HBG and Grupo Dragados have agreed that

- (A) if at the closing of the Acceptance Period (a) the number of HBG Shares that is tendered for Acceptance under the Offer together with the HBG Shares which are held by Grupo Dragados, represents 70% or more but less than 95% of all issued HBG Shares held by other parties than HBG, and if (b) all conditions other than the condition mentioned under (i) have been fulfilled, Grupo Dragados will declare the Offer unconditional, unless HBG and Grupo Dragados agree that Grupo Dragados will not declare the Offer unconditional; and
- (B) if at the closing of the Acceptance Period the number of HBG Shares that is tendered for Acceptance under the Offer together with the HBG Shares which are held by Grupo Dragados, represents less than 70% of all issued HBG Shares held by other parties than HBG, Grupo Dragados will not declare the Offer unconditional, unless HBG allows Grupo Dragados to declare the Offer unconditional.

6.3 Background to and reasons for the Offer

In the last decade Grupo Dragados has successfully used its construction division as a platform to diversify into value added activities such as concessions and services, principally in Spain and Latin America. HBG's recently stated strategic goals include the expansion of its activities with higher added value, utilisation of the group's know-how and scale and development of the leading market position in dredging (reference is made to the memorandum issued by HBG in August 2001 and the quotation therefrom in paragraph 9.10.2 'Strategy').

The combination of the activities of Grupo Dragados and HBG constitutes a further step in achieving those stated strategic goals for both companies. Grupo Dragados intends to further diversify its activities by entering into the attractive high margin dredging industry. HBG's construction activities in the United Kingdom, Ireland, the United States, Germany and the Benelux are believed to form an excellent platform to develop higher value added activities in concessions, services and industrial using Grupo Dragados' experience and capabilities. The New Group will be a pan European services and construction group and is expected to be less dependent on single geographic markets or businesses, thus providing more stable earnings.

The New Group will be a global leader in transport concessions, the world's largest dredger in terms of capacity as well as Europe's third largest construction and services player.

The New Group will be guided by the following principles:

- Preserve the principles and values of both companies with respect to business strategy, employees, customers and suppliers;
- Integrate under the philosophy of joint management of the company;
- Maintain strong presence of current local companies;
- Pursue dredging as a global business; and
- Pursue cross-selling of value added activities (dredging, concessions, services and industrial) throughout the organisation.

The New Group's activities will be organised in five business areas:

- Dredging;
- Concessions;
- Services and Industrial;
- Civil Engineering; and
- Building Construction and Real Estate.

Dredging

The total expenditure in the global dredging market is estimated to be US\$5 billion per year. This market can be characterised by its global nature, high entry barriers, current capacity constraints and high profit generation. The market is dominated by five players of which BHD, the dredging company in which HBG owns two-thirds of the share capital, is the largest in terms of its fleet size. The growth of the current market is expected to be seven to eight per cent per annum, which will be further supported by markets that have been closed to date but are expected to open up for competition in the near future.

The inclusion of this activity in its business portfolio constitutes a further step in the diversification of Grupo Dragados. Within the New Group, BHD will receive full support to further develop its leading position in the consolidating dredging market. Grupo Dragados' network in Iberia and Latin America will also strengthen BHD's operations in those markets.

Concessions

The annual volume of new concessions or PFI projects (Private Finance Initiatives) in HBG's current European domestic markets (the United Kingdom, Ireland, Germany and the Benelux) is estimated to be EUR 14 billion in 2004. Grupo Dragados and HBG believe that the New Group will be ideally placed to benefit from this significant potential by combining Grupo Dragados' experience and financial capabilities with HBG's existing construction platforms. Grupo Dragados and HBG believe that Germany will be an important growth market based on future funding requirements and the changing legal framework with respect to concessions or PFI. In the United Kingdom the New Group intends to develop its existing market position in toll roads (Grupo Dragados) and benefit from its experience in non-residential PFI projects (HBG). In Ireland, Grupo Dragados and HBG are already jointly tendering and intend to continue to tender jointly for different toll road projects and to build on HBG's leading position in the construction market.

Services and Industrial

The total expenditure on urban waste collection and treatment in HBG's European markets is estimated to be EUR 7 to 8 billion annually and is expected to grow at four to five per cent per annum. Given the high proportion of landfill waste in the United Kingdom and Ireland these markets are expected to show strong growth in the

coming years and to face heavy investment through increased use of recycling. In those markets the New Group is expected to be able to benefit from this market potential by combining Grupo Dragados' expertise and technology with HBG's network of local contacts. In the German waste treatment market, still largely publicly controlled, opportunities exist to tender for projects in the medium term.

The integration of Grupo Dragados' Industrial division with HBG's Tebodin is believed to create a strong engineering and consulting business with presence in Western and Eastern Europe, Latin America, the Middle East and South-East Asia. The specialisation of both companies is complementary (Grupo Dragados in power, fertilisers and petrochemicals, HBG in chemicals and food). It is intended that HBG's construction activities will be used as a platform to sell Grupo Dragados' industrial projects in its domestic markets.

Civil Engineering

The New Group will have a domestic presence in Spain, the Benelux, the United Kingdom, Ireland, Germany, Latin America and the United States. The New Group intends to continue working on its existing broad portfolio of complex projects in these markets. The New Group is expected to be a leading player with superior technical capabilities and a broad portfolio of complex projects. In the international markets it is intended that the civil engineering division will work on awarded concessions using Tebodin's existing network in Central and Eastern Europe.

Building Construction and Real Estate

The Building Construction and Real Estate Division will be active in Spain, the Benelux, Germany, Portugal, the United Kingdom, Ireland and Latin America and intends to focus on higher value added non-residential projects and working for awarded concessions (PFI). Property development opportunities will be considered in selected markets.

6.4 Synergies

Given the geographic complementarity of the activities of Grupo Dragados and HBG, synergies from cost savings are expected to be limited. However, increased revenues from cross selling opportunities are expected in PFI and concessions in the United Kingdom and Ireland, concessions in Germany, waste management in the United Kingdom and Ireland and dredging in Spain and Latin America. The first substantial impact is expected in 2004.

Further synergies are expected through the implementation of best practices in technical support groups, purchasing, risk assessment and project financing.

6.5 Motivation of the Offer Price

The Grupo Dragados Board of Directors has reached agreement with the HBG Management and Supervisory Boards on the terms and conditions of the Offer, after considering the strategic, financial and social aspects of the Offer and carefully taking into account the interests of all the parties involved. In establishing the Offer Price, Grupo Dragados and HBG have reviewed the historic development and future prospects of HBG's profitability and balance sheet. Furthermore account has been taken of the historic and current market valuation of HBG.

The Offer Price represents a premium of approximately 57%, compared to the HBG share price of EUR 13.56 at close of business on 4 February 2002, the last trading day prior to the day of the first public announcement that an offer was considered and a premium of approximately 60% to the average closing HBG share price for the 30 trading days ending on 4 February 2002.

6.6 The funding of the Offer

Grupo Dragados has arranged a new facility of EUR 500 million with Santander Central Hispano to fund the Offer. The remaining value of the Offer is financed by Grupo Dragados' existing cash position and credit lines.

6.7 Future board structure and organisation of the New Group

In the short term, the New Group intends to retain the current organisational structure of Grupo Dragados and HBG. In the medium term the New Group will be organised and will operate on a product line basis, with global operations, having each of the business areas, as identified in paragraph 6.3 'Background to and reasons for the Offer', reporting to the different members of the New Group Management Board.

After settlement of the Offer, the New Group will retain the name Grupo Dragados. The New Group will be run by the New Group Management Board comprised equally of representatives of Grupo Dragados and HBG and will be chaired by Mr. Santiago Foncillas, current chairman of the Grupo Dragados Board of Directors. The chairman will have a casting vote. The New Group Management Board will initially consist of the following eight members:

Santiago Foncillas (Grupo Dragados)	President (with casting vote)	Chairman of the Board of Directors
Demetrio Ullastres (Grupo Dragados)	Vice President	Overall direction of the Company, Concessions, Construction in Spain, Strategic Planning, Business Development and Human Resources
Carel Jan Reigersman (HBG)	Vice President	Overall direction of the Company, Dredging, International Contracts and cross selling activities, Strategic Planning, Business Development and Human Recourses
Antonio García Ferrer (Grupo Dragados)	Chief Operating Officer	Services and Industrial
Adrian Franklin (HBG)	Chief Operating Officer	Civil Engineering
Guus Hoefsloot (HBG)	Chief Operating Officer	Building Construction and Real Estate
Fernando Gutiérrez de Vera (Grupo Dragados)	Chief Financial Officer	Financial policy and financing structure
Tjalling Tiemstra (HBG)	Chief Administrative Officer	General administrative control and IT

Furthermore, after the Offer having been declared unconditional, Aarnout A. Loudon and Carel Jan A. Reigersman will be appointed as members of the Grupo Dragados Board of Directors. The Grupo Dragados Board of Directors will then consist of the following members:

Santiago Foncillas Casaus (Chairman)
 Ignacio Benjumea Cabeza de Vaca
 H.R.H. Carlos de Borbón Dos Sicilias y de Borbón, Infante de España
 Leopoldo Calvo-Sotelo Bustelo
 Antonio Escámez Torres
 Licinio de la Fuente y de la Fuente
 Alejandro Fernández de Araoz y Marañón
 Joan-David Grimà Terré
 Luis Sánchez-Merlo Ruiz
 Aarnout A. Loudon
 Carel Jan A. Reigersman
 Jesús Ruiz-Beato Bravo (secretary, not a director; *secretario no consejero*)

6.8 Future legal structure of HBG

It is the intention of Grupo Dragados and HBG to convene the annual general meeting of HBG Shareholders following the Settlement Date, in which annual meeting, inter alia, proposals will be presented to amend the Articles of Association in order to replace the current full structure regime (*structuurregime*) by the mitigated structure regime (*gemitigeerd structuurregime*) (including, without limitation, the transfer to the general meeting of HBG Shareholders of the powers to appoint and dismiss the members of the HBG Management Board and to adopt the annual accounts of HBG) and to bring those Articles of Association in line with the nature of a subsidiary company (including, without limitation, the transfer of certain powers from the HBG Supervisory Board to the holders of the HBG Priority Shares which, following the Offer being declared unconditional will be Grupo Dragados). In addition, the HBG Preferred Shares will be abolished from HBG's authorised capital.

It is further intended that, after the Offer is declared unconditional: (i) C.J.A. Reigersman will resign as member of the HBG Management Board, (ii) A.A. Loudon, G.J. De Boer-Kruyt, C.A.J. Herkströter, W. de Kleuver and A. van der Velden shall resign as members of the HBG Supervisory Board, (iii) C.J.A. Reigersman, Demetrio Ullastres, R.J.N. Abrahamsen and Jesús Ruiz-Beato shall be appointed as members of the HBG Supervisory Board and that (iv) Antonio García Ferrer and Juan Galvañ shall be appointed as members of the HBG Management Board.

Consequently the composition of the HBG Management Board and the HBG Supervisory Board will be as follows:

HBG Management Board

Antonio García Ferrer
Juan Galvañ
Adrian J.D. Franklin
Guus H. Hoefsloot

HBG Supervisory Board

Carel Jan A. Reigersman (Chairman)
Demetrio Ullastres
Jesús Ruiz-Beato
Marinus I. Platschorre
Rob J.N. Abrahamsen

If the Offer is declared unconditional, Grupo Dragados will seek to be listed at Euronext as soon as reasonably possible.

Agreement has been reached with the Preferred Shares Foundation – conditional upon the Offer being declared unconditional – that the option of the Preferred Shares Foundation in respect of HBG Preferred Shares will be cancelled as per the day the Offer is declared unconditional. The HBG Priority Shares held by the Priority Shares Foundation will be transferred to Grupo Dragados as per the date of the Offer being declared unconditional.

6.9 Employees, works council and trade unions

The activities of both companies are largely complementary. Therefore, the integration is not expected to have any negative impact on overall employment terms and conditions nor in general terms on the employees. The New Group will have more than 70,000 employees.

Positive advice has been obtained from the central works council of HBG in accordance with the Works Councils Act (*Wet op de Ondernemingsraden*). Consultations have taken place with the trade unions involved and the secretariat of the Social Economic Council (*Sociaal-Economische Raad*) has been informed of the transaction in accordance with the SER Merger Code 2000 (*SER-besluit Fusiegedragsregels 2000*). It is intended that the New Group will have a European works council.

6.10 Implications of the Offer being declared unconditional

Grupo Dragados intends to acquire 100% of the issued share capital of HBG. It is Grupo Dragados' intention, after the Settlement Date, to commence a buy-out procedure as meant in article 2:92a of the Dutch Civil Code with a view to acquiring 100% of the issued HBG Shares. Grupo Dragados also reserves the right to effect a legal merger with or de-merger of HBG into one or more other entities within the New Group, or – whether or not in combination with a legal merger, de-merger or buy-out procedure – to convert HBG into a private company with limited liability. The dividend policy of HBG may also be changed.

Grupo Dragados intends to seek a de-listing of the HBG Shares at Euronext in consultation with Euronext depending on the number of HBG Shares that Grupo Dragados has acquired on the Settlement Date.

6.11 Exclusivity and standstill agreement

Grupo Dragados and HBG entered into an exclusivity and standstill agreement on 4 February 2002 pursuant to which HBG has agreed not to support attempts of third parties to make offers for the HBG Shares except in the event of a superior offer as defined in that agreement, i.e. an unsolicited bona fide proposal in writing to acquire all of the issued HBG Shares pursuant to a public offer on terms which the HBG Management Board and the HBG Supervisory Board determine in good faith, considered from the points of view of (i) strategic fit, (ii) cultural fit and (iii) shareholder value, and after consultation with its outside legal counsel and independent financial advisors to be considerably more favourable to HBG and the HBG Shareholders than the Offer and which must therefore be considered to obligate the HBG Management Board and the HBG Supervisory Board in the exercise of their duties to HBG and its stakeholders to receive and explore such superior offer in discussions with the third party concerned. If within two weeks after HBG has notified Grupo Dragados that it is entering into discussions about such superior offer a binding offer is made for which no third party financing is required or any required third party financing is fully committed and if there is also otherwise a very high likelihood of completion, then HBG is entitled to accept such superior offer and in that event HBG shall owe to Grupo Dragados by way of liquidated damages for the costs it has incurred in the preparation of the Offer an amount of EUR 6,000,000.

7. RECOMMENDATION OF THE OFFER BY THE HBG MANAGEMENT BOARD AND THE HBG SUPERVISORY BOARD

The HBG Supervisory Board and the HBG Management Board have reached the conclusion that, on the basis of the considerations set out in this Offer Document, the proposed transaction is in the best interest of the shareholders and all other stakeholders in HBG. Furthermore they are of the opinion that the Offer is a fair reflection of the current value of HBG and therefore recommend the acceptance of the Offer.

HBG Management Board

C.J.A. Reigersman (President)
A.J.D. Franklin
G.H. Hoefsloot

HBG Supervisory Board

A.A. Loudon (Chairman)
G.J. de Boer-Kruijt
C.A.J. Herkströter
W. de Kleuver
A. van der Velden
M.I. Platschorre

Rijswijk, The Netherlands, 15 March 2002

8. TAX ASPECTS OF THE OFFER

8.1 General

The following is a summary of the Dutch tax consequences of the disposal of HBG Shares in relation to the Offer for such HBG Shares made by Grupo Dragados. This summary does not purport to describe all possible tax consequences that may be relevant to a shareholder or prospective shareholder (together for this chapter 'Shareholder'). In view of its general nature, it should be treated with corresponding caution. Shareholders should consult with their tax advisers with regard to the tax consequences of the acquisition, ownership, disposition and disposal of shares.

Except as otherwise indicated, this summary only addresses the Dutch tax legislation, as in force and in effect as of the date hereof and as interpreted in published case law at the date hereof and is subject to change after such date, including changes that could have retro-active effect.

8.2 Taxes on income and capital gains

Dutch resident individuals

As a general rule, individuals who are resident or deemed to be resident in The Netherlands for Dutch tax purposes ('Dutch resident individual') will be taxed annually on a deemed income of 4% of their net investment assets at an income tax rate of 30%. Actual benefits derived from the HBG Shares, including any capital gains realised on the disposal of the HBG Shares, are not as such subject to Dutch income tax.

The most important exception to the general rule applies if the HBG Shares are attributable to an enterprise from which a Dutch resident individual derives a share of the profit, whether as an entrepreneur (statutorily defined term) or as a person who has a co-entitlement to the net worth of such enterprise without being a shareholder. Any benefit derived or deemed to be derived from the HBG Shares, including any capital gain realised on the disposal thereof, is generally subject to income tax at a progressive rate with a maximum of 52%.

Furthermore, if a Dutch resident individual has a (deemed) substantial interest in HBG, any benefit derived or deemed to be derived from the HBG Shares, including any capital gains realised on the disposal thereof, is subject to income tax at a rate of 25%. Please see below for a further clarification of the term substantial interest.

Dutch resident entities

Any benefit derived or deemed to be derived from the HBG Shares held by entities, resident in The Netherlands for Dutch tax purposes ('Dutch resident entities'), including any capital gain realised on the disposal thereof, is generally subject to corporate income tax at a general rate of 34.5%, unless the participation exemption is applicable. Under the participation exemption Dutch resident companies are exempt from corporate income tax with respect to dividends and capital gains (and losses) derived from or realised on the disposal of a qualifying shareholding. Generally, the participation exemption applies if a Dutch resident entity holds an interest of at least 5% of the nominal value in the issued and paid up share capital of a company.

A Dutch qualifying pension fund is not subject to corporate income tax and a qualifying Dutch resident investment fund (*fiscale beleggingsinstelling*) is subject to corporate income tax at a special rate of 0%.

Non-resident holders

A holder of HBG Shares will not be subject to Dutch taxes on income or capital gains in respect of any gain realised on the disposal or deemed disposal of the shares, provided that:

- (i) such holder is neither resident nor deemed to be resident of The Netherlands nor has made an election for the application of the rules of the Dutch income tax act 2001 as they apply to residents of The Netherlands;
- (ii) such holder does not have an enterprise or an interest in an enterprise which is, in whole or in part, carried on through a permanent establishment or a permanent representative in The Netherlands and to which enterprise or part of an enterprise the HBG Shares are attributable; and
- (iii) neither such holder nor, in the event the holder is an individual, individuals relating to such holder (statutorily defined term) and certain of their relatives by blood or marriage in the direct line (including foster children), have (1) a substantial interest or deemed substantial interest in a Dutch resident or deemed resident entity, nor has (2) an interest in an enterprise in The Netherlands other than by way of securities.

Generally, a holder of shares has a substantial interest in a company if he, alone or together with his partner (statutorily defined term), directly or indirectly:

- (i) owns shares, or certain rights over shares representing 5% or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) in a company;

- (ii) has rights to acquire shares, whether or not already issued, that represent at any time 5% or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) in a company; or
- (iii) owns profit participating certificates, or certain rights over profit participating certificates, that relate to 5% or more of the annual profit or to 5% or more of the liquidation proceeds.

Additionally, shares held by a person form part of a substantial interest in a company if his partner or any of his relatives by blood or by marriage in the direct line, or of his partner, have a substantial interest in that company.

A deemed substantial interest arises if a substantial interest (or part thereof) has been disposed of, or is deemed to have been disposed of, on a non-recognition basis.

8.3 Other taxes

No Dutch registration tax, capital tax, customs duty, transfer tax, stamp duty or any other similar tax or duty will be payable in The Netherlands by the HBG Shareholders in respect of or in connection with the subscription, issue, placement, allotment or delivery of HBG Shares.

9. INFORMATION ON HBG

This information was compiled based on the annual report of HBG for the financial years 2000 and 1999, the audited results of 2001 which have been adopted by the HBG Supervisory Board but have not yet been approved by the general meeting of HBG Shareholders, and on information from other public sources. Grupo Dragados has not carried out a separate investigation into the correctness and/or completeness of this information. Copies of the said 2000 and 1999 annual reports and 2001 audited results are available at the offices of HBG and ING Bank N.V. (see chapter II 'Important Information').

9.1 Profile

Founded in 1902, HBG is a European construction group which undertakes projects world-wide, specialising in all aspects of construction, dredging and consultancy and engineering.

HBG carries out its activities through four divisions:

- **Building & Property:** the operations of this division include mainly non-residential buildings and property development;
- **Civil Engineering:** this division undertakes the full range of civil engineering activities for large and small scale projects with a focus on transport and infrastructure;
- **Dredging:** HBG's dredging business operates through its two-thirds stake in BHD. The remaining one-third stake in the joint venture is held by Ballast Nedam. BHD is a dredging company with operations world-wide; and
- **Consulting & Engineering:** a multi-disciplined firm of consultants and engineers with activities mainly focused on Europe.

HBG is active in a number of geographic regions. In addition to having a leading position in The Netherlands, the company has succeeded in establishing significant market positions in the United Kingdom, Ireland, Germany, Belgium and the United States. As a result, over 75% of the company's revenues are generated outside The Netherlands.

HBG employs about 19,000 people world-wide.

The company's headquarters are based in Rijswijk, The Netherlands.

9.2 HBG Management Board and HBG Supervisory Board

The current composition of the HBG Management Board is as follows:

Carel Jan Reigersman (president)
Adrian Franklin
Guus Hoefsloot

Tjalling Tiemstra is currently acting as chief financial officer of HBG. However, he has not been appointed as a member of the HBG Management Board.

The current composition of the HBG Supervisory Board is as follows:

A.A. Loudon (chairman)
G.J. de Boer-Kruyt
C.A.J. Herkströter
W. de Kleuver
A. van der Velden
M.I. Platschorre

The members of the HBG Management Board and the HBG Supervisory Board hold no shares in HBG and have no options on shares in HBG.

9.3 Capital and Shares

The HBG Shares are listed on Euronext. A significant portion of the listed shares is being held by institutional and retail investors in the Benelux as well as by Anglo-Saxon shareholders in Europe and abroad.

Presently, there are 36,222,059 ordinary shares with a nominal value of EUR 1 and 1,250 HBG Priority Shares outstanding, representing the company's entire issued and outstanding share capital. Of these shares 633,190 ordinary shares are held by HBG.

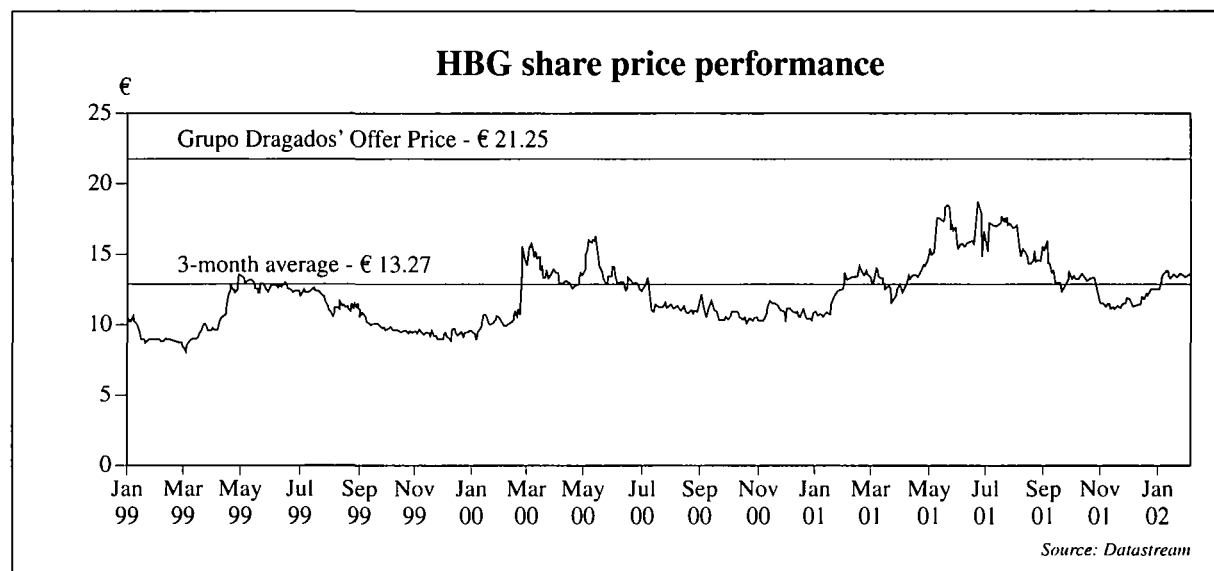
9.4 Share price development

The following table gives an overview of the highest and lowest prices of HBG Shares traded on the Official Market of Euronext, up to the announcement of the proposed Offer.

SUMMARY PRICES OF ORDINARY SHARES OF HBG

Date	Share price		Trading Month January 2002	Daily Closing Share price EUR	Trading Month February 2002	Daily Closing Share price EUR
	High EUR	Low EUR				
1999	13.75	8.00	31 December 2001	12.45	01 February	13.52
2000	16.85	8.90	02 January	12.90	04 February	13.56
2001	18.85	10.30	03 January	13.19		
			04 January	13.50		
2001			07 January	13.75		
January	13.60	10.55	08 January	13.84		
February	14.10	13.15	09 January	13.80		
March	14.00	11.55	10 January	13.90		
April	14.50	12.25	11 January	13.55		
May	18.50	14.90	14 January	13.25		
June	18.75	14.80	15 January	13.40		
July	17.75	15.20	16 January	13.65		
August	17.20	14.30	17 January	13.60		
September	16.00	12.35	18 January	13.53		
October	13.55	11.50	21 January	13.45		
November	11.90	11.10	22 January	13.35		
December	12.57	11.30	23 January	13.60		
			24 January	13.54		
			25 January	13.55		
			28 January	13.50		
			29 January	13.54		
			30 January	13.50		
			31 January	13.41		

Source: Datastream



The Offer values 100% of the HBG Shares (excluding the HBG Shares held by HBG itself) at approximately EUR 756 million.

The Offer Price represents a premium of approximately 57%, compared to the share price of EUR 13.56 at close of business on 4 February 2002, the last trading day prior to the day of the first public announcement that an offer

was considered and a premium of approximately 60% to the average closing HBG share price for the 30 trading days prior to 5 February 2002.

9.5 Major Holdings Disclosure Act

The Major Holdings Disclosure Act (*Wet Melding Zeggenschap 1996* and formerly the *Wet Melding Zeggenschap*) requires persons directly or indirectly acquiring or disposing of a capital interest or controlling interest in a public limited liability company (*naamloze vennootschap*) which is incorporated under the laws of The Netherlands and which has a listing within the European Economic Area, to give written notification of that fact if such acquisition or disposal places that person's percentage capital interest or controlling interest in a different bandwidth from that applying prior to the acquisition or disposal. The bandwidths set by the Major Holdings Disclosure Act are 0-5%, 5-10%, 10-25%, 25-50%, 50-66.6% and over 66.6%.

On the basis of the notifications received by HBG under the Major Holdings Disclosure Act third parties have the following interest in HBG Shares:

<i>Name</i>	<i>Date of notification</i>	<i>Interest</i>
Internationale Nederlanden Groep N.V.	25 February 1992	5.34%
CGNU Plc	29 July 1999	5.05%
Farinvest N.V.	27 January 2000	5.06%
Vereniging Friesland Bank	24 April 2001	5.03%
Stichting HBG	27 July 2001	100% (potential) ⁽¹⁾

⁽¹⁾ Stichting HBG (the Preferred Shares Foundation) has been granted an option to acquire HBG Preferred Shares.

9.6 Options

There are no outstanding or contingent options, warrants, convertibles or other rights to subscribe for or obtain any share(s) in the share capital of HBG or any of its subsidiaries or group companies granted by HBG except for the option agreement between HBG and the Preferred Shares Foundation.

The annual general meeting of HBG Shareholders of 23 May 2001 approved the following option plans:

- Option plan senior executives for the issuance of approximately 2,500,000 options; and
- Option plan key employees for the issuance of between 200,000 to 250,000 options.

These option plans have not yet been implemented. The new management of the New Group will decide at their discretion whether these option plans will be replaced by arrangements under a new long term incentive share plan of the New Group, which should be fair to the relevant HBG beneficiaries.

9.7 Dividend

In view of the Offer, no dividend will be paid by HBG in relation to the financial year 2001.

9.8 Financial details of HBG

In this paragraph 9.8 the definitions as included in chapter 1 'Definitions' are not applicable.

Consolidated Balance Sheet [before profit appropriation]

In millions of euros

The figures in brackets next to the items refer to the notes.

		31.12.2001	31.12.2000 ⁽¹⁾	31.12.1999 ⁽¹⁾⁽²⁾
Fixed assets				
Intangible fixed assets	[1]	55	5	—
Tangible fixed assets	[2]	595	565	538
Financial fixed assets	[3]	53	76	63
		<u>703</u>	<u>646</u>	<u>601</u>
Current assets				
Stocks		25	24	19
Work in progress	[4]	(521)	(528)	(461)
Property development	[5]	408	287	321
Debtors	[6]	1 169	1 220	1 254
Cash	[7]	484	491	421
		<u>1 565</u>	<u>1 494</u>	<u>1554</u>
Current liabilities				
Bank overdrafts	[8]	13	102	104
Other short-term debt	[9]	1 461	1 357 ⁽¹⁾	1 260 ⁽¹⁾
		<u>1 474</u>	<u>1 459</u>	<u>1 364</u>
Balance of current assets/ current liabilities		<u>91</u>	<u>35</u>	<u>190</u>
Total		<u><u>794</u></u>	<u><u>681</u></u>	<u><u>791</u></u>
Shareholders' equity		390	307 ⁽¹⁾	405 ⁽¹⁾
Minority interests		7	9	8
Group equity	[10]	<u>397</u>	<u>316</u>	<u>413</u>
Subordinated loan	[11]	<u>59</u>	<u>68</u>	<u>77</u>
Guaranteed capital		456	384	490
Long-term liabilities				
Provisions	[12]	183	176	205
Long-term debt	[13]	155	121	96
		<u>338</u>	<u>297</u>	<u>301</u>
Total		<u><u>794</u></u>	<u><u>681</u></u>	<u><u>791</u></u>

⁽¹⁾ Restated for change in accounting policies relating to treatment of dividend proposal.

⁽²⁾ Restated for change in accounting policies relating to the implementation of percentage of completion method.

Consolidated Profit and Loss Account*In millions of euros**The figures in brackets next to the items refer to the notes.*

		2001	2000	1999 ⁽¹⁾
Revenues	[14]	5 617	5 397	4 979
Operating expenses				
Costs of raw materials and consumables		922	924	791
Costs of subcontracted work and other external charges		3 111	2 917	2 703
Wages and salaries	[15]	797	762	742
Social insurance and pension contributions	[16]	189	176	161
Depreciation of tangible fixed assets		95	93	93
Amortisation of goodwill		1	—	—
Other operating expenses		379	437	408
		<u>5 494</u>	<u>5 309</u>	<u>4 898</u>
Results of associated companies		<u>2</u>	<u>(3)</u>	<u>3</u>
Operating result before exceptional items		<u>125</u>	<u>85</u>	<u>84</u>
Exceptional result		<u>(18)</u>	<u>(136)</u>	<u>—</u>
Operating result [EBIT]	[17]	<u>107</u>	<u>(51)</u>	<u>84</u>
Financial income and expense	[18]	<u>(17)</u>	<u>(15)</u>	<u>(11)</u>
Result on ordinary activities before tax		<u>90</u>	<u>(66)</u>	<u>73</u>
Taxation	[19]	<u>(30)</u>	<u>(6)</u>	<u>(21)</u>
Result on ordinary activities after tax		<u>60</u>	<u>(72)</u>	<u>52</u>
Extraordinary result after tax	[20]	<u>50</u>	<u>5</u>	<u>(4)</u>
Net result		<u><u>110</u></u>	<u><u>(67)</u></u>	<u><u>48</u></u>

⁽¹⁾ Restated for change in accounting policies relating to the implementation of percentage of completion method.

Consolidated Cash Flow Statement*In millions of euros*

	2001	2000	1999 ⁽¹⁾
Cash flow from operating activities			
Net result	110	(67)	48
Depreciation	96	93	93
Cash flow	206	26	141
Movements in stocks	(1)	(5)	(5)
Movements in work in progress	(7)	24	(41)
Effect of percentage of completion method on movements in work in progress	-	42	(61)
Movements in property development	(121)	34	57
Movements in debtors	51	33	(167)
Movements in other short-term debt	51	75	162
Movements in provisions	7	(18)	(20)
Effect of percentage of completion method on movements in provisions	-	(11)	15
Cash flow from operating activities	186	200	81
Cash flow from investing activities			
Net investments in tangible fixed assets	(125)	(120)	(125)
Acquisition of group companies	(51)	(5)	(15)
Investments in/disposals of associated companies	30	(13)	4
Movements in amounts receivable	(7)	-	5
Cash flow from investing activities	(153)	(138)	(131)
Cash flow from financing activities			
Long-term debt incl. repayment commitments	50	41	(51)
Withdrawal / Issue of cumulative preference shares	(8)	8	-
Dividend paid	(15)	(11)	(11)
Effect of percentage of completion method on shareholders' equity	-	(31)	46
Other movements	22	3	(12)
Cash flow from financing activities	49	10	(28)
Movements in cash and cash equivalents			
Cash and cash equivalents as at 1 January	389	317	395
Cash flow from operating activities	186	200	81
Cash flow from investing activities	(153)	(138)	(131)
Cash flow from financing activities	49	10	(28)
Cash and cash equivalents as at 31 December	471	389	317
Analysis of cash and cash equivalents as at 31 December			
Cash	484	491	421
Bank overdrafts	(13)	(102)	(104)
	471	389	317

⁽¹⁾ Restated for change in accounting policies relating to the implementation of percentage of completion methods.

ACCOUNTING POLICIES

Changes in accounting policies

Presentation, classification, sequence and terminology changes

During the year under review, HBG took further steps to enhance the transparency of the company's financial reporting and to provide a more accurate view of the Group's profit-earning capacity, financial position and cash flows. To this end, a number of changes have been made in the reporting and presentation. The company has also implemented new guidelines for annual reporting, the various changes being explained below.

In connection with the change in accounting policies concerning the capitalisation of goodwill on acquisition of subsidiaries and associated companies introduced in 2000, an analysis of movements in goodwill has been added beneath the item intangible fixed assets in the year under review, and an item for amortisation of goodwill has been included in the profit and loss account. As in the preceding year, an item for exceptional results has been added within the operating result [EBIT]. In 2000, the exceptional result concerned the non-recurring charge in connection with the strategic reorientation. In 2001, the exceptional result relates to the non-recurring charge for the additional payment to the HBG Pension Fund to make up for the funding shortfall resulting from stock exchange movements during the year. The exceptional charge recognised in 2000 has also been reallocated at divisional level.

In line with developments in the field of reporting, both in The Netherlands and internationally, the proposed dividend due to shareholders is no longer included in the balance sheet as a current liability but is shown as part of shareholders' equity. The comparative figures for 2000 and 1999 have been restated. The effect which this change in accounting policies has on shareholders' equity and current liabilities as at year-end 2000 is €26 million.

The notes contain additional information about the effect of dilution of results per share as a result of stock dividends.

An analysis of movements has been included below the item provisions. Forming a provision for uninsured risks ceased to be permissible with effect from the beginning of 2001. HBG will be systematically releasing the provision [year-end 2001: €1 million] over a maximum of five years, in line with reporting requirements.

Consolidation principles

Consolidation

The consolidated accounts comprise the financial information of HBG together with group companies in which HBG holds more than half of the voting capital or in which HBG has a deciding influence on managerial and financial policy on the basis of supplementary arrangements. The assets, equity and liabilities and results of these companies are consolidated in full. Minority interests in group equity and in the group result are shown separately.

Where the company is able to exert at least the same influence on managerial and financial policy as each of the other partners – whether on the basis of supplementary contractual and other arrangements or otherwise – interests in joint ventures are included in the consolidation on a proportional basis. The duration of the joint venture and the legal form which it takes are not relevant in this context. Where a joint venture takes the form of a general partnership, only the company's joint and several liability is taken into account if and to the extent that such action is justified on the basis of the joint venture's financial position and/or that of one or more of the partners in it.

Goodwill, which is calculated according to the difference between cost of acquisition and the HBG share of the net asset value of the company concerned at the time of acquisition, has been capitalised with effect from 1 January 2001 and will be amortised over the expected economic life, with a maximum of 20 years. Goodwill paid prior to the end of 2000 was charged directly to shareholders' equity.

The results of acquired companies are recognised in the profit and loss account as from the date on which HBG obtains significant influence. The results of subsidiaries and associated companies disposed of are recognised up to the date of disposal. On disposal of subsidiaries and associated companies, the difference between net proceeds and book value is accounted for in the profit and loss account as extraordinary income or expense.

The list of information relating to investments, as referred to in Articles 2: 379 and 2: 414, of the Dutch Civil Code, has been filed at the office of the Trade Register of the Chamber of Commerce in The Hague.

Foreign currency translation

Assets, equity and liabilities of group companies denominated in foreign currencies are translated at the exchange rates prevailing at balance sheet date. Profit and loss account items of these companies are translated at the average exchange rates for the year. Exchange differences arising on the translation of the capital invested in these companies and loans of a similar nature made available to them are accounted for directly in shareholders' equity. Amounts receivable and payable in foreign currencies are translated at the exchange rates prevailing at balance sheet date or at the original forward rates if hedging transactions have been entered into in respect of foreign exchange positions, resultant exchange differences being accounted for in the profit and loss account.

Exchange rates as at 31 December

The euro exchange rates used in the preparation of the consolidated financial statements were:

	<i>Spot rates</i> <i>on balance sheet date</i>		<i>Average rates</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
1 USD	1.13468	1.07469	1.11717	1.06373
1 GBP	1.64337	1.60230	1.61733	1.62297

Acquisitions and disposals

HBG Ascon took over Thomas Logan & Sons Ltd. in April 2001. Tebodin took over Cebeco Consulting Engineers BV [CCE], Deventer, in April 2001.

Ballast Ham Dredging bv [BHD] was created on 14 November 2001 by the merger of group company HAM and Ballast Nedam Baggeren bv. HBG has a two-thirds interest in BHD while Ballast Nedam holds one-third of the shares. To effect this transaction, HAM's name was changed to Ballast Ham Dredging bv and the company's share capital was increased by 50 per cent [16,350 shares with a nominal value of €100]. BHD then acquired all the shares of Ballast Nedam Baggeren bv in exchange for a one-third share of the shares of BHD. The difference between 50 per cent of the market value of HAM and the net asset value of Ballast Nedam Baggeren bv was recognised as goodwill by BHD on completion of the acquisition. The sale of a one-third share of HAM in Ballast Ham Dredging produced a book profit, which has been treated as extraordinary result by HBG. As at year-end 2001, the balance sheet figures of BHD have been proportionally included in the HBG consolidated accounts on a two-thirds basis.

In the profit and loss account, HAM's results have been recognised for the period prior to 14 November 2001, the date on which the joint venture between HAM and Ballast Nedam Baggeren bv, creating Ballast Ham Dredging bv, became effective. As from 14 November 2001, the results of BHD have been proportionally consolidated on a two-thirds basis.

HBG sold its interest of 29 per cent in NEM, Leiden, to L. & C. Steinmüller GmbH, Oberhausen. Wayss & Freytag Ingenieurbau AG disposed of its subsidiary Mansfeld Würzelbau GmbH. In the third quarter, HBG increased its interest in the American group company HBG Constructors, Inc. by 5 per cent to 85 per cent.

Since balance sheet date, HBG has sold its interest of 49 per cent in Frontier-Kemper Constructors, Inc. to Heitkamp-Deilmann-Haniel GmbH, which already held an interest of 49 per cent in Frontier-Kemper. This transaction has been effected in January 2002.

Valuation principles

Intangible fixed assets

Goodwill [i.e. the difference between the price paid for newly acquired group companies, joint ventures and interests in associated companies and the value of the Group's share in their net asset value at the time of acquisition] – in the case of acquisitions since 1 January 2000 – is capitalised and amortised over the expected economic life, with a maximum of twenty years. Goodwill paid prior to the end of 1999 was charged directly to shareholders' equity.

Tangible fixed assets

Tangible fixed assets are stated at cost of acquisition or manufactured cost less accumulated depreciation. Depreciation is calculated by the straight-line method on the basis of the expected economic life of the assets concerned, with the exception of floating equipment, on which depreciation is greater in the initial years. The cost of tangible fixed assets under construction relates to instalments invoiced by third parties. If fixed assets undergo such a diminution in value that their fair value is lower than book value, the diminution in value is charged to the result. Information concerning the current value is disclosed in the notes beneath the item tangible fixed assets.

Financial fixed assets

Associated companies where HBG is able to exert a significant influence on policy are carried at the amount of the HBG share of shareholders' equity as shown by the balance sheets of the companies concerned, in principle determined according to the HBG consolidation and valuation principles. The determination of results is also made on this basis. Amounts receivable from associated companies are stated at face value less any necessary diminutions in value. Special Purpose Companies [SPCs] – regardless of their legal form – are accounted for as associated companies, in accordance with the trend in the construction industry. This is contingent upon HBG's

financial risk being restricted to the contributed capital. The results of SPCs are consolidated in the profit and loss account.

Other long-term receivables are included at face value, less a value adjustment where necessary.

Other securities are stated at the lower of cost and net asset value or quoted price, as appropriate.

Stocks

Stocks are stated at cost. Where necessary, an adjustment is made to the carrying amount to allow for obsolescence.

Work in progress

Work in progress is stated at integral cost, including direct costs, allocated indirect costs, interest income and interest expense, and allowing for anticipated losses during production in the period up to completion. The invoiced instalments are deducted from the integral cost. The result recognised according to the percentage of completion is added. A negative balance arises if the invoiced instalments exceed the costs incurred plus profits recognised on the works concerned.

Property development

Property development includes investments in building land and construction projects undertaken on the Group's own account. The value of developments is stated at integral cost, less any necessary provisions for anticipated losses. Results are recognised according to the percentage of completion. Instalments invoiced to purchasers are deducted. Profit recognition on completed works for own risk also takes account of sales progress. Anticipated construction losses on completion projects are recognised as soon as they are identified and are then calculated for the entire project.

Debtors

Debtors are stated at face value, less a provision for bad debts where necessary.

Cash

Amounts under the heading of cash are stated at face value.

Long-term and current liabilities

Liabilities are stated at face value.

Provisions

Provisions are carried for liabilities and losses existing on balance sheet date where it is possible to make a reasonable estimate of the amount, unless these liabilities and risks have already been taken into account in the form of value adjustments to the assets concerned. The company also forms provisions for probable future losses arising from risks already identifiable on balance sheet date.

Provisions are carried at face value, with the exception of pension provisions, which are included at net present value calculated according to actuarial principles.

Liabilities of partnership joint ventures incurred in connection with joint and several liability are only provided for if and to the extent that this is warranted by the financial position of one or more of the other partners.

Minority interests

Minority interests in group companies are stated at net asset value according to HBG consolidation principles.

Principles for the determination of results

Revenues

Revenues is made up of net turnover, movements in work in progress and other revenues.

Net turnover comprises the income from work in progress and services under supply as at year-end, income from works completed in preceding years and income from goods and services supplied during the year. Revenues is net of sales tax and excludes intercompany transactions.

Profit recognition

With effect from 1 January 2000, profits on contracts for third parties are recognised according to the percentage of completion of the projects concerned. In the case of high-risk, complex projects, as a precautionary measure, profit is not recognised until 35 per cent of the work has been completed. Profit recognition on completed works developed at own risk also takes account of sales progress.

Anticipated construction losses on completion and risks associated with speculative development projects are recognised as soon as they are identified and are then calculated for the entire project.

Operating expenses

Operating expenses comprise direct costs and allocated indirect costs associated with the recognised revenues. In the item pensions, the relevant charge for the year has been included on the basis of the valuation appropriate to the individual countries.

Results of associated companies

The amount shown as results of associated companies is the Group share in the results after tax of companies not included in the consolidation.

Financial income and expense

The amounts included as interest income and interest expense represent the interest receivable from and payable to third parties in respect of the year.

Taxation

In addition to the taxation actually payable or reclaimable for the year, this item includes movements in deferred tax assets and liabilities. The calculation of the deferred tax assets and liabilities is made on the basis of the tax rates applicable at year-end, or at the tax rates applicable in future years if they have already been enacted.

Minority interests

This is the share of third parties in the results of the group companies.

Cash flow statement

The cash flow statement is prepared by the indirect method. According to this method, the net result is adjusted for profit and loss account items which do not affect revenues and expenditure during the year and movements in balance sheet and profit and loss account items associated with revenues and expenditure not considered to relate to operating activities.

The cash and cash equivalents position shown in the cash flow statement is made up of cash and listed securities plus bank overdrafts. Exchange differences are accounted for directly in the items concerned. The cost of acquisitions is included in the cash flow from investing activities.

Reporting currency

With effect from 2000, HBG has been conducting its financial reporting entirely in euros. The figures for prior years, when the accounts were prepared in guilders, have been converted into euros. For all years included in these financial statements, the official, irrevocable conversion rate [€1 = NLG 2.20371] has been applied.

Notes to the Consolidated Balance Sheet*In millions of euros***[1] Intangible fixed assets 55**

	2001	2000
Position as at 1 January		
Purchase price	5	–
Accumulated amortisation	–	–
Book value	5	–
Movements in book value		
Investments	51	5
Disposals	–	–
Amortisation	(1)	–
Total movements	50	5
Position as at 31 December		
Purchase price	56	5
Accumulated amortisation	1	–
Book value	55	5

The goodwill capitalised in 2001, amounting to €51 million, largely concerns the goodwill capitalised on the creation of the joint venture Ballast Ham Dredging bv [€44 million]. The amount of this goodwill has been determined as the difference between 50 per cent of the market value of HAM and the net asset value of Ballast Nedam Baggeren bv shares at the time of creation of the joint venture.

The goodwill capitalised in connection with the acquisitions of Thomas Logan & Sons Ltd., by HBG Ascon, and Cebeco Consulting Engineers bv, by Tebodin, and on the expansion of the HBG interest in HBG Constructors, Inc. amounted to €1.4 million, €3.2 million and €2.0 million, respectively.

[2] Tangible fixed assets 595

	<i>Land and buildings</i>	<i>Plant and equipment</i>	<i>Floating equipment</i>	<i>Other fixed assets</i>	<i>Tangible fixed assets under construction</i>	<i>Fixed assets not used in the production process</i>	<i>2001 Total tangible fixed assets</i>	<i>2000 Total tangible fixed assets</i>
Position as at 1 January								
Purchase price	197	385	436	156	74	8	1256	1223
Accumulated depreciation	74	235	277	102	–	3	691	685
Book value	123	150	159	54	74	5	565	538
Movements in book value								
Investments	3	39	79	19	5	–	145	165
Disposals	(9)	(27)	–	(9)	–	–	(45)	(39)
Consolidations	(3)	5	44	(1)	(24)	–	21	1
Depreciation	(4)	(42)	(27)	(22)	–	–	(95)	(93)
Exchange differences	1	2	1	–	–	–	4	(1)
Other movements	–	–	49	1	(50)	–	–	(6)
Total movements	(12)	(23)	146	(12)	(69)	–	30	27
Position as at 31 December								
Purchase price	188	344	615	142	5	8	1302	1256
Accumulated depreciation	77	217	310	100	–	3	707	691
Book value	111	127	305	42	5	5	595	565

Consolidations of tangible fixed assets in the movements in book value mainly concern the proportionally consolidated assets of the Ballast Ham Dredging joint venture.

Land is not depreciated. Depreciation is calculated on the basis of the following approximate economic lives:

Buildings	30 years
Plant and equipment	3-10 years
Floating equipment	18 years
Other fixed assets	3-10 years

The tangible fixed assets include assets with a book value of €7 million [2000: €1 million] financed by means of finance lease contracts. The associated payment commitments are included in current and long-term liabilities.

The current value as at year-end 2001, which has been estimated on the basis of external indices, amounts to €680 million [2000: €650 million].

[3] Financial fixed assets 53

	<i>2001</i>	<i>2000</i>
Interests in associated companies	35	63
Amounts receivable from associated companies	2	4
	37	67
Other long-term receivables	16	9
	53	76

Movements in interests in associated companies in 2001 were as follows:

	2001	2000
Position as at 1 January	63	50
Acquisitions of interests in associated companies	1	–
Increase in PFI projects	6	6
Group share of results	(2)	(3)
Dividend received	(1)	–
Exchange differences	–	1
Disposals of interests in associated companies	(39)	–
Other movements	7	9
Position as at 31 December	<u>35</u>	<u>63</u>

The disposals of interests in associated companies mainly concern Mansfeld Würzelbau GmbH, HCG, NEM and Frontier-Kemper.

The amounts included as interests in associated companies in respect of Special Purpose Companies set up to undertake Private Finance Initiative projects can be analysed as follows:

	2001	2000
Capitalised costs	109	79
Cash	6	7
Less: non-recourse finance	(103)	(80)
Position as at 31 December	<u>12</u>	<u>6</u>

Amounts receivable from associated companies

The amounts receivable from associated companies generally represent funds utilised on a long-term basis in connection with the activities of associated companies.

[4] Work in progress (521)

	2001	2000
Third-party projects		
Integral cost less provisions	6 079	5 433
Invoiced instalments	(6 600)	(5 961)
	<u>(521)</u>	<u>(528)</u>

[5] Property development 408

	2001	2000
Company-owned land	475	440
Integral cost less provisions	445	457
Invoiced instalments	(512)	(610)
	<u>408</u>	<u>287</u>

The carrying amount of the development projects has the following geographical analysis:

	2001	2000
United Kingdom	143	89
Netherlands	133	66
Germany	131	131
Belgium	1	1
	<u>408</u>	<u>287</u>

The increase in the English property portfolio consists of investments in land for an amount of €32 million. In The Netherlands the increase is the result of a slowdown in pre sales of property positions. In Germany on one hand the old property portfolio has been reduced, on the other hand investments in new projects have been made.

[6] Debtors 1 169

	2001	2000
Trade debtors	886	942
Taxation	70	62
Other amounts receivable	165	145
Prepayments and accrued income	48	71
	<u>1 169</u>	<u>1 220</u>

Other amounts receivable includes receivables from associated companies amounting to €25 million [2000: €27 million].

[7] Cash 484

	2001	2000
Deposits	72	123
Cash and bank balances	412	368
	<u>484</u>	<u>491</u>

Cash includes the HBG share of cash and cash equivalents held by joint ventures totalling €175 million [2000: €151 million]. These amounts are not entirely at the company's disposal. The deposits have an average remaining term to maturity of less than 1 year and are available on demand.

[8] Bank overdrafts 13

	2001	2000
Credit institutions	13	102
	<u>13</u>	<u>102</u>

The reduction of €89 million compared with the preceding year mainly results from the repayment of German loans amounting to around €23 million to finance the property development portfolio and from the reallocation of the available cash and cash equivalents held with banks, as a result of which it was possible to net off around €65 million of the bank overdrafts as at year-end 2001 against the available credit balances. Part of the property has been provided as security in respect of credit facilities made available by banks relating to the property development activities in Germany and the United Kingdom.

[9] Other short-term debt 1 461

	2001	2000
Repayment liabilities on loans and finance leases	53	28
Suppliers and trade creditors	913	862
Amounts owed to associated companies	13	2
Taxation and social insurance contributions	89	91
Provisions of a short-term nature	11	17
Other amounts owed	111	96
Accruals and deferred income	271	261
Dividend payable	—	—
	1 461	1 357

With effect from 2001, the proposed dividend is no longer included in the balance sheet as a current liability. In the comparative figures for 2000, the dividend payable, amounting to €26 million, has been restated.

[10] Group equity 397

	<i>Issued capital</i>	<i>Tax-free share premium reserve</i>	<i>Other reserves</i>	<i>Total share-holders' equity</i>	<i>Minority interests</i>	<i>Group equity</i>
Position as at 1 January 2000	31	6	368	405	8	413
Movements						
Net result 2000	—	—	(67)	(67)	—	(67)
Adjustment for introduction of percentage of completion method	—	—	(31)	(31)	—	(31)
Stock dividend 1999	1	(1)	—	—	—	—
Cash dividend 1999	—	—	(12)	(12)	—	(12)
Exchange differences	—	—	4	4	1	5
Cumulative preference shares	8	—	—	8	—	8
Position as at 31 December 2000	40	5	262	307	9	316
Movements						
Net result 2001	—	—	110	110	—	110
Cash dividend 2000	—	—	(15)	(15)	—	(15)
Stock dividend 2000	1	(1)	—	—	—	—
Exchange differences	—	—	1	1	—	1
Change in nominal value	4	(3)	—	1	—	1
Cumulative preference shares	(9)	—	—	(9)	—	(9)
Other movements	—	—	(5)	(5)	(2)	(7)
Position as at 31 December 2001	36	1	353	390	7	397

Share capital

The authorised share capital amounts to €160 million divided into 50,000,000 ordinary shares, 1,250 priority shares, 80,000,000 cumulative preference shares issued as anti-takeover protection together with 15,000,000 cumulative preference shares and 15,000,000 cumulative convertible preference shares issued for financing purposes, each with a nominal value of €1.00.

As at 31 December 2001, the issued share capital was made up of 35,588,869 ordinary shares [2000: 34,950,951], 1,250 priority shares [2000: 1,250] and 0 cumulative preference shares issued as anti-takeover protection [2000:

34,588,280]. A resolution was carried by the General Meeting of Shareholders held in May 2001 cancelling the protective preference shares issued in 2000.

Change in nominal value

The General Meeting of Shareholders also passed a resolution changing the share denomination from NLG 2.00 [€0.91] to €1.00. The Articles of Association have been amended accordingly. This change resulted in an additional payment obligation on the issued priority shares of €942 thousand. The additional payment obligation on the ordinary shares, amounting to €3,231 thousand, has been charged to the tax-free share premium reserve.

Net result 2000 / adjustment in connection with change to percentage of completion

The net result for 2000 amounting to €67 million negative and the extraordinary income added to reserves in 2000 in connection with the change in accounting policies to the percentage of completion method in 2000, amounting to €31 million, were charged to other reserves in the analysis of movements in 2000.

Dividend 2000 / change in presentation

In 2001, the issued share capital increased by 637,918 ordinary shares as a result of the payment of stock dividend for 2000. At the request of the shareholders, the dividend was charged entirely to the tax-free share premium reserve. In connection with new reporting guidelines, the proposed dividend for 2000, amounting to €26 million, has not been shown as a charge against the other reserves in the analysis of movements in 2000. Shareholders' equity as at year-end 2000 is therefore €26 million higher than in the published accounts for 2000. In the figures for 2001, the dividend made payable for 2000, amounting to €15 million, has been charged to the other reserves.

Own shares in portfolio

As at year-end 2001, the company held 633,190 of its own shares in portfolio. These shares were originally intended for reissue in connection with a staff option plan. Partly in connection with the recent developments involving Grupo Dragados, this has not yet taken place.

Exchange differences

The exchange differences arising on translation of the shareholders' equity of associated companies outside The Netherlands are credited or debited directly to other reserves. In the period up to year-end 2001, an amount of €8 million had been transferred from other reserves in respect of exchange differences.

Profit per share

	<i>2001</i>	<i>2000</i>
Net result [diluted]	3.10	(1.92)
Net result [undiluted]	3.15	(1.98)

[11] Subordinated loan 59

A subordinated loan in an original nominal amount of €77 million was contracted from ABN AMRO Bank. The interest rate is Euribor + 1.25%, fixed until 2005.

The repayment schedule is as follows:

2002	€ 9 million
2003	€ 9 million
2004	€41 million
2005	€ 9 million

The repayment commitment in 2002, amounting to €9 million, has been included in current liabilities.

[12] Provisions 183

	2001	2000
Deferred tax liabilities	73	68
Pensions	40	52
Maintenance of tangible fixed assets	31	24
Maintenance of works	17	20
Uninsured risks	1	3
Other provisions	21	9
	183	176

The provisions have following movements:

	2001	2000
Position as at 1 January	176	205
Addition	69	65
Withdrawal	(62)	(94)
Position as at 31 December	183	176

That part of the provisions which is of a short-term nature, amounting to €11 million [2000: €17 million], has been included in short-term debt.

The deferred tax liabilities concern the future tax liabilities arising from, among other things, temporary differences between the assets and liabilities as determined for reporting purposes and the assets and liabilities for tax purposes.

The pension liabilities largely relate to the group companies operating in Germany. The reduction of €12 million is mainly accounted for by the transfer of part of the German pension provisions to a specially established fund [Unterstützungskasse]. The discount factor applied is 6 per cent. The provision for pensions concerns unfunded pension commitments and liabilities in respect of past service. The past-service liabilities in respect of pensions for staff in service as at year-end 2001 who are members of the Company Pension Fund are fully funded.

The provision for maintenance of tangible fixed assets is formed primarily for periodical repairs and maintenance on the floating equipment with the aim of spreading the costs evenly over the years.

The movement in the provision for maintenance of works results from utilisation in connection with several projects completed in 2001.

The provision for uninsured risks was originally formed to cover the risks of losses not insured with underwriters. With effect from 2001, it is no longer permissible to form such a provision under the current accounting rules. The remaining amount of €1 million will be released over the next five years.

Other provisions includes financing gains amounting to €11 million received in advance on cross-border lease transactions relating to Ballast Nedam Dredging bv dredging equipment. The item will be released to the profit and loss account over a maximum period of twelve years.

Out of the provision for strategic reorientation made in 2000, amounting to €154 million, an amount of €105 million [2000: €144 million] was still available as at year-end 2001. The specific provisions have been accounted for as value adjustments to the respective balance sheet items of financial fixed assets, work in progress, property development, debtors and short-term debt.

[13] Long-term debt 155

	2001	2000
Credit institutions	153	119
Lease commitments	2	2
	155	121

The long-term debt falls due in under five years. The weighted average interest rate on the amounts owed to credit institutions is 5.5%. The increase in long-term debt compared with the preceding year is accounted for mainly by the proportional consolidation of the long-term debt of Ballast Ham Dredging [€65 million].

Commitments not shown in the balance sheet

Guarantees for work in progress

	2001	2000
Guarantees for work in progress	363	556
Guarantees relating to advanced payments received	101	159
Other	486	383
	950	1 098
Guarantees in favour of HBG	(240)	(219)
	710	879

Rental and lease commitments

Commitments under rental agreements and operating lease contracts, which total €110 million [2000: €112 million], can be analysed as follows:

2002	€31 million
2002-2005	€63 million
after 2005	€16 million

Other commitments not shown in the balance sheet

Outstanding commitments in respect of tangible fixed assets under construction as at year-end 2001 amounted to €6 million [2000: €97 million].

HBG has given guarantees in respect of interest and repayment liabilities on the long-term loans in Germany [€72 million]. For the surety program of the subsidiary in the United States of America HBG has given a guarantee up to an amount of €113 million.

Ballast Nedam has been granted a put option to sell its shares in Ballast Ham Dredging to HBG at any time. For the initial period [ending 31 December 2003] a fixed exercise price has been agreed. At the end of 2003 a price will be agreed for the subsequent period ending 31 December 2006. Beyond that date, the exercise price will be determined at the time of exercise. In all cases, the exercise price will be based on the market value of the company, and will be arrived at as follows. If the parties cannot reach mutual agreement on the exercise price, the investment bankers of the two parties will determine the price. If they cannot agree, the two investment bankers will appoint a third investment banker, who will then fix the exercise price.

Financial instruments and risk management

General

Treasury management is a holding company responsibility at HBG. The treasury function is responsible for funding the Group and its individual business units and for the management of cash and cash equivalents, foreign exchange risks and interest rate risks. Performance of these tasks takes place within a strict system of organisational measures, including a regular reporting system and internal guidelines and procedures.

Foreign exchange risks

Foreign exchange risk policy focuses on cash flows arising from ordinary activities. Forward contracts are concluded to hedge transaction risks. Balance sheet currency risks are not hedged.

Interest rate risks

The Group did not make any use of derivatives, such as interest rate swaps, during the year.

Credit risks

The credit risk is the loss that would arise as at balance sheet date if counterparties were to default on their contractual obligations. HBG is not exposed to any significant credit risk with respect to individual clients or counterparties. To minimise the credit risk, the company continuously assesses the creditworthiness of its clients as part of its credit control procedures. The available cash balances are also banked with different financial institutions.

Notes to the Consolidated Profit and Loss Account

In millions of euros

[14] Revenues 5 617

<i>Revenues are made up of:</i>	<i>2001</i>	<i>2000</i>
Net turnover	5 494	5 498
Movements in work in progress	123	(101)
	<u>5 617</u>	<u>5 397</u>

<i>Revenues by sector</i>	<i>2001</i>	<i>2000</i>
Construction and property	2 543	2 445
Civil engineering	2 502	2 324
Dredging	480	411
Consultancy and engineering	141	133
Other	4	151
	<u>5 670</u>	<u>5 464</u>
Intercompany transactions	(53)	(67)
	<u>5 617</u>	<u>5 397</u>

<i>Revenues by geographical area</i>	<i>2001</i>	<i>2000</i>
Netherlands	1 381	1 500
United Kingdom	1 709	1 469
Germany	932	904
United States	450	552
Ireland	370	280
Belgium	184	189
Other countries	644	570
	<u>5 670</u>	<u>5 464</u>
Intercompany transactions	(53)	(67)
	<u>5 617</u>	<u>5 397</u>

[15] Wages and salaries 797

This item includes the Group's share of the wages and salaries paid to employees of joint ventures

The wages and salaries relate to the following average numbers of employees for each sector:

	2001	2000
Construction and Property	5 400	5 420
Civil Engineering	10 478	10 345
Dredging	1 427	1 349
Consultancy and Engineering	1 617	1 566
Other	184	1 401
	<u>19 106</u>	<u>20 081</u>
Of which in joint ventures:	<u>1 962</u>	<u>2 168</u>

[16] Social insurance and pension contributions 189

This item includes the Group's share of the social insurance contributions relating to employees of joint ventures, and is made up as follows.

	2001	2000
Social insurance	141	143
Pensions	48	33
	<u>189</u>	<u>176</u>

[17] Operating result [EBIT] 107

The result for 2001 was adversely affected by an exceptional result of €18 million negative relating to the non-recurring charge for the additional payment to the HBG Pension Fund in The Netherlands to make up for the funding shortfall resulting from stock exchange movements in 2001. An additional €1 million was also paid to the pension fund in Germany.

The provision of €154 million formed for strategic reorientation in 2000 was reassessed in 2001, resulting in reallocation of the provisions between construction and property, civil engineering and other sectors of activity.

The operating result before exceptional items by sector and before the effects of reallocation of the provision, is as follows:

	2001	2000
Construction and property	27	(2)
Civil engineering	50	24
Dredging	37	57
Consultancy and engineering	8	8
Other	3	(2)
Operating result before exceptional items	<u>125</u>	<u>85</u>
Exceptional result	<u>(18)</u>	<u>(136)</u>
Operating result [EBIT]	<u>107</u>	<u>(51)</u>

[18] Financial income and expense (17)

	2001	2000
Interest income	17	18
Interest expense	(34)	(33)
	(17)	(15)

[19] Taxation (30)

The taxation on the result on ordinary activities in 2001 amounted to €30 million [2000: €6 million]. The computed amounts of taxation due in countries outside The Netherlands differ from country to country, depending on the method of profit calculation, taxation facilities available and applicable tax rates, which range from 20 to 40 per cent. Since the associated companies are liable independently for tax, the Group does not have to take taxation into account in their case. HBG can avail itself of significant amounts of loss relief in Germany.

The effective tax burden in 2001 was 33 per cent.

[20] Extraordinary result after tax 50

	2001	2000
Extraordinary income	100	42
Extraordinary expenses	(56)	(29)
	44	13
Taxation	6	(8)
Net extraordinary income and expenses	50	5

The extraordinary income in 2001 mainly relates to the book profit on the Ballast Ham Dredging transaction, amounting to a gross figure of €70 million, and to the result on the disposal of HBG's interest in NEM, amounting to €25 million gross.

The extraordinary expenses in 2001 mainly relate to reorganisation costs of several activities in the sector Building and Property and Civil Engineering for an amount of €23 million. For the implementation of service centers in Germany and The Netherlands €16 million has been provided for. The share in integration costs for Ballast Ham Dredging amounts to €8 million.

Other

The company profit and loss account has been drawn up pursuant to the provisions of Section 402, Book 2, of The Netherlands Civil Code.

Results and other information by sector

In millions of euros

	Construction and property		Civil engineering		Dredging		Consultancy and engineering		Other		Eliminations		Consolidated	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
Revenues														
Third parties	2 541	2 442	2 454	2 268	480	408	138	132	4	147	–	–	5 617	5 397
Intercompany	2	3	48	56	–	3	3	1	–	4	(53)	(67)	–	–
Total revenues	2 543	2 445	2 502	2 324	480	411	141	133	4	151	(53)	(67)	5 617	5 397
Operating expenses	(2 519)	(2 450)	(2 451)	(2 299)	(444)	(354)	(133)	(125)	–	(148)	53	67	(5 494)	(5 309)
Operating result	24	(5)	51	25	36	57	8	8	4	3	–	–	123	88
Results of associated companies	3	3	(1)	(1)	1	–	–	–	(1)	(5)	–	–	2	(3)
Operating result before exceptional items	27	(2)	50	24	37	57	8	8	3	(2)	–	–	125	85
Exceptional result	(17)	(44)	32	(61)	–	–	–	–	(33)	(31)	–	–	(18)	(136)
EBIT	10	(46)	82	(37)	37	57	8	8	(30)	(33)			107	(51)
Financial income and expenses													(17)	(15)
Result on ordinary activities before tax													90	(66)
Taxation													(30)	(6)
Result on ordinary activities after tax													60	(72)
Extraordinary result after tax													50	5
Net result													110	(67)

	<i>Construction and property</i>		<i>Civil engineering</i>		<i>Dredging</i>		<i>Consultancy and engineering</i>		<i>Other</i>		<i>Eliminations</i>		<i>Consolidated</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000⁽¹⁾</i>
Fixed assets	117	116	184	206	365	242	5	2	32	80	–	–	703	646
Current assets														
[excluding cash and cash equivalents]	550	536	367	346	42	36	29	34	146	114	(53)	(63)	1 081	1 003
Current liabilities														
[excluding cash and cash equivalents]	(583)	(545)	(662)	(631)	(131)	(118)	(26)	(33)	(112)	(93)	53	63	(1 461)	(1 357)
Capital employed														
[excluding cash and cash equivalents]	84	107	(111)	(79)	276	160	8	3	66	101			323	292
Cash and cash equivalents													471	389
Balance of total assets/current liabilities in the consolidated balance sheet													794	681
Associated companies	16	14	20	18	2	0	–	–	(3)	31	–	–	35	63
Net investments in tangible fixed assets	15	5	17	58	107	74	2	2	(16)	(19)	–	–	125	120
Depreciation	18	19	43	40	31	26	2	2	2	6	–	–	96	93
Order book	2 319	2 547	3 225	2 668	646	716	66	65	–	–	(33)	(70)	6 223	5 926
Long-term liabilities	55	53	54	48	119	38	4	3	106	155	–	–	338	297
Economic profit realised [EPR] ⁽¹⁾	6	(31)	42	24	10	36	5	6					69	44

⁽¹⁾ Based on 9,1% capital charges and 5.25% capital credits on capital employed [excluding cash and cash equivalents] and operating result after tax excluding exceptional items.

⁽²⁾ Restated for change in accounting policies relating to treatment of dividend proposal.

9.9 Auditor's report

In our opinion, the consolidated balance sheet, consolidated profit and loss account and the consolidated statement of cash flow, including the notes thereon, of HBG for the year 2001 and the restated comparative consolidated balance sheets, consolidated profit and loss accounts and the consolidated statements of cash flow for the years 2000 and 1999, as included in paragraph 9.8 of this Offer Document on pages 23 to 42, are consistent, in all material aspects with the financial statements for those years from which they have been derived. We issued an unqualified auditors' report on the statutory financial statements on 14 March 2002, 20 March 2001 and 15 March 2000 respectively.

For a better understanding of the financial position and results of HBG, and of the scope of our audit, the consolidated balance sheets, consolidated profit and loss accounts and consolidated cash flow statements that have been included in this Offer Document should be read in conjunction with the financial statements from which they have been derived and the auditors' reports we issued thereon.

(The Hague, 14 March 2002)

Ernst & Young Accountants

9.10 Miscellaneous

9.10.1 Recent events

HBG Supervisory Board and HBG Management Board devoted a great deal of time and care to the future strategy of the dredging company HAM, Hollandsche Aanneming Maatschappij B.V. ('HAM') in 2001. The discussions conducted between Ballast Nedam and HBG in the first few months of the year regarding the possibility of merging their dredging activities culminated in the announcement of a memorandum of understanding on 31 May 2001. However, a group of shareholders demanded of HBG that the group should instead accept an offer for HAM made by Koninklijke Boskalis Westminster N.V. ('Boskalis') on 7 May 2001. HBG called an extraordinary

general shareholders' meeting on 26 June 2001 to account for the decision to reject the Boskalis' bid in favour of a merger between HAM and Ballast Nedam Baggeren B.V. Presentation and discussion of the strategic, financial, economic and social arguments that had prompted HBG to decide in favour of merging the dredging activities with those of Ballast Nedam was complicated by the announcement from Heijmans N.V. ('Heijmans') on 19 June 2001 of that company's intention to make a public offer for HBG. The media carried extensive reports on the various developments in this 'dredging war', in which some of the shareholders became directly opposed to the company management.

At the extraordinary general meeting of HBG Shareholders of 26 June 2001, it became clear that HBG was unwilling, and indeed unable, to come back on the agreements with Ballast Nedam. Some of the HBG Shareholders nevertheless demanded that the offers on the table from Heijmans and Boskalis be given further consideration and announced their intention to bring proceedings before the Enterprise Chamber of the Court of Appeal at Amsterdam. The merger agreement was signed after the close of trading in Amsterdam on 26 June 2001.

On 4 July 2001, the Enterprise Chamber ordered an inquiry into the affairs of HBG and the decisions taken by HBG management. The Enterprise Chamber simultaneously placed a temporary injunction on the implementation of the merger in respect of the creation of BHD signed on 26 June 2001. On 3 August 2001, the Peters/Moerland commission of inquiry concluded, among other things, that 'the company management had taken into account and considered the interests of the shareholders and of the other stakeholders in such a manner throughout the decision-making processes that mismanagement in this regard could not be said to have occurred'. The commission recommended that HBG management should attempt to regain the confidence of the shareholders by preparing a memorandum explaining the strategy and by convening an extraordinary general meeting of shareholders in which meeting views could be exchanged with the shareholders concerning the memorandum.

HBG immediately implemented this recommendation, giving it wholehearted endorsement. The memorandum to shareholders containing an 'Explanation of HBG Strategy' appeared on 18 August 2001. This memorandum was presented and discussed with shareholders in an extraordinary general meeting of shareholders held on 4 September 2001. Shortly afterwards, HBG applied to the Enterprise Chamber of the Court of Appeal to have the injunction lifted.

HBG was surprised when the Enterprise Chamber, on 19 September 2001, instead ordered a new investigation to be conducted by the Arentsen/Van den Blink commission of inquiry, whose report was published on 26 October 2001. HBG has appealed against this decision with the Supreme Court of The Netherlands. Based on interviews with more than thirty witnesses and after studying more than two thousand documents and minutes of meetings, the second commission of inquiry came to the conclusion that 'the HBG management had followed a careful procedure in arriving at its decision and on the basis of the available information and analyses, together with advice from external experts, had been able to come to a reasonable decision'. The commission also took the view that 'it was reasonable for the HBG management to have decided on the adopted procedure'. Under generally accepted principles of corporate governance in The Netherlands, it was quite usual and acceptable for the management of a large company to see it as one of its prerogatives to take a decision of the kind referred to (i.e. entering into a dredging joint venture with Ballast Nedam). These conclusions were sufficient reason for Heijmans to announce the withdrawal of its offer on 29 October 2001.

On 7 November 2001, the Enterprise Chamber ruled that HBG and Ballast Nedam could implement the merger agreement with immediate effect. On 14 November 2001, the merger was formally completed and BHD became operational.

On 21 January 2002, the Court delivered its verdict concerning HBG's decision to enter into the dredging merger. Having taken into account all quantitative and qualitative aspects of the case, the Court found that it was reasonable for the HBG management to have arrived at the decision which it did. In taking this view, the Court echoed the findings of the two commissions of inquiry appointed by the Court.

However, the Court also took the view that HBG should have consulted shareholders in advance about rejection of the bid by Boskalis. The Court judged this to be mismanagement, but went no further than that. HBG is seeking to have this ruling overruled by the Supreme Court of The Netherlands.

9.10.2 Strategy

As described in paragraph 9.10.1 'Recent events', HBG issued a memorandum to explain HBG's strategy to its shareholders in August 2001. This memorandum has been placed on HBG's website (www.hbg.nl). The following text is quoted from this memorandum, with some small modifications in style to make the text in line with this Offer Document. The definitions as included in chapter 1 'Definitions' are not applicable to this paragraph 9.10.2.

Strategic Reorientation

In 2000, HBG decided on a drastic change of direction after a series of disappointing results in the preceding years. This decision led to the announcement of additional provisions totalling €154 million on 4 September 2000. This change of direction, which is intended to bring about the necessary strengthening of the Group's financial position, and will undoubtedly succeed in that purpose, cannot be seen in isolation from the appointment of a Board of Management of radically different composition and its decision to make a clean sweep. The action on the part of the Board of Management was a direct consequence of the strategic reorientation, in connection with which an intensive study was carried out into the Group's activities and organisation.

The results of this analysis indicated that the diversification of activities across four distinct sectors and different geographical regions was a critical factor in HBG's future success. A second important conclusion was that HBG had to be capable of achieving the necessary improvement in the financial results with its existing mission and the existing portfolio of activities. On the basis of the study, HBG recognises that 'operational excellence', more than any other factor (e.g. expansion of the value chain, a multinational market approach and cutting-edge technology) is the key to profitability. By 'operational excellence', the Group means the most effective possible use of human resources and technology, good organisation of production processes, a clear organisational structure, control of costs and risks and efficient use of financial resources.

The reorientation has led to the formulation of six strategic objectives, which are currently being anchored in the HBG organisation by means of various programmes of change. The strategic objectives are:

1. optimum utilisation of advantages of scale;
2. strengthening of the organisation through sharing knowledge and experience;
3. expansion of activities with higher added value;
4. use of specific expertise at international level;
5. further development of a prominent position in the dredging industry;
6. profitable growth in consultancy and engineering.

Optimum utilisation of advantages of scale

As part of the above-mentioned change of direction, the Group has drawn up programmes of action for making effective use of the various advantages conferred by the scale of operations. In order to continue to achieve these advantages of scale, HBG is aiming for steady growth of activities. This endeavour also means that HBG will remain an important player for the providers of both share capital and borrowed capital.

Strengthening of the organisation through sharing knowledge and experience

Even more so than in the past, HBG is attempting to utilise the extensive, in-depth knowledge and experience possessed by the Group with regard to its core activities. To this end, the Group's activities have been organised into divisions according to sector rather than on a geographical basis, and internal direction is given at divisional level. This has resulted in the establishment of divisional boards for the Construction and Property and Civil Engineering Divisions. The divisional boards are headed by a member of the Board of Management, who is responsible, in his capacity as divisional chairman, for the exchange of expertise and know-how (skills transfer) among the group companies. The remuneration of the divisional chairmen will be partly dependent on the achievement of the EBIT targets set for the various divisions.

October 2000 also saw the implementation of the knowledge management system HBG-Connect. This computer application maps the knowledge and experience possessed by individual HBG employees and makes it more accessible via the company intranet.

Optimum utilisation of the available knowledge and experience should lead to better organisation of production processes, reduced costs (including rectification costs) and better risk management. Being able to share knowledge and experience effectively is also vital for facilitating technological innovation and the development of new products and for bringing them to the market quickly.

Expansion of activities with higher added value

HBG realises that the basic construction process is associated with low margins, whereas the risks are in some cases large. The Group is therefore keen to further expand activities offering higher added value, such as property development, project management services, engineering and design and Private Finance Initiative activities. PFI projects are becoming increasingly popular, especially in United Kingdom, and involve the development and operation of projects over extended periods in addition to the actual construction. The Group's UK subsidiaries have made a proactive response to this development by setting up dedicated business units for transactions of this kind. A large number of PFI and facility management projects have been secured by this approach.

With every opportunity for strengthening value-creating and construction-related activities, the Group will perform a careful analysis of the implications of any such decisions for the overall risk profile of the business. As part of this analysis, checks will also be made to ensure that the balance of the activities portfolio is not upset.

The efforts to expand activities offering higher added value within the limits of an acceptable risk profile play an important part in the Group's mergers and acquisitions policy. Selection of potential partners will always involve an assessment of the contribution they will make in this regard.

Use of specific expertise at international level

The individual group companies have in many cases developed specific expertise which in the recent past has not been sufficiently utilised in an international context. HBG intends to apply certain proven concepts at international level by utilising the many years' experience that have been amassed in managing international projects. Expertise currently being utilised at international level relates to civil engineering works and, more specifically for example, to the construction of tunnels and stadiums.

Further development of a prominent position in the dredging industry

HBG considers dredging to be one of its core activities and is determined to maintain a recognisable presence in this profitable industry. The formation of Ballast HAM Dredging bv is entirely in line with this mission. With its controlling role in the joint venture, the Group will be aiming to attain a position as market leader in the sector. The commercial synergies with other core activities will be utilised to the full in this endeavour.

Profitable growth in consultancy and engineering

HBG is aiming to achieve appreciable growth in this sector, particularly through the further expansion of activities in new market sectors and in new geographical markets. The focus will be on offering an integrated product package and undertaking more complex consultancy projects.

unquote

9.10.3 Dredging Joint Venture with Ballast Nedam

HBG acknowledges the necessity of consolidation in the world-wide dredging industry and wants to play a leading role in this consolidation process. Preliminary talks were held with Ballast Nedam about merging the respective dredging divisions into a joint venture which resulted in the signing of a confidentiality agreement in December 2000. The negotiations that followed finally culminated in the creation of BHD on 14 November 2001.

HBG owns two-thirds of the share capital of BHD and Ballast Nedam owns the remaining one-third.

The result of the merger is a financially strong, leading, new dredging group, with a sound basis for further growth and development.

BHD enables HBG to realise the strategy it has formulated, in which dredging continues to be an important element in its activities portfolio and in which the company seeks to secure a leading market position in this sector.

The agreement between HBG and Ballast Nedam in respect of BHD contains provisions which (summarised) provide the following:

If (i) as far as either HBG or Ballast Nedam is concerned, any natural person or legal entity acquires either (a) the power to appoint and dismiss the majority of the members of the board of management or the supervisory board or (b) at least 70% of the shares or depositary receipts for shares issued by the aforementioned companies or with their co-operation and (ii) such a change may reasonably be expected to have an adverse effect on the position of BHD as an independent player in the international dredging market, the other party will have the right to take over the shares held by the affected party in BHD at current market value, as determined by the investment bankers. If the two investment bankers fail to agree a price, they will appoint a third investment banker to determine the price.

The party exercising that right may pay not more than 50% of the purchase price in the form of listed shares of its capital, the value of which will in that case be taken as 90% of the average quoted price of the shares over the 40 days preceding the date of payment.

If, with respect to HBG, it should occur that more than 50% but not more than 70% of the shares in the company's capital conferring voting rights come into other hands but without such a situation leading to control over the appointment and dismissal of the majority of the members of the HBG Management Board or the HBG Supervisory Board, HBG may find it necessary, if that situation may be expected to have an adverse effect as referred to above, to transfer half of its voting rights relating to BHD (while retaining its economic interest) to a specially established foundation (trust office), which will hold these voting rights for as long as the situation persists. In that case, one of the members of the HBG Supervisory Board appointed by HBG will be replaced by

a member appointed by the trust office. The executive committee of the trust office will be formed by three members, one being appointed by HBG, one by Ballast Nedam and the third by the companies jointly.

Grupo Dragados and HBG believe that this clause is not triggered as a consequence of the Offer and the envisaged transaction, as in their view, this Offer and the envisaged transaction may not reasonably be expected to have an adverse effect on the position of BHD as an independent player in the international dredging market. Grupo Dragados has announced that BHD will receive full support to further develop its leading position in the consolidating dredging market (reference is made to the press release dated 5 February 2002).

9.10.4 Schürmann Complex, Bonn

In April 2001, the Regional Court in Cologne rendered judgment in the appeal brought by both HBG and the German government against the judgment of the Court at Bonn on 14 March 2000 in the case concerning the Schürmann Complex in Bonn. The Higher Regional Court overruled part of the judgment by the lower Court, which had ruled that HBG bore full responsibility for the damage which occurred. The Higher Regional Court took the view that the government as client and HBG as contractor should share liability equally, with legal costs being borne by the client and contractor in the ratio of 60% and 40%. Both HBG and the German government have lodged an appeal in the Supreme Court. The appeal proceedings are expected to take considerable time. The dispute concerns payment in respect of the damage which occurred to the Schürmann Complex when the River Rhine overflowed its banks in December 1993. The Ministry of Buildings is claiming damages from HBG of approximately EUR 190 million plus interest. On 14 March 2000, the Court at Bonn ruled that HBG bore responsibility for the damage. The Court also ruled that a firm of engineering consultants contracted by the Ministry of Buildings to co-ordinate and supervise the construction bears liability of a maximum amount of EUR 13 million. HBG believes that the Court ruling did not take account of the client's responsibility and has accordingly appealed against the decision. The amount of the damages will only be considered by the Court when the appeal procedures have been exhausted. HBG puts a substantially lower figure on the cost of the damage than the amount claimed by the Ministry of Buildings. In one of its sessions, the Higher Regional Court in Cologne proposed an out-of-court settlement which for HBG would have meant paying EUR 51 million, with the two parties dropping all further claims against each other. The government rejected this proposed out-of-court settlement. HBG did not express an opinion. In view of HBG's assessment of the final outcome of the case, the existence of insurance cover and the counterclaim brought by HBG against the Ministry of Buildings, the amount of which has not been recognised as an asset, HBG does not see any need to form a provision at this stage.

There are no other pending legal proceedings, other than ordinary routine litigation incidental to HBG and its business, to which HBG or its subsidiaries is a party or of which any of its property is a subject.

For more information about HBG, reference is made to HBG's website: www.hbg.nl.

10. INFORMATION ON GRUPO DRAGADOS

10.1 Profile

Grupo Dragados is a Spanish public limited liability company with its corporate seat in Madrid, Spain. As of 1 March 2002 Grupo Dragados had a market capitalisation of EUR 2,523 million and is a member of the Ibex 35 Index, comprising the 35 most liquid stocks traded in Spain.

Grupo Dragados is one of Europe's leading services, concessions (PFI) and construction groups with a strong presence in Spain and Latin America. In 2001, Grupo Dragados generated aggregated revenues of EUR 5,501 million and net profit of EUR 240.6 million and had a total work force of 51,536 employees.

Grupo Dragados' present activities involve:

- Services;
- Concessions;
- Construction and real estate; and
- Industrial.

Services

This division provides a range of services, including port services and logistics, integral urban and industrial waste management, cleaning, management of renewable energy and cogeneration and static and dynamic advertising. In 2001, Services represented 23% of Grupo Dragados' aggregated revenues and 24% of profit before tax.

Concessions

This division manages all stages of infrastructure concessions from an initial feasibility study, arranging the financing, contracting the concession, and building and operating the infrastructure.

Grupo Dragados is the number one transport infrastructure concession operator in Spain and world-wide. In 2001, Concessions represented 4% of Grupo Dragados' aggregated revenues and 23% of profit before tax.

Construction and real estate

The construction division includes all the building construction and civil engineering activities of Grupo Dragados in Spain and abroad (building construction, civil works, building maintenance and infrastructure conservation). In 2001, construction represented 52% of Grupo Dragados' aggregated revenues and 38% of profit before tax.

In early 2001 Grupo Dragados' real estate activities were merged with the activities of Inmobiliaria Urbis. In 2001, real estate represented 53% of Grupo Dragados' aggregated revenues and 7% of profit before tax.

Industrial

This division's services are used in engineering, construction and maintenance of industrial plants and complexes, engineering and construction of telecommunications infrastructures, telecommunications operator services, systems engineering and integration and Internet services and activities. In 2001, the Industrial Division represented 18% of Grupo Dragados' aggregated revenues and 8% of profit before tax.

10.2 Grupo Dragados Board of Directors

The Grupo Dragados Board of Directors is ultimately responsible for managing Grupo Dragados and currently has the following members:

Santiago Foncillas Casaus (chairman)

Ignacio Benjumea Cabeza de Vaca

H.R.H. Carlos de Borbón Dos Sicilias y de Borbón, Infante de España

Leopoldo Calvo-Sotelo Bustelo

Antonio Escámez Torres

Licinio de la Fuente y de la Fuente

Alejandro Fernández de Araoz y Marañón

Joan-David Grimà Terré

Luis Sánchez-Merlo Ruiz

Jesús Ruiz-Beato Bravo (secretary, not a director; *secretario no consejero*)

10.3 Strategy

Grupo Dragados is an international group dedicated to the services and construction markets. It aims to increase profitability and create value for its shareholders by means of its strategy of growth and diversification into new activities and markets.

Grupo Dragados aims to respond to society's current and future needs and is in permanent technological innovation and development. Its culture is based on quality, competitiveness, transparency, business ethics, risk prevention and respect for the environment.

Grupo Dragados is continuously seeking client satisfaction and values the relationship with its suppliers. Grupo Dragados' employees are motivated, support the company's strategy and strive to continuously develop professionally.

In the last decade Grupo Dragados has successfully used its construction division as a platform to diversify into higher value added activities such as concessions and services, principally in Spain and Latin America. The result of this strategy is that in 2001, 45% of aggregated revenues and 55% of profit before tax were from activities other than construction and real estate.

10.4 Consolidated summary financials for Grupo Dragados

<i>In millions of euros</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
Aggregated Revenues ⁽¹⁾	5,501	4,629	4,042
EBITDA ⁽¹⁾	519	417	267
EBIT ^{(1) (2)}	414	322	180
Profit before tax ⁽³⁾	352	273	151
Net Profit	241	183	107
Net Debt ⁽⁴⁾	169	280	100
Shareholders Funds	1,101	983	817

⁽¹⁾ Aggregated Revenues include proportional Revenues from Associates. EBITDA and EBIT include profit before tax from Associates

⁽²⁾ EBIT before amortisation of Goodwill (€7.7m, €5.8m and €4.4m in 2001, 2000 and 1999 respectively)

⁽³⁾ Taxes from Associates are included in the corporate tax item

⁽⁴⁾ Senior debt (excluding project finance) minus cash and equivalents

For more information about Grupo Dragados reference is made to Grupo Dragados' website: www.dragados.com.

11. STATEMENTS REQUIRED BY THE DECREE

HBG (exclusively with regard to subjects 1, 5, 7 and 8) and Grupo Dragados hereby state as follows:

1. There have been consultations between Grupo Dragados and HBG regarding the Offer, which have resulted in agreement regarding the Offer.
2. With due observance of and without prejudice to the restrictions referred to in the chapters I and II of the Offer Document entitled 'Restrictions' and 'Important Information', the Offer applies on an equal basis to all outstanding HBG Shares.
3. In the period until the date of publication of the Offer Document, Grupo Dragados has received no undertakings on the part of HBG Shareholders that they will accept the Offer.
4. On the date of publication of the Offer Document, Grupo Dragados holds no HBG Shares.
5. On the date of the publication of the Offer Document HBG has no interest in the share capital of Grupo Dragados, whether direct or indirect.
6. No transactions have taken place with individuals or with legal entities within the meaning of article 9i, sub s, t and u of the Decree.
7. The personal information referred to in article 9p paragraph 1 and 2 of the Decree has been or will be provided to the Authority FM.
8. No financial compensation will be paid to the resigning members of the HBG Management Board and the HBG Supervisory Board with respect to their resignation.

12. PRESS RELEASES

On 5 February 2002, Grupo Dragados and HBG issued the following press release:

quote

PRESS RELEASE

Not for release, publication or distribution, in whole or in part, in or into Germany, the UK, the US, Canada, Australia or Japan.

This announcement and related materials do not constitute an offer for HBG shares but an offer is expected to be made in due course as set out in this press release.

INTENDED CASH OFFER BY GRUPO DRAGADOS FOR HBG

GRUPO DRAGADOS, S.A. ('Grupo Dragados') and HOLLANDSCHE BETON GROUP ('HBG') jointly announce that the expectation is justified that agreement can be reached between Grupo Dragados and HBG about a cash offer to be launched by Grupo Dragados for all the ordinary shares of HBG and the subsequent integration of the activities of both companies.

The transaction values HBG at approximately €756 million, based on a price of €21.25 per ordinary HBG share (including 2001 dividends), to be paid in cash.

The combined entity will retain the name Grupo Dragados and will be led by a Management Board with four members from each company and will be chaired by Mr. Santiago Foncillas, current Chairman of the Board of Directors of Grupo Dragados.

The proposed transaction will be an important step for the common goal of creating a European services and construction group with international capabilities and an increasing focus on higher value added services.

Grupo Dragados will become the 3rd largest construction and services player in Europe and will enter the attractive dredging market in a leading position through HBG's two-thirds stake in BHD.

Grupo Dragados will solidify its position as world leader in the growing concessions (PFI) market, will leverage HBG's strong local network to replicate its diversification into services and will increase its geographic scope to sell industrial projects.

The transaction will be earnings enhancing (pre-goodwill) for Grupo Dragados by more than 15% in the current year ending December 2002.

Madrid/ Rijswijk, 5 February 2002

Grupo Dragados, Spain's leading construction and services group and HBG, the Dutch construction and dredging group listed on Euronext Amsterdam, jointly announce Grupo Dragados' intention to launch a cash offer for all the shares of HBG and thereafter proceed to the integration of the activities of both companies, in order to create a leading European construction and services group.

Grupo Dragados intends to launch a public offer of € 21.25 in cash per share (including 2001 dividends) for all issued and outstanding ordinary shares of HBG (the 'Offer').

After considering the strategic, financial and social aspects of the Offer, the Supervisory and Management Boards of HBG believe that the combination of HBG with Grupo Dragados is in the best interest of the shareholders and all other stakeholders in HBG. They also believe that the Offer is a fair reflection of the value of the company and therefore intend to recommend shareholders to accept the contemplated Offer.

Following completion of the transaction it is intended that the combined group will retain the name Grupo Dragados. The new group will preserve the principles and values of both companies with respect to business strategy, employees, customers and suppliers. The resulting organisation will be run by a new Management Board comprised equally of representatives of Grupo Dragados and HBG and will be chaired by Mr. Santiago Foncillas, current Chairman of the Board of Directors of Grupo Dragados.

The Offer

The Offer values 100% of the ordinary shares of HBG at approximately € 756 million and represents:

- a premium of 60% to the average closing HBG share price for the last 30 trading days
- a premium of 57% to the closing share price on 4th of February 2002

Grupo Dragados will fund acceptances under the Offer using an initial bridge loan facility and intends to acquire 100% of the issued and outstanding share capital of HBG. Following completion of the Offer, Grupo Dragados intends to seek a listing on Euronext Amsterdam.

The Offer Memorandum containing the terms and conditions is expected to be published in March 2002. HBG shareholders will also be invited to attend an informative extraordinary general meeting in relation to the Offer prior to the closing of the acceptance period. Details of this meeting will be made available to shareholders in due course.

The trade unions, Central Works Council of HBG and appropriate authorities have been duly informed of the proposed Offer.

Strategic Rationale

In the last decade Grupo Dragados has successfully used its construction division as a platform to diversify into value added activities such as concessions and services, principally in Spain and Latin America. HBG's recently stated strategic goals are expansion of activities with higher added value, utilisation of the group's know-how and scale and development of the leading market position in dredging.

The combination of the activities of Grupo Dragados and HBG is a further step in achieving those stated strategic goals for both companies. The enlarged Grupo Dragados will further diversify its activities by entering into the attractive high margin dredging industry. HBG's construction activities in the UK, Ireland, the US, Germany and the Benelux form an excellent platform to develop value added activities in those markets in concessions, services and industrial using Grupo Dragados' experience and capabilities. The combined group will be a pan European services and construction group and will be less dependent on single geographic markets or businesses, thus providing more stable earnings.

The combined group will be a global leader in transport concessions, the largest dredger in terms of capacity and Europe's third largest construction and services player. The transaction will be earnings enhancing (pre-goodwill) for Grupo Dragados' shareholders by more than 15% in the current year ending 2002.

The group's activities will be organised in five business areas

- Dredging
- Concessions
- Services and Industrial
- Civil Engineering
- Building Construction and Real Estate

Dredging

The total expenditure in the global dredging market is estimated to be US\$5 billion per year. This market can be characterised by its global nature, high entry barriers, current capacity constraints and high profit generation. The market is dominated by five players of which BHD, the dredging company in which HBG owns two-thirds of the share capital, is the largest in terms of its fleet size. The growth of the current market is expected to be seven to eight per cent per annum which will be further supported by markets that have been closed to date but are expected to open up for competition in the near future.

The inclusion of this activity in the business portfolio is a further step in the diversification of Grupo Dragados. Within the merged group, BHD will receive full support to further develop its leading position in the consolidating dredging market. Grupo Dragados' network in Iberia and Latin America will also strengthen BHD's business in those markets.

Concessions

The annual volume of new concessions or PFI projects (Private Finance Initiatives) in HBG's current European domestic markets (the UK, Ireland, Germany and the Benelux) is estimated to be €14 billion in 2004. The new group will be ideally placed to benefit from this significant potential by combining Grupo Dragados' experience and financial capabilities with HBG's existing construction platforms. Grupo Dragados and HBG believe that Germany will be an important growth market based on future funding requirements and the changing legal framework with respect to concessions or PFI. In the UK the group will be able to develop its existing market position in toll roads (Grupo Dragados) and benefit from its experience in non-residential PFI projects (HBG). In Ireland, Grupo Dragados and HBG are already jointly tendering for different toll road projects and will be able to build on HBG's leading position in the construction market.

Services and Industrial

The total expenditure on urban waste collection and treatment in HBG's European markets is estimated to be €7-8 billion annually and expected to grow at four to five percent per annum. Given the high proportion of landfill waste in the UK and Ireland these markets are expected to show strong growth in the coming years and will face heavy investment through increased use of recycling. In those markets the group will be able to benefit from this market potential by combining Grupo Dragados' expertise and technology with HBG's network of local contacts.

In the German waste treatment market, still largely publicly controlled, opportunities exist to tender for projects in the medium term.

The integration of Grupo Dragados' Industrial division with HBG's Tebodin will create a strong engineering and consulting business with presence in Western and Eastern Europe, Latin America, the Middle East and South-East Asia. The specialisation of both companies is complementary (Grupo Dragados in power, fertilisers and petrochemicals, HBG in chemicals and food). In addition, HBG's construction activities can be used as a platform to sell Grupo Dragados' industrial projects in its domestic markets.

Civil Engineering

The new group will have a domestic presence in Spain, the Benelux, the UK, Ireland, Germany, Latin America and the US. In those markets the group will be a leading player with superior technical capabilities and a broad portfolio of complex projects. In the international markets, the civil engineering division will be able to work on awarded concessions and could use Tebodin's existing network in Central and Eastern Europe.

Building Construction and Real Estate

This division will be active in Spain, the Benelux, Germany, Portugal, the UK, Ireland and Latin America and will focus on higher value added non-residential projects and working for awarded concessions (PFI). Property development opportunities will be considered in selected markets.

Organisation

The company's head office will be based in Madrid with divisional headquarters in existing locations in The Netherlands and Spain. The Management Board will consist of eight members:

Santiago Foncillas (Dragados)	President (with casting vote)	Chairman of the Board of Directors
Demetrio Ullastres (Dragados)	Vice President	Overall direction of the Company, Concessions, Construction in Spain, Strategic Planning, Business Development and HR
Carel Jan Reigersman (HBG)	Vice President	Overall direction of the Company, Dredging, International Contracts and cross selling activities, Strategic Planning, Business Development and HR
Antonio García Ferrer (Dragados)	Chief Operating Officer	Services and Industrial
Adrian Franklin (HBG)	Chief Operating Officer	Civil Engineering
Guus Hoefsloot (HBG)	Chief Operating Officer	Building Construction and Real Estate
Fernando Gutiérrez de Vera (Dragados)	Chief Financial Officer	Financial policy and financing structure
Tjalling Tiemstra (HBG)	Chief Administrative Officer	General administrative control and IT

The activities of both companies are largely complementary. Therefore, the integration is not expected to have any negative impact on overall employment. New Grupo Dragados will employ more than 70,000 people worldwide.

Key Figures

In 2001 the combined group would have estimated revenues of €10.8 billion, EBIT before exceptional items of €515 million and net income of €351 million.

Advisers

Rothschild is advising Grupo Dragados and Lazard is advising HBG.

Press enquiries

Grupo Dragados:

José Azpilicueta
Director Institutional Relations
+34 91 583 30 49
jaf-dragados-grupo@dragados.com

Lorenzo Cooklin
Director Communication
+34 91 583 33 53
lcd-dragados-grupo@dragados.com

HBG:

Arno Pronk
Manager Public Relations
+31 70 372 2121
apronk@hbg.nl

unquote

On 6 March 2002, Grupo Dragados and HBG issued the following press release:

quote

Press release of Grupo Dragados and HBG

Not for release, publication or distribution, in whole or in part, in or into, the UK, the US, Canada, Australia or Japan.

GRUPO DRAGADOS AND HBG REACH AGREEMENT

Madrid / Rijswijk, 6 March 2002

Further to the press release of 5 February 2002, Grupo Dragados, S.A. ('Grupo Dragados') and Hollandsche Beton Groep nv ('HBG') jointly announce that they have reached agreement on Grupo Dragados' recommended cash offer for all the outstanding ordinary shares in HBG (the 'Offer').

The terms of the agreement confirm the major points which were announced in the 5 February 2002 press release, including the price of €21.25 in cash per HBG ordinary share. Under the terms of the Offer, HBG will declare no dividend for 2001. The offer document relating to the Offer (the 'Offer Document') will contain the terms of the Offer, the conditions subject to which the Offer will be declared unconditional ('gestanddoening') and the calendar of events.

The conditions for declaring the Offer unconditional, to the extent presently established, are standard conditions relating to (i) the minimum percentage of shares having been tendered (i.e. 95%, subject to the right of Grupo Dragados to declare the Offer unconditional if at least 70% has been tendered for acceptance), (ii) no competing offers having been announced, (iii) all necessary regulatory and other approvals having been obtained and no regulatory or third parties having taken any steps detrimental to the Offer, (iv) no regulatory notification having been received that the Offer is made in non-compliance with the applicable Dutch rules, (v) HBG not having issued any shares, options, convertible securities or debt instruments, or having paid any dividends or distributions, or having committed itself to any of the foregoing and (vi) the non-occurrence of any material adverse change. Other conditions, which are presently not yet established, may be added prior to the Offer being launched.

HBG is currently in the process of obtaining advice from its central works council. HBG has informed the trade unions involved and the Social and Economic Council (SER) about the transaction. Grupo Dragados and HBG are currently in the process of obtaining clearance from the EU merger task force.

Copies of the Offer Document are expected to be made available in the week starting 18 March 2002. The acceptance period will commence the trading day after the day the availability of the Offer Document will have been publicly announced. It is anticipated that the Offer will be open for acceptance for 23 calendar days. An informative extraordinary general meeting of shareholders of HBG will be held eight days before the end of the acceptance period.

The Netherlands Authority for the Financial Markets investigates whether the rules as set forth in Chapter IIIA (public offer rules) of the Decree (*Bte*) have been complied with. This relates to the question whether the parties should have made a first public announcement at an earlier stage in accordance with Dutch law.

For further information please refer to the 5 February 2002 press release or contact:

Grupo Dragados:	José Azpilicueta, Senior Vice President Corporate Relations & Information, +34 91 5833055/+34 91 5833149 Lorenzo Cooklin, Director of Communications, +34 91 5833353
HBG:	Arno Pronk, Manager Public Relations, +31 70 3722121

unquote

[This page is intentionally left blank]

[This page is intentionally left blank]

ADVISERS

Advisers to Grupo Dragados

Financial adviser
Rothschild España SA
Pº de la Castellana, 21-4º
28046 – Madrid
Spain

Legal adviser
NautaDutilh
Prinses Irenestraat 59
1077 WV Amsterdam
The Netherlands

Legal adviser as to European competition law
Cuatrecasas
Velázquez, 63
28001 Madrid
Spain

Advisers to HBG

Financial adviser
Lazard Frères S.A.S.
121 Boulevard Haussmann
75008 Paris
France

Legal adviser as to Dutch law
De Brauw Blackstone Westbroek
Linklaters & Alliance
Zuid-Hollandlaan 7
2509 LW The Hague
The Netherlands

Legal adviser as to the laws of Spain
Linklaters
Linklaters & Alliance
Calle Zurbarán 28
Madrid 28010
Spain

Auditor
Ernst & Young Accountants
Wassenaarseweg 80
2509 LP The Hague
The Netherlands