

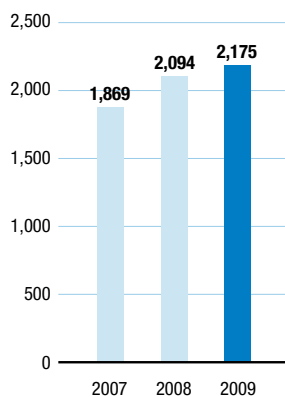
# Annual Report 2009



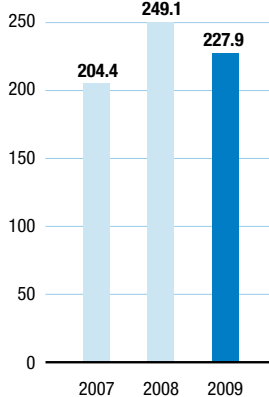
**Royal  
Boskalis Westminster nv**

## Key figures

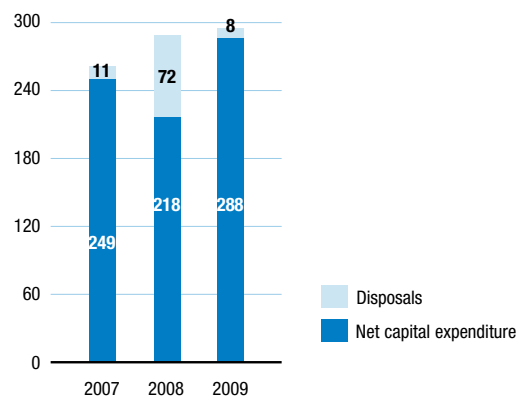
**Revenue** (x € 1 million)



**Net profit** (x € 1 million)



**Capital expenditure** (x € 1 million)



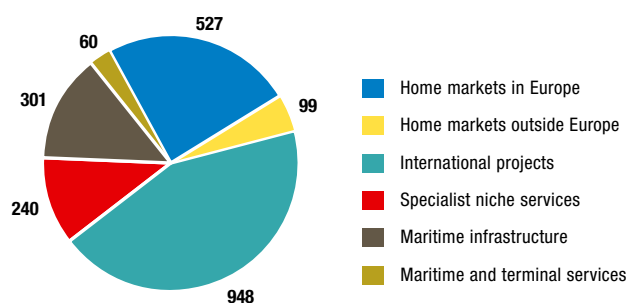
(amounts x € 1 million, unless stated otherwise)

	2009	2008
<b>Revenue (work done)</b>	<b>2,175</b>	2,094
<b>Order book (work to be done)</b>	<b>2,875</b>	3,354
<b>Operating profit</b>	<b>249.3</b>	339.1
<b>EBITDA*</b>	<b>445.0</b>	454.6
<b>Net profit</b>	<b>227.9</b>	249.1
<b>Net group profit*</b>	<b>229.2</b>	250.1
Depreciation, amortization and impairment losses	<b>195.7</b>	115.4
Cash flow	<b>424.8</b>	365.6
<b>Shareholders' equity</b>	<b>1,296</b>	860
<b>Personnel (headcount)</b>	<b>10,597</b>	10,201
<b>Ratios (percentages)</b>		
Operating result as % of revenue	<b>11.5</b>	16.2
Return on capital employed*	<b>20.4</b>	29.0
Return on equity*	<b>21.1</b>	30.6
Solvency*	<b>46.5</b>	34.0
<b>Figures per share (in €)</b>		
Profit (based on year end)*	<b>2.31</b>	2.90
Dividend	<b>1.19</b>	1.19
Cash flow*	<b>4.81</b>	4.26

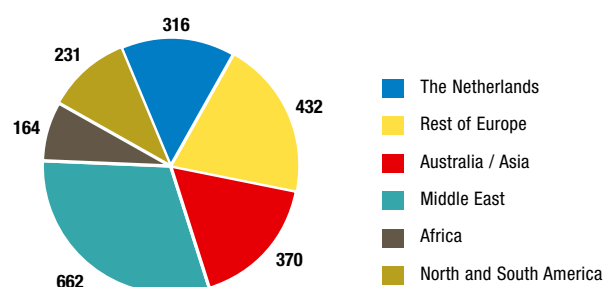
\* Refer to glossary for definitions and abbreviations

## Revenue segmentation

Revenue by segment (x € 1 million)

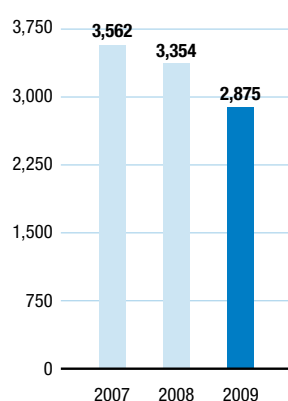


Revenue by geographical area (x € 1 million)

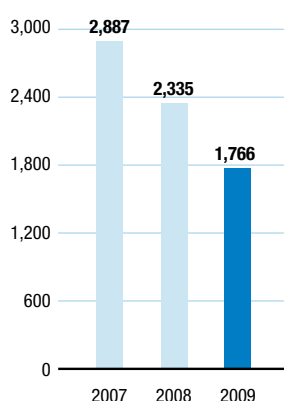


## Order book development

Order book (x € 1 million)

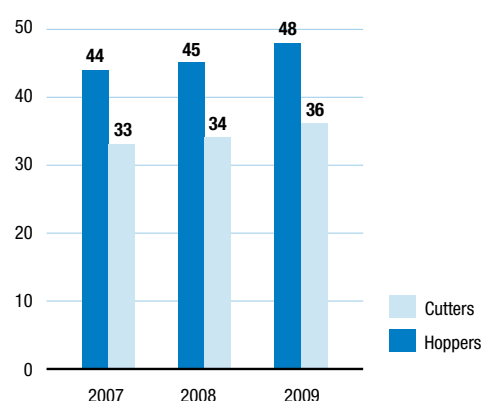


Acquired orders (x € 1 million)



## Operational information

Fleet utilization (in weeks per year)



## Share information

Stock price (in €)

High

Low

Close

Average daily trading volume

Number of issued ordinary shares (x 1,000)

Average number of outstanding shares (x 1,000)

Stock market capitalization (in € billions)

Profit per share (year end) (in €)

Dividend per share (in €)

2009

2008

28.45

42.45

13.25

15.30

27.05

16.60

518,277

404,952

98,651

85,799

88,372

85,799

2.669

1.424

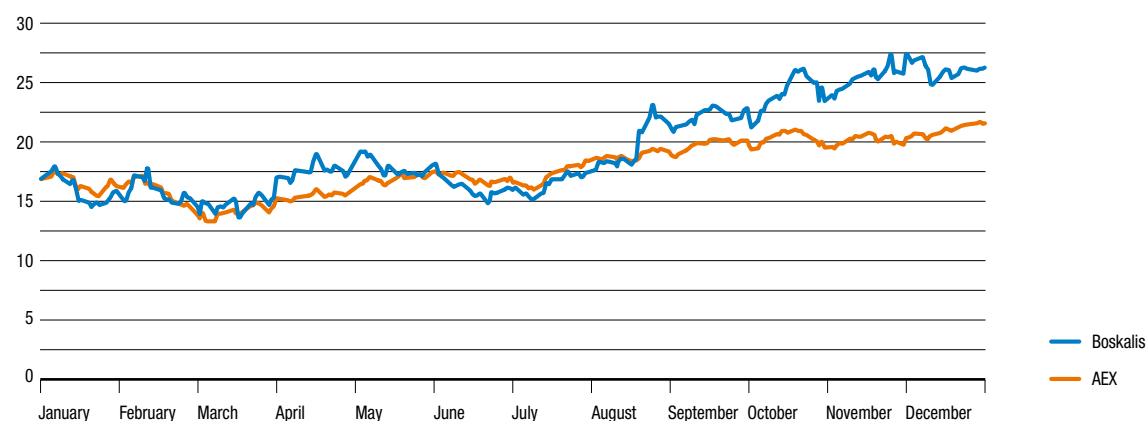
2.31

2.90

1.19

1.19

Development Boskalis share price 2009, AEX index rebased to Boskalis (in euros)





This Annual Report contains forward-looking statements. These statements are based on current expectations, estimates and projections of Boskalis' management and information currently available to the company.

These forecasts are not certain and contain elements of risk that are difficult to predict and therefore Boskalis does not guarantee that its expectations will be realized. Boskalis has no obligation to update the statements contained in this Annual Report.

Unless stated otherwise, all amounts in this Annual Report are in euros (€). Some of the projects referred to in this review were carried out in joint venture or in a subcontractor role.

This is a translation of the prevailing official Annual Report in the Dutch language.

An Annual Review, a shortened version of the Annual Report, has been printed and is available on request in English and Dutch. All reports can be read or downloaded from Boskalis' public website at [www.boskalis.com](http://www.boskalis.com)



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## Chairman's statement

Dear shareholders,

2009 was the year in which the global recession made itself felt across the full breadth of our markets. We owe our success in realizing an excellent result despite these difficult circumstances to the policy we have pursued over the past years.

### Excellent result

Our policy has seen us achieve a broad geographical spread of our activities over the relevant market segments:

- Oil & Gas
- Ports
- Land Reclamation & Coastal Protection.

In the *Oil & Gas* segment we completed construction work on the Ras Laffan LNG terminal in Qatar, as well as the LNG port in Angola. Meanwhile, we started work on part of the Nord Stream pipeline linking northern Germany and Russia, as well as a pipeline in Magellan, Argentina.

In the *Ports* segment, construction work started on Maasvlakte 2 in the Netherlands - a project that will run until the end of 2012.

In Abu Dhabi, we continued to work with our subsidiary Archirodon on constructing the new Khalifa Port, involving extensive and complex cutter and rock work. In Australia, the celebrations at the end of November to mark the completion of the Channel Deepening Project, which we executed in alliance with the Port of Melbourne, attracted keen media interest.

In the *Land Reclamation & Coastal Protection* segment, work in the Netherlands was concentrated on reinforcing the sections of coastline known as

the 'Zwakke Schakels' (Weak Links), including the Delfland Coast. In Russia work continued on the St. Petersburg Barrier, the retractable storm surge barrier designed to protect the city from flooding. In the Maldives preparation work started for the reconstruction of three islands which are to be raised in order to protect the local population from rising sea levels.

Execution of all these projects stretched the organization and its people to the limit. A lot of hard work was done: on site, aboard our vessels, at the office and in the market - and it paid off!

Although market conditions deteriorated revenue rose 4% to a record high of EUR 2.2 billion and profit was EUR 227.9 million - only 3% less than the figure - net of extraordinary items - achieved in the record year 2008.

### Safety

Despite the high levels of activity at the project sites, aboard the fleet and in the shipyards, constant attention and effort enabled us to further improve safety levels within our organization. Lost Time Injury Frequency, our leading safety indicator, registered a further drop in 2009, from 4.7 to 3.7.

It is our ambition to play a leading role within our sector with respect to safety. In order to achieve



this we have commissioned the internationally renowned agency BST to conduct a safety review of our organization and take stock of our customers' opinions and views on the subject. Based on the outcome of this review we will update our overall safety policy in the course of 2010.

#### Corporate Social Responsibility

Across our entire business we are stepping up our efforts in the field of corporate social responsibility. To raise awareness of our activities and the progress we have made, we have decided to introduce an annual Corporate Social Responsibility report, structured according to the GRI Guidelines. This will also help us to meet the growing interest of our stakeholders to have more insight into our programs and initiatives.

#### Market developments

In 2009 the climate in the dredging industry worsened considerably. After years of robust growth we entered a period of stagnation and even contraction. This applies especially to large-scale land reclamation projects in the Middle East and to private port development all over the world.

A combination of reduced demand on the one hand and new capacity coming on stream have resulted in volume and margin pressure, particularly at the lower end of our markets.

At the same time some interesting projects came in at the top end of the market requiring an integrated, multidisciplinary approach - a section of the market where Boskalis is increasingly active.

For example, in 2009 we succeeded in securing contracts to realize the pipeline through the Strait of Magellan in Argentina and to construct a port for the Gorgon LNG project off the coast of Western Australia. Worth over € 500 million, the latter project

comprises a broad range of activities in addition to the traditional dredging activities.

Despite the worsened market conditions and the high levels of activity we succeeded in keeping the order book well-filled with high-quality projects at € 2.9 billion.

#### Strategy

In 2009 we invested a great deal of energy and attention in communicating our revised Focus, Reinforce & Expand strategy. The strategy was explained at numerous meetings with shareholders, investors and analysts. The feedback from these sessions suggests that there is broad appreciation for the strategic line we have chosen.

Market developments in 2009, with margin squeeze at the low end and interesting opportunities at the top end, have accelerated the need to broaden and reinforce our activities.

At the same time the threat of overcapacity at the low end of the market has reduced the need for further fleet expansion in the short term. Indeed, a fleet rationalization program has been launched to prevent pressure on the capacity utilization of older vessels placing an unnecessary burden on the organization.

#### Smit Internationale N.V.

It is against this background that following the summer 2009 we started assessing the desirability and feasibility of a full merger between Smit Internationale N.V. and Boskalis. In doing so we took a close and detailed look at both the business rationale and the financial consequences.

Following this internal exercise we approached the Board of Management of Smit in late October with a proposal for a full merger of the two companies.

Once the Boards of both companies had reached agreement on the main aspects of the merger, joint announcement of the plans followed on November 12, and on January 25, 2010 the merger protocol was signed.

The merger will be effected by means of a public offer by Boskalis for all outstanding shares of Smit.

To finance the acquisition Boskalis successfully completed an equity issue in early December involving over 9 million new shares worth

€ 230 million. In addition we secured a € 650 million credit facility and a € 400 million bridging loan.

The offer document was published on February 24, 2010 and Smit shareholders have until March 26 to tender their shares. Shareholders representing around 43% of Smit's outstanding share capital had already committed to the offer at the time it was launched. At the Extraordinary General Meeting of Shareholders held on March 17, Boskalis shareholders approved the proposal to acquire the entire outstanding share capital of Smit.



The combination of Boskalis and Smit will create a world-class maritime player.

The merger will enable us to respond more rapidly to opportunities at the top end of the market. The combination of Smit Terminals with Lamnalco will create the undisputed world market leader in the area of terminal services with strong growth potential.

The addition of Smit's Harbour Towage division will enable us to retain the substantial synergies within Smit and create a new platform for growth.

Further synergy benefits will derive from integrating international offices and head office departments, merging terminal offices, combined purchasing and shared customer contacts.

For our employees, the combination of the two companies will create new, attractive career development opportunities, while the complementary nature of our two companies means that very few jobs will be lost.

The merger will be earnings accretive from the first year, excluding purchase price allocation effects. Moreover, the merger will provide a better growth perspective and will increase the stock market appeal of the shares. We therefore have every confidence that the merger will create value for our shareholders.

### Dividend

Within our dividend policy and similar to last year, the dividend will be distributed (in part) in shares. To that end a proposal will be submitted to the General Meeting of Shareholders on May 12, 2010 for a dividend of € 1.19 per share to be distributed in the form of ordinary shares, unless a shareholder opts for a cash dividend.

### Centennial Anniversary

This year, 2010, Boskalis celebrates its centennial anniversary. To mark this special event Her Majesty Queen Beatrix granted us the honor of christening our new 12,000 cubic meter trailing suction hopper dredger Willem van Oranje on February 10, 2010.

Boskalis' 100-year history, as researched and documented by the research institute for History and Culture of the Faculty of Humanities of Utrecht University, will be published in the fall.

A century of turbulent history: a fascinating evolution that has made us the great company we now are. After one hundred years we are on the brink of a major step: the merger with Smit, which will provide a strong basis for a long period of further growth.



On behalf of the Board of Management  
dr. P.A.M. Berdowski

## Centennial Anniversary

**2010 is a special year for Boskalis, as we celebrate our 100th anniversary. A special jubilee logo has been developed, which will be visible in all kinds of communications throughout the year.**

Also various events take place in line with our Royal jubilee, e.g. the launch of our new trailing suction hopper dredger 'Willem van Oranje' on February 10, a big party for employees and a historical book that will be released in association with the University of Utrecht.





## Company Profile

Royal Boskalis Westminster N.V. is a leading global services provider operating in the dredging, maritime infrastructure and maritime services sectors. Boskalis provides its customers with a broad range of services within the design, project management, execution and operating chain. Our operations are spread around the world and across three market segments, giving the company a stable foundation, the flexibility to take on a wide range of projects and excellent prospects for balanced growth.

### Market segments

Boskalis' market segments comprise the oil and gas sector, ports and projects related to land reclamation and coastal protection. Our main clients in these three market segments include national, regional and local governments, port operators, international project developers, oil companies, mining companies and other contractors.

### Product segments

Boskalis delivers its services to these market segments through three product segments.

- Our main product segment is Dredging & Earthmoving, which includes port development as well as offshore, land reclamation, and coastal protection projects.
- Our second product segment is Maritime Infrastructure, in which Boskalis is involved through its strategic partnership with Archirodon, a leading contractor in this sector.
- The third product segment is Maritime & Terminal Services, through our strategic partnership with Lamnalco, one of the world's leading suppliers of maritime terminal services to the oil and gas industry.

### Broad spread

Boskalis' broad spread extends to all geographic and industrial sectors, and demand for the company's services is driven by a defined set of global trends: growing energy consumption, growth in global trade, growth in world population, and climate change.

### Home markets

Boskalis is unique in that it combines strong 'home market' positions in various countries with a diverse, global network of regional market positions, making us both a local and a global competitor.

Our balance of home market strength with international reach and capacity makes Boskalis one of the world's leading dredging and marine contractors, with a very technically advanced fleet. We can provide leading-edge expertise and equipment that tends not to be available locally, while offering the economies of scale and world-class expertise needed to tackle the largest infrastructure projects and meeting the most stringent health, safety and environmental standards.

### Our employees

Boskalis has, including its share in partnerships, over 10,000 employees and operates in over 50 countries across five continents. Our experienced professionals are constantly on the lookout for attractive new business opportunities around the world.

### Our fleet

Boskalis continually invests in its versatile fleet, which currently consists of over 300 vessels and equipment.

### Listing

Royal Boskalis Westminster shares are included in the AEX index of NYSE Euronext Amsterdam.

## Key developments

### Record revenue and strong net profit

- Revenue rose by 4% to € 2,175 million (2008: € 2,094 million).
- Net profit of € 227.9 million (2008: € 249.1 million).
- Earnings per share (based on year end) € 2.31 (2008: € 2.90).

### Well-filled order book with strong Oil & Gas projects

Despite the deterioration in market conditions our successful contracting policy enabled us to maintain the size and quality of our order book at a high level. We secured projects on all continents and in all market segments in which we are active, including the Gorgon LNG project off the coast of Western Australia, worth over € 500 million. The order book was worth a total of € 2,875 million.

### Fleet optimization program

In March 2009 we announced a fleet rationalization program and in connection with this over 2009 we carried out an assessment of the fleet's cost structure and efficiency. The first step was to take the WD Severn, a 1,324 cubic meter trailing suction hopper dredger, out of service and it will be followed by other vessels over the course of 2010. Ahead of the implementation of the program an impairment loss on the fleet of € 39.7 million was booked against the 2009 results.

In 2009 the Shoreway, a mid-sized trailing suction hopper dredger of 5,600 cubic meters, was taken into service, while the Gateway, a large 12,000 cubic meter trailing suction hopper dredger was named and launched. On February 10, 2010 her sister ship Willem van Oranje was named and launched by Her Majesty Queen Beatrix. In early 2010 it was announced that a fallpipe vessel especially designed for use on offshore projects will be built at Keppel in Singapore.

### Smit Internationale N.V.

On November 12 Boskalis and Smit Internationale N.V. jointly announced their plans to merge the two companies. The merger will be effected by means of a public offer by Boskalis for all outstanding shares of Smit.

The merger protocol was signed on January 25, 2010. A month later the offer was formally launched with the publication of the offer document, at which point around 43% of Smit's outstanding shares were already committed to the offer. The merger is expected to be effected in the first half of 2010.

### Share issue

On December 10, Boskalis successfully and amid great interest raised € 230 million through an equity issue at a price of € 25.50 per share. The issue was approved by an Extraordinary General Meeting of Shareholders on December 7 and its proceeds will serve to partly finance the merger with Smit Internationale N.V.

Through an accelerated bookbuilding offering 4.9 million new ordinary shares were placed with institutional investors in the Netherlands and abroad. Another 4.1 million shares were placed through a private placement with Boskalis' major shareholders HAL Investments B.V. and Delta Lloyd Levensverzekering N.V.

### Dividend

The dividend policy features a pay-out ratio of 40% to 50%. In light of the current economic conditions and in line with last year Boskalis has a preference for distributing dividends entirely or partly in shares for the next few years. It will therefore be proposed to the Annual General Meeting of Shareholders on May 12, 2010 that a dividend of € 1.19 per share be paid in ordinary shares, unless the shareholder opts for a cash dividend.













## Strategy: Focus, Reinforce & Expand



Boskalis pursues a market and value-oriented strategy based on long-term growth in the global markets we focus on: Oil & Gas, Ports and Land Reclamation & Coastal Protection. Our strategy is driven by four global trends: the growing demand for energy, growth of global trade, population growth (in coastal areas in particular), and the challenges presented by climate change, including protection against extreme weather conditions. We view these developments as opportunities to reinforce our position.

Recent research conducted amongst our customers has given us more insight into the three market segments we focus on and has prompted us to refine our strategy. In addition to the familiar monodisciplinary approach, there is growing demand for a multidisciplinary approach whereby customers expect our involvement in a project to commence at an early stage. Areas where this applies include feasibility studies, assistance with environmental surveys and engineering activities. In addition, customers increasingly want us to support them in the capacity of main contractor - help them to actually realize their project by assuming the role of project

manager, offering a broad range of services and if possible assisting with (project) finance.

These insights prompted us to make the strategic choice to adopt a broader profile as a provider of integrated maritime services. We already offer an integrated range of services within our customers' value chain, with Dredging & Earthmoving as primary core activity and Maritime Infrastructure and Maritime & Terminal Services as related activities. In order to further supplement this integrated offering our strategy is aimed at reinforcing and expanding our product segments within the three defined market segments.

Business drivers		Oil & Gas	Ports	Land Reclamation & Coastal Protection
Growing energy consumption	<ul style="list-style-type: none"> <li>- Global energy consumption to increase by 50% by 2030</li> <li>- Ongoing need for investments in exploration, production and transport infrastructure</li> </ul>			
Growing world trade	<ul style="list-style-type: none"> <li>- World trade grows twice as fast as world GDP</li> <li>- Structural demand for marine infrastructure</li> </ul>			
Population growth	<ul style="list-style-type: none"> <li>- World population to increase by 50% by 2050</li> <li>- Much of the growth will be in Asian coastal areas</li> </ul>			
Climate change	<ul style="list-style-type: none"> <li>- Preventive coastal protection initiatives worldwide</li> <li>- Also driven by incidental weather problems</li> </ul>			

 Strong impact
  Limited impact



## Focus on profitable growth markets

Boskalis is strongly positioned in all three market segments with its Dredging & Earthmoving product segment. Maritime Infrastructure services focuses mainly on the Oil & Gas and Ports market segments, and to a lesser extent on the Land Reclamation & Coastal Protection market segment. Maritime & Terminal Services concentrates on the Oil & Gas market segment. Details of all our projects can be found on our website at [www.boskalis.com](http://www.boskalis.com).

### Oil & Gas

The Oil & Gas market is primarily driven by the growing demand for energy resulting from the growth in prosperity, global trade and the world population.

Energy requirement levels are expected to increase by 50% by 2030 compared to 2009. Most of this growth will have to be met with fossil fuels and in many parts of the world new infrastructure will be needed for the import and export of oil and gas.

Customers demand excellent performance standards, highly specialized technical equipment, stringent quality monitoring and the ability to deliver projects according to strict deadlines.

Project and life cycle costs can be reduced if contractors are involved at an early stage and are able to offer a fully integrated range of services.

In particular we are seeing a sustained demand for integrated and complex oil and gas projects.

#### Oil & Gas

Opportunities for growth:

- Engineering, environmental expertise, design and project management
- Construction of maritime infrastructure
- Pipeline intervention and landfalls
- Maritime services to oil and gas terminals

### Ports

The volume of global seaborne trade is expected to increase by 45% over the next 10 years and to double by 2030 compared to 2009. Over 80% of world trade volume is carried by sea.

The need for more port capacity is driven by population growth, increasing prosperity and the growing demand for energy.

Despite the decline in trading volumes during 2009, in the long term new port facilities are planned all over the world, in the shape of both greenfield

<b>Vision:</b>	To be the leading global services provider of innovative one-stop solutions to challenges in the field of maritime infrastructure	
<b>Mission:</b>	<ul style="list-style-type: none"> <li>• To be first choice for our customers</li> <li>• To be the employer of choice in our industry for our workforce</li> <li>• To excel at value creation for our shareholders</li> <li>• To conduct our business in a professional and socially responsible way for our stakeholders</li> </ul>	
<b>Core values:</b>	<ul style="list-style-type: none"> <li>• Safety</li> <li>• Entrepreneurship</li> <li>• Professionalism</li> </ul>	<ul style="list-style-type: none"> <li>• Teamwork</li> <li>• Global adaptability</li> <li>• Reliability and integrity</li> </ul>

investments and maintenance and expansion of existing capacity. This growth is also driven by emerging markets, the trend towards ever larger vessels and the emergence of new trade flows.

Increasingly, port operators tend to be influential private parties which operate globally.

### Ports

Services where Boskalis sees room for growth include:

- Engineering, environmental expertise, design and project management
- Construction of harbors and access channels
- Deepening and maintaining harbors and access channels
- Land reclamation and port expansion
- Construction of breakwaters
- Civil infrastructure, such as quay walls and bridges.

### Land Reclamation & Coastal Protection

Coastal urban areas in both developed and less developed countries are experiencing rapid population growth. In China, India and Africa this growth is being accompanied by economic development. Population growth is expected to be strongest in the rapidly developing regions.

#### Land reclamation

Densely populated coastal areas need to create space for industrial, recreational and residential purposes. In coastal areas which have reached their natural capacity, reclaiming new land from the sea is an attractive option. In coastal cities such as Hong Kong and Singapore, where limited land is available for building, land is being reclaimed to accommodate homes, airports, container terminals and petrochemical plants. For greenfield industrial projects reclaimed land is often seen as an attractive alternative to land-inward expansion.

#### Coastal protection

As the level of economic development increases in coastal areas, so the importance of coastal

protection grows. In addition it is essential that the coast is protected against rising sea levels and extreme weather conditions - risks to which even the most developed countries are exposed. The solution lies in structural, large-scale and in many cases sophisticated sea defenses.

### Reinforcing and expanding our product segments

#### Land Reclamation & Coastal Protection

Boskalis provides the following services:

- New land reclamation
- Construction of structural, large-scale (sophisticated) sea defenses.

The three market segments that Boskalis focuses on have excellent growth and earnings potential. We want to reinforce our leading position in these segments by expanding our portfolio with higher value-adding activities.

#### Reinforcement

We plan to reinforce the Dredging & Earthmoving market segment through organic growth, performance improvement and selective contracting. Boskalis will continue to distinguish itself by leveraging its combination of global strength and local presence in its home markets to ensure it retains a well-diversified order book.

We intend to maintain our strong competitive position by closely matching the capacity and technological capabilities of our fleet with demand in the market. From the point of view of cost efficiency we continually make the trade-off between investment in new build and cutting edge innovations versus a rationalization of the fleet. Our professional logistics organization is tasked with ensuring optimum deployment and capacity utilization of our equipment around the world.

Our strategy is supported by our employees. We make targeted investments in attracting and



*Boskalis and Smit in the Bahamas together.*

retaining people with the high-level knowledge we need to develop the state-of-the-art work methods and innovations that allow us to retain our market-leading position. To ensure that our organization is in tune with the changes we make targeted investments in the development of our people.

#### Expansion

Our clients demand varying levels of involvement from us. A growing number of clients require a multidisciplinary approach entailing more than the simple execution of dredging work. To successfully meet the profile of the integrated maritime services provider that we want to be, we aim to deliver to our customers at various levels. Our operational organization is designed to best enable us to respond to their specific requirements. We are expanding our existing activities in the fields of engineering, program management and offshore - organically, via joint ventures and through acquisitions. Because our Maritime Infrastructure services and Maritime & Terminal services play an important part in our customers' overall value chain

we aim to expand the activities of both product segments through targeted acquisitions and the formation of strategic partnerships.

This strategy results in an even more balanced spread of our order book, optimum utilization of our staff and equipment and gives us the means to take on attractive projects.

Against this background the activities of Smit Internationale are an excellent fit with our strategy. The announced merger with Smit will enable us to accelerate the reinforcement and expansion of our maritime services. The merger will create a world-class maritime services provider, with an excellent platform for further growth. It will enable us to offer a wide range of services, particularly in the Oil & Gas and Ports market segments - both support services for the development of maritime infrastructure, and maritime and offshore services.

## Complex LNG project landed due to strategic choices

**In October 2009 Boskalis was able to add the Chevron-operated Gorgon Project to its order book. Worth € 500 million, this complex and large-scale LNG project is located in a remote area off the coast of Western Australia. Our multidisciplinary approach and integrated solutions convinced the joint venture to select Boskalis at an early stage of the tender procedure. As the successful contractor we now hold responsibility for design, project management and construction of an LNG port.**



*Mattijs Siebinga*



*Arjan van der Weck*

Gorgon is a story of energy and the environment as well as technology and expertise.

It is one of the world's largest natural gas projects and the largest single resource natural gas project in Australia's history.

The Gorgon Project will develop the Greater Gorgon Area gas fields, located about 130 kilometers off the north-west coast of Western Australia. It includes the construction of a 15 million tonnes per annum (MTPA) Liquefied Natural Gas (LNG) plant on Barrow Island and a domestic gas plant with the capacity to provide 300 terajoules per day to supply gas to Western Australia.

Gorgon LNG will be off loaded via a four kilometer long loading jetty for transport to international markets. The domestic gas will be piped to the Western Australian mainland.

The project scope for Boskalis includes the design and construct of a port including a Material Offloading Facility at Barrow Island, 50 km northwest off the coast of Western Australia. Various dredging and marine contracting activities will be constructed under the responsibility of Boskalis. A roll-on-roll-off facility will be constructed

in addition to 200 meters of quay walls and mooring dolphins.

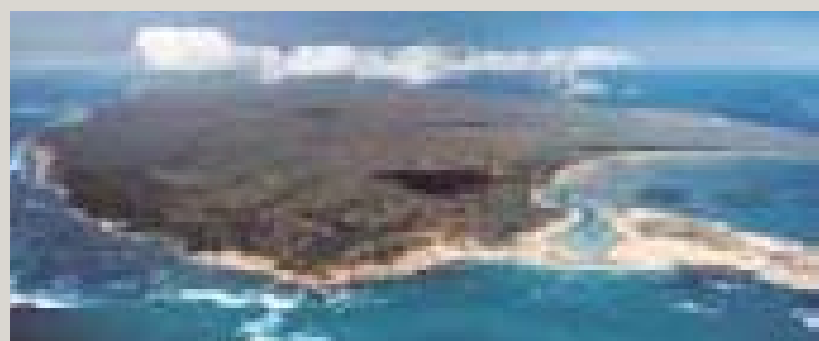
Furthermore, Boskalis has been assigned the logistical and program management responsibility for part of the basic infrastructure. The project will be executed with a combination of a jumbo cutter, a large hopper and backhoes.

### Early Contactor Involvement for Boskalis

Mattijs Siebinga, general manager of Boskalis Australia, said the continuity within Boskalis, which meant the customer always dealt with the same person, certainly played a positive part in the successful tender. "It was our understanding and knowledge of local circumstances, clear presentation of the ground model, proposed environmental measures, design and choice of working methods that together made the difference."

### Engineering expertise as added value

Arjan van der Weck, general manager of Hydronamic, Boskalis' engineering firm. "Internationally, we have already proved how valuable our knowledge is in major infrastructure projects, including the project



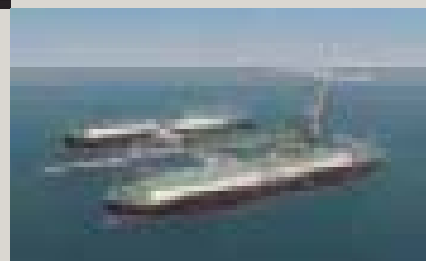
for the Port of Melbourne. In Melbourne, we were faced with stringent environmental constraints and we were successful in executing the project within these requirements. We have extensive experience in monitoring our progress which allows us to adjust procedures immediately if necessary. This means it is extremely interesting for a client to involve us in a project at a relatively early stage.”

#### Multidisciplinary approach

Boskalis took a multidisciplinary approach to the project. In the preparatory phase our Rock

Department delivered the expertise to survey the rock constructions. A new backhoe developed by our Central Technical Department has now been built specifically for this job. Boskalis will bring in subcontractors to execute part of the work, such as the construction of quay walls. Professional project management is of crucial importance in this project.

Work is set to commence early 2010 and it is due to be completed by the end of 2011.



## Product Segment: Dredging & Earthmoving

Dredging & Earthmoving is the most important product segment for Boskalis and makes the biggest contribution to revenue. In 2009 this segment generated € 1,814 million (2008: € 1,820 million), representing around 83% of our total revenue.

(x € 1 million)	2009	2008	2007	2006	2005
Revenue	<b>1,814</b>	1,820	1,629	1,170	960
Operating result	<b>216.6</b>	318.1	226.6	135.2	65.3
Order book	<b>2,223</b>	2,424	2,694	2,020	2,063

### Our services

Customers in our Oil & Gas, Ports and Land Reclamation & Coastal Protection market segments all make use of our diversified portfolio of Dredging & Earthmoving services.

This portfolio comprises:

- construction and maintenance of ports and waterways
- land reclamation
- coastal defense
- dry earth-moving
- offshore services for the oil and gas industry
- sand and gravel trading
- environmental contracting
- soil improvement techniques
- underwater rock fragmentation

### The global dredging market

The international Dredging & Earthmoving market comprises both open and closed markets. Open markets are where domestic and international companies compete for contracts, while in closed markets dredging work is mainly performed by local private or state-owned companies and regulatory or political barriers often restrict access for international contractors.

Revenue generated on the open market was an estimated € 7-8 billion in 2009. Large professional dredging and maritime contractors such as Boskalis

are active in the open market precisely because they are able to offer economies of scale and a high degree of efficiency.

This Dredging & Earthmoving market segment has high entry barriers, with competition being conditional on scale, flexibility of fleet, expertise in environmental contracting and engineering, innovative capacity, cost leadership and financial strength.

### Market-leading position on the open markets

Boskalis is one of four European dredging and contracting companies that together account for 70-80% of revenue on the global open market



*The mega trailing suction hopper dredger Queen of the Netherlands in Melbourne.*

for dredging services. We hold a leading position with an estimated market share of around 20%. The remaining 20-30% of open-market revenue is achieved by a large number of smaller local and regional players.

#### **Global spread and local presence**

Boskalis owes its excellent position on the global market to a deliberate policy of geographically spreading our portfolio. Our dredging and earthmoving activities are subdivided into Home markets, International projects and Specialist niche services.

#### **Home markets**

Home markets are characterized by a permanent presence, with equipment held locally where it is commercially attractive to do so. We hold home market positions in Europe (the Netherlands, United Kingdom, Germany, Finland and Sweden) and outside Europe (US, Mexico and Nigeria).

#### **International projects**

For large international projects we set up a temporary organization which is dismantled upon completion of the project. Projects are equipped and manned from our central fleet and staff pools.

In certain countries, such as Bahrain and Australia, we have managed to secure a steady stream of projects which give us a well-established position in these countries, comparable to that on our home markets.

#### Specialist niche services

Boskalis calls on the specialist knowledge and ability of different companies within our organization to handle the various aspects of a dredging project, while these services are also brought to market on a standalone basis. Boskalis Offshore is specialized in offshore earthmoving for the oil and gas industry. Activities include deep-water dredging, trenching, rock and sand placement, and other intervention work. Boskalis Dolman possesses the expertise for processing and handling mineral waste and executing soil and waterbed remediation. Where soil improvement techniques are required, we call on Cofra, while Rock Fall Ltd is our chosen specialist for rock fragmentation work.

#### Added value

Boskalis wants to strengthen its leading position as a major player in the global Dredging & Earthmoving market. We strive to add value for our customers and continue to realize profitable growth by making a lasting and distinctive impression in key areas.

#### Distinctive in expertise and innovative capability

We aim for the highest levels of professionalism and managerial and technical expertise and make targeted investments in innovation. We attract the best people and train them to the highest levels in order to retain our leadership. Boskalis is also

renowned for its highly innovative approach to and expert knowledge of environmentally friendly dredging techniques, and our Corporate Social Responsibility Report shows that we lead our industry in this area.

#### Home market strength

Our unique and strongly developed home market concept ensures a steady stream of contracts and provides the company with a healthy basis. The home markets in particular offer opportunities for generating extra margin through related activities.

#### Selective contracting policy

Our structure allows us to balance our global reach and leadership with local strength and continuity. Our selective contracting policy is geared towards achieving a balanced and broad geographical spread of services to meet a wide range of client needs.

#### Broad range of services

Boskalis has the right knowledge, capacity and innovative equipment to execute a wide range of projects. For large-scale projects our position as a major international dredging and marine contractor means we are able to offer an integrated package of services to the ever-growing group of customers who require this type of multidisciplinary approach. At the same time our continued investment in cost leadership means we are also able to offer a competitive package of services to customers who prefer to maintain a monodisciplinary approach to projects.





*Off the southernmost point of South America, in the Magellan Strait, the trailing suction hopper dredger Prins der Nederlanden dredged a trench for the 35 kilometer gas pipeline. The area is known for its high tidal conditions, unpredictable weather and strong currents.*

## Product Segment: Maritime Infrastructure

In 2009 Boskalis' maritime, civil engineering and industrial construction activities generated revenue of € 301 million (2008: € 214 million), representing some 14% of our total revenue.

(x € 1 million)	2009	2008	2007	2006	2005
Revenue	<b>301</b>	214	188	141	159
Operating result	<b>28.8</b>	17.8	15.9	11.7	16.3
Order book	<b>363</b>	685	649	344	242

### Our services

The services we provide through our strategic partner Archirodon are used primarily by customers in the Ports and Oil & Gas market segments, as well as in the Land Reclamation & Coastal Protection market segment. Archirodon, in which Boskalis holds a 40% stake, is a leading international group operating in the maritime and civil engineering and industrial construction markets.

We offer the following services:

- maritime construction, including quay walls, jetties, breakwaters, oil and gas terminals;
- civil engineering construction of maritime infrastructure-related facilities, including water purification plants, sewer systems, dams and bridges;
- industrial construction, including power stations, desalination plants and pumping stations.

### The maritime infrastructure market

Archirodon focuses mainly on the Middle East and North Africa, where the company is involved in a large number of projects. The population of the six countries in the Gulf Cooperation Council (GCC) has doubled in the last 20 years and this development calls for a vast array of infrastructure projects, most of which are aimed at expediting trade through the region's maritime gateways. Growth in this market is being fuelled by the region's continued strength in the world energy markets, but also by heavy investment by the Gulf

states aimed at reducing their dependency on oil and gas revenues.

### Our partner: Archirodon

For 50 years Archirodon has offered expertise in engineering and construction, boasting an excellent track record on complex projects. Alongside its operations in the maritime sector, Archirodon is an all-round player in the markets for civil infrastructure and industrial facilities. In the maritime sector, the company has been responsible for the construction of various ports, container



*Boskalis and Archirodon work together on the new offshore Khalifa Port in Abu Dhabi.*

terminals, berths, oil and gas terminals, piers and jetties.

Three central facility yards in Jeddah (Saudi Arabia), Ajman (U.A.E.) and Cyprus provide production facilities and also carry out maintenance and repairs on heavy equipment.

#### **Added value**

Archirodon pursues a selective contracting policy, focusing specifically on its own areas of expertise and on customers with whom it has longstanding relationships. Like Boskalis, Archirodon has

renowned in-house engineering capabilities which place the company in a strong position for developing innovative solutions to meet customers' needs and requirements.

The company currently employs more than 10,000 people and has a network of offices and branches in the Middle East and other regions. Archirodon achieves high productivity levels and delivers quality work. Its two success factors are local presence and knowledge, combined with a large inventory of well-maintained modern equipment,



*Crown Prince Willem-Alexander and Princess Máxima paid a visit to the Kalifa Port project in January 2009.*

including dredgers, floating cranes, barges, tugs, jack-up platforms, pipe-laying machines, geotechnical equipment and land-based machinery.

#### **Combined power**

Archirodon's strong and established position in the Middle East and ongoing investments in the region's infrastructure mean that the outlook for the company is healthy.

Our expertise in the field of integrated maritime infrastructure services means that Boskalis is able to play an ever more substantial role in our customers' value chain. Although Archirodon and Boskalis operate independently in the market,

we cooperate successfully on large and complex infrastructure projects, where our combined, complementary maritime strengths give us a competitive edge.

An example of this successful cooperation is the € 1.1 billion contract to construct the new offshore Khalifa Port in Abu Dhabi. This project was secured by a consortium in which Boskalis and Archirodon hold a combined share of 70%. The project scope includes dredging an entrance channel and a harbor basin, the reclamation of a harbor island and land for wharfs, the construction of breakwaters as well as a causeway to the island including a bridge.



*Surveying activities for the Khalifa Port project in Abu Dhabi.*

## Product Segment: Maritime & Terminal Services

In 2009 Boskalis' activities in the Maritime and Terminal Services segment generated revenue of € 60 million (2008: € 60 million), representing some 3% of total revenue.

(x € 1 million)	2009	2008	2007	2006	2005
Revenue	<b>60</b>	60	52	43	37
Operating result	<b>12.9</b>	11.6	10.8	9.6	6.2
Order book	<b>289</b>	245	219	179	122

Our Maritime and Terminal Services activities are closely linked to our Oil & Gas market segment. This segment is characterized by strong growth, primarily driven by the rise in global demand for energy, and Liquefied Natural Gas (LNG) in particular.

Via our strategic partner Lamnalco, in which Boskalis holds a 50% stake, we offer the following services:

- escort services, berthing and unberthing of oil and gas tankers calling at terminals and Floating Storage and Offloading (FSO) systems;
- shipping schedules, shipping assistance and terminal management;
- supplying of specialist personnel: pilots, mooring masters and divers;
- surface and subsurface maintenance work on all existing mooring systems including piers, jetties and buoys;
- logistical and operational support services for offshore operations.

### The market for maritime and terminal services

Oil and gas exploration is constantly expanding around the world, which means that the next few years will see significant growth in export and import terminals and floating systems such as FPSOs and SPMs. Some of these terminals will require towage and related services in the future. Thanks to Boskalis' expertise in integrated maritime infrastructure services its role in this sector is growing. Our partner company Lamnalco holds

a leading position in the fast-growing market for maritime services to oil and gas terminals. Together we are positioned in such a way as to be able to benefit from increasing demand throughout the value chain.

### Our partner company: Lamnalco

For over 45 years Lamnalco has been providing specialized equipment and support to oil and gas terminals and ports around the world.



*The Lamnalco fleet is one of the youngest and most modern in the business.*

Headquartered in Sharjah (U.A.E.), the company operates on an international scale with offices in 16 countries. It holds particularly strong positions in the Middle East and West Africa and in 2009 expanded its activities to include Russia and Australia. Since its establishment in 1963 a key aspect of Lamnalco's strategy has been to develop long-term partnerships with its clients and the communities in which it operates. Another important

and related aspect of Lamnalco's corporate philosophy is to collaborate with a range of local companies.

#### **Added value**

Lamnalco operates in a specialist growth market that demands high performance standards, highly specialized technical equipment and stringent quality monitoring. Lamnalco meets these exacting

requirements through its comprehensive Operations Management System. The quality of this system is guaranteed by external checks by the Classification Society and customer audits. As a result it meets the highest international standards for quality (ISO 9000), safety (IMO International Safety Management Code), environmental protection (ISO 14000) and offshore operations (IMCA).

To meet its customers' specific requirements, Lamnalco continually invests in designing innovative vessels that are used for long-term service contracts. This ability to offer bespoke services reinforces Lamnalco's reputation and unique market position.

Lamnalco employs highly skilled and experienced staff, such as pilots, tug crews and maintenance teams, to ensure the safe and efficient execution of the maritime services it provides. Continual investment in knowledge and skills allows the company to maintain the highest standards of operation. The fleet is one of the youngest and most modern in the sector. An in-house technical team of engineers and project managers develops new vessel designs and manages the ongoing fleet development program, giving Lamnalco a leading position in its market.

### Combined power

As a combine, Boskalis and Lamnalco profit from their shared expertise in the oil and gas sector and an ability to deliver synergy benefits to their customers. Although the companies operate in different phases of the energy sector supply chain, the fact that we share both our knowledge and our business networks means we are able to respond at an early stage to opportunities arising in new locations and regions.

Our ability to offer a one-stop solution to the infrastructure challenges faced by our clients in the oil and gas industry is a unique value proposition. Growth in the energy markets looks set to generate plenty of work for both Lamnalco and Boskalis in the years ahead.

The planned merger with Smit will represent a great leap forward for the terminal operations in particular. It has been agreed that, following successful completion of the merger, the terminal activities of Smit and Lamnalco will be combined, creating the best positioned global player in the field of maritime oil and gas terminal services.



## Investor Relations

Boskalis is committed to transparent communication with stakeholders to ensure the valuation of our share reflects as accurately as possible developments and prospects in our markets, and our performance within them.

### Open dialogue

Boskalis provides clear, detailed and timely information to stakeholders - including existing and potential shareholders, institutional investors, financial analysts and the media. We aim to respond openly to stakeholder enquiries and are known for taking a proactive approach to communications.

Our extensive roadshow program reflects our commitment to an open dialogue with members of the global investment community. We aim to build long-term relationships with them and keep them aware of critical success factors, operational and strategic developments in our markets and subsequent business prospects.

In 2009 we held over 350 meetings at roadshows, conferences and in person with investors from across Western Europe, the US, Australia and Canada.

Meetings with investors and analysts are held using publicly available presentations ([www.boskalis.com](http://www.boskalis.com)) and price-sensitive information is only discussed if publicly available.

Boskalis is covered by all the major Dutch brokers and their analysts. They play a key role in the distribution of information to investors on developments at Boskalis as well as in the dredging and marine contracting industry in general.

With this in mind we keep in touch with them regularly, for example by arranging annual visits to project sites. In April 2009 Boskalis organized a field trip for a group of analysts to the projects in Felixstowe (United Kingdom) and Maasvlakte 2 (The Netherlands). And in November 2009 we visited the Maasvlakte 2 site with a group of shareholders. The costs of these visits were borne by the participants.

*The trailing suction hopper dredgers Seaway and Prins der Nederlanden on the Maasvlakte 2 project in The Netherlands.*



## Website

Our corporate website [www.boskalis.com](http://www.boskalis.com) is a source of information for stakeholders and other parties interested in our company. It contains the latest and archived press releases and corporate presentations, the current share price and other company information such as our projects, fleet and job vacancies.

## Share information

Boskalis' authorized share capital of € 240 million is divided into 200 million shares, of which 150 million ordinary shares and 50 million cumulative protective preference shares.

The issued capital as at January 1, 2009 consisted of 85.8 million ordinary shares. Nearly two-thirds of shareholders (64.8%) opted to have their dividend for 2008 distributed in the form of stock dividend, resulting the issue of 3.8 million new ordinary shares in June. Another 9.0 million new ordinary shares were issued in December for the partial financing of the merger with Smit. On balance, the issued share capital at as December 31, 2009 consisted of 98.7 million ordinary shares with a total nominal value of € 78.9 million.

## AEX listing

On January 29, 2009, NYSE Euronext Amsterdam announced that the Royal Boskalis Westminster N.V.

share would be included in the main AEX index as of March 2, 2009. The share is also included in the Euronext Next 150 index and the Dow Jones STOXX 600 Index.

Tickers: Bloomberg: BOKA:NA, Reuters: BOSN.AS

## Trading volumes

In 2009, 133 million Boskalis shares were traded on NYSE Euronext Amsterdam (2008: 102 million). The average daily trading volume in 2009 was 518,277 shares, an increase of 28% compared to 2008. In the course of 2009 the share price rose 59% from € 16.98 to € 27.05, sharply outperforming the AEX index. The stock market capitalization increased 87% compared to the end of 2008 to € 2.7 billion.

## Shareholders

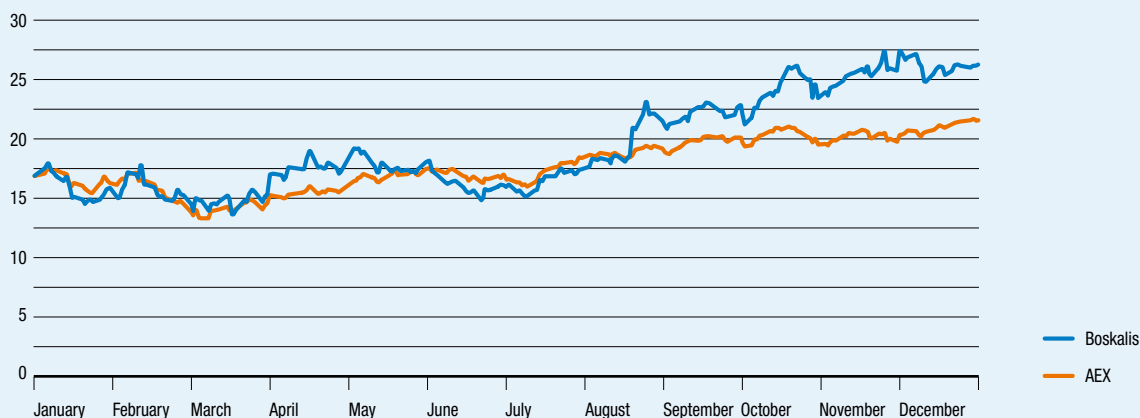
The following shareholders are known to have a holding of at least 5% in Boskalis:

- HAL Investments B.V.: 32.48%  
(as at December 31, 2009)
- Delta Lloyd Group (for Aviva plc): 5.01%  
(as at February 10, 2010).

Besides these large shareholders, the following percentages of stock are estimated to be held by shareholders in the United States and Canada (20%), the United Kingdom (25%) and the remainder in around a dozen other European countries.

### Development Boskalis share price 2009

AEX index rebased to Boskalis: (in euros)



### Share issue

On December 10, Boskalis successfully raised € 230 million through an equity issue at a price of € 25.50 per share. The issue, which was approved by the Extraordinary General Meeting of Shareholders on December 7, serves to partly finance the proposed public offer for Smit Internationale. 4.9 million new ordinary shares were placed through an accelerated bookbuilding offering with institutional investors in the Netherlands and other countries. Another 4.1 million shares were placed through a private placement with Boskalis' large shareholders HAL Investments B.V. and Delta Lloyd Levensverzekering N.V.

### Dividend policy

The main principle underlying the Boskalis dividend policy is to distribute 40% to 50% of the net profit from ordinary operations as dividend. Within the limits imposed by this basic principle for the longer term, Boskalis aims to achieve a stable development of the dividend. The choice of dividend (in cash and/or entirely or partly in shares) takes into account the company's desired balance sheet structure and the interests of shareholders.

### Financial agenda 2010

March 18	Publication of 2009 annual results
mid-April	Publication of 2009 Annual Report
May 12	Trading update on first quarter of 2010
May 12	Annual General Meeting
May 14	Ex-dividend date
May 18	Dividend record date (after market close)
June 1	Final date for stating of dividend preference
June 4	Determination and publication of conversion rate for dividend based on the average share price on June 2, 3 and 4 (after market close)
June 9	Date of dividend payment and delivery of shares
August 19	Publication of 2010 half-year results
November 18	Trading update on third quarter of 2010

### Information

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Director Investor Relations & Corporate Communications	
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Website	www.boskalis.nl

### Share information

	2009	2008
Stock price (in €)	High	28.45
	Low	13.25
	Close	27.05
Average daily trading volume	518,277	402,849
Earnings per share (in €)	2.31	2.90
Dividend per share (in €)	1.19	1.19
Dividend pay-out ratio (in %)	52	41
Dividend yield (as a %, based on the closing price for the year)	4.40	7.17
Price/Earnings ratio	11.7	5.7
Number of issued ordinary shares at year-end (x 1,000)	98,651	85,799
Average number of issued ordinary shares (x 1,000)	88,372	85,799
Stock market capitalization at year-end (in € billions)	2.669	1.424

## Safety as a shared value

**It is becoming increasingly apparent that safety is an integral part of our strategy. With each year that passes our safety performance improves: the Lost Time Injury Frequency figure is falling and OHSAS 18001 certification is evidence that our processes are in good shape. The new Boskalis Safety Program will further raise safety awareness with the ultimate aim of realizing a single, company-wide shared Boskalis Safety Standard.**



*Bart Pröpper*



*Wilfred Haaijer*

Safety leadership is no reason for complacency given that every accident is one too many. Besides, our projects are getting bigger, more complex and therefore more risky. That means safety remains our top priority. The main question now is how to ensure safety at work means the same to everyone, and make it equally valuable to everyone.

### Change in attitude and behavior

The multidisciplinary Boskalis Safety Program project team set to work in 2009 to find an answer. “Boskalis aims to achieve the highest possible standards for itself and at the same time this is an increasingly important factor in the market in which we operate,” says SHE-Q manager and project team member Wilfred Haaijer. “To achieve even better performance levels and create a working environment where risks are reduced to a minimum, we need to raise everyone’s safety awareness. It’s all about attitude and behavior. Once you take ownership of safety, it becomes a shared value.”

### Towards a single Boskalis Safety Standard

In 2009 we commissioned a major culture and safety survey to get a better picture of the views and experiences of our staff. Over 2,400 Boskalis employees all over the world took part in the survey, which was conducted by independent consultancy

Behavioral Science Technology. In addition, in-depth interviews were held with 350 focus group members and 20 customers to discover their views on safety within the company. The results have shaped our future policy. This policy is not so much about new rules and procedures, and our equipment also already meets fairly high international safety standards, meaning only limited adjustments will be needed. Instead, the next few years will focus on stimulating desirable behavior based on a uniform Boskalis Safety Standard.

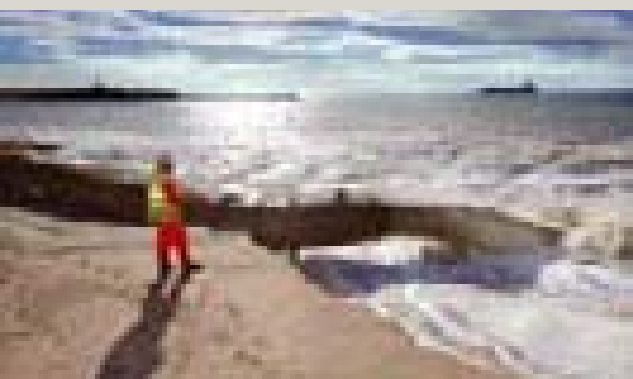




#### The right safety culture

“Our major customers also agree that it is all about the right safety culture,” says Bart Pröpper, chairman of the Boskalis Safety Program. “They look for our identity and in doing so look at how we handle safety. That involves more than just keeping to the rules. Changing behavior requires a conscious effort. We are currently developing a range of measures at various levels, comprising pilots, training and coaching.” Haaijer adds:

“We are seeking to create ownership and work on awareness from within the organization. It needs to be impressed on every employee that attention to security is an essential part of the work we do. In the interests of clarity towards staff it is also important that management conveys the same message. At the same time we also want to achieve progress by rewarding good behavior, for example through our promotion policy, in competence assessments and when hiring people.”



## Members of the Supervisory Board

### Mr. H. Heemskerk (1943), chairman

- date of first appointment: July 1, 2006; current term ends 2013
- former chairman of the Executive Board of Rabobank Nederland
- member of the Supervisory Board of Het Aambeeld N.V., Het Aambeeld B.V. and Bank Sarasin & Cie AG
- member of the Supervisory Board of Wageningen University and Research Centre
- member of the Executive Board of Vlerick Leuven Gent Management School
- member of the Board of Stichting Vereniging voor de Effectenhandel
- member of the Advisory Council Amsterdam Institute of Finance

### Mr. M.P. Kramer (1950)

- date of first appointment: August 19, 2009; current term ends 2012
- chairman of the Executive Board and Chief Executive Officer of N.V. Nederlandse Gasunie
- president of Gas Infrastructure Europe (GIE)
- president of the Board of Royal Dutch Gas Association (KVGN)

### Mr. M. Niggebrugge (1950)

- date of first appointment: August 30, 2006, current term ends 2013
- member of the Executive Board of N.V. Nederlandse Spoorwegen
- member of the Executive Board and general administrative board of Vereniging VNO-NCW
- member of the Supervisory Board of Diaconessenhuis Utrecht

### Mr. M. van der Vorm (1958)

- date of first appointment: May 18, 1993, current term ends 2011
- chairman of the Executive Board of HAL Holding N.V.
- member of the Supervisory Board of Anthony Veder Group N.V. and Royal Vopak N.V.

### Mr. C. van Woudenberg (1948)

- date of first appointment: May 9, 2007, current term ends 2011
- former member of the Executive Committee of Air France - KLM
- member of the Supervisory Board of Royal DSM N.V., Royal Grolsch N.V., Mercurius Groep B.V., Transavia Airlines B.V. and The Netherlands Chamber of Commerce

All members of the Supervisory Board have Dutch nationality. They do not hold shares or associated option rights in Royal Boskalis Westminster N.V.

### Secretary

Mrs. F.E. Buijs (1969)

## Report of the Supervisory Board

In accordance with Article 27 of the Articles of Association of Royal Boskalis Westminster N.V., the Supervisory Board presents the 2009 annual report to the Annual General Meeting of Shareholders. The annual report, including the financial statements and the management statement, was drawn up by the Board of Management. The financial statements are accompanied by the report of the company's external auditor KPMG Accountants N.V., which is included on page 125 of this report.

We recommend to the Annual General Meeting of Shareholders:

- The adoption of the financial statements, including the proposed profit appropriation;
- The discharge of the members of the Board of Management in respect of their management activities during the year 2009;
- The discharge of the members of the Supervisory Board for their supervision of management during the year 2009; and
- The distribution to shareholders of a dividend of € 1.19 per share to be paid in ordinary shares, unless the shareholder opts for a cash dividend.

### Composition of the Board of Management

The Board of Management consists of three members. There were no changes in the composition of the Board of Management during the year under review.

### Composition of the Supervisory Board

The Supervisory Board currently consists of five members. On March 17 of the year under review Mr. R.M.F. van Loon stepped down as chairman and member of the Supervisory Board. In accordance with the retirement rota for the Supervisory Board, during 2009 the reappointment of two of the five Supervisory Board members was proposed to the Annual General Meeting of Shareholders. On May 14, 2009 Mr. H. Heemskerk and Mr. M. Niggebrugge were

reappointed for a period of four years in compliance with the procedures laid down in the Articles of Association, the corporate governance code and the Supervisory Board regulations. On the same date, the Supervisory Board appointed Mr. Heemskerk as its chairman. On August 19, the Extraordinary General Meeting of Shareholders appointed Mr. M.P. Kramer as member to the Supervisory Board.

### Activities of the Supervisory Board

The Supervisory Board held six meetings with the Board of Management. Permanent items on the agenda of the Supervisory Board agenda are the development of the results, the balance sheet and industry and market developments. With regard to the market developments, the Board of Management discusses potential large projects as well as the progress on material projects under execution.

During the year under review other topics under scrutiny were the corporate budget, liquidity, acquisition and investment proposals, organizational structure and staffing policy. Special attention was paid to the company's policy on safety, health and environment. The Supervisory Board held elaborate discussions with the Board of Management on the company's strategy and the associated risks and approved the 2009-2011 Business Plan. Another regular topic of discussion concerned the principal risks inherent to the

management of the company. Further information about this can be found on pages 57 to 61 of this report. The structure and operation of the internal risk management and control systems were regularly assessed and were discussed with the Supervisory Board. The external auditor was present at the meetings where the annual and semi-annual results were discussed.

Special topics of discussion included the company's intention to make a public offer for Smit Internationale N.V. and the relation between that intended offer and the strategy of the company. The financing of the public offer, including the issue of new shares in the company, was also discussed and approved by the Supervisory Board. Furthermore the settlement of the case involving the mega hopper W.D. Fairway, which was involved in a collision in 2007, and the remuneration policy for the Board of Management.

In the course of the year under review the Supervisory Board paid a working visit to project A2 in St. Petersburg. During the visit the construction site of the dam that is needed to project St-Petersburg against floods was inspected and the operational aspects of the company's activities were highlighted. They were also informed about the company's prospects for work in Russia and surrounding countries.

Various Supervisory Board members held discussions with the Works Council about the company's strategy, the possible impact of the current economic situation on company policy, the current state of the pension fund and the intended offer for Smit Internationale N.V.

The Supervisory Board has instituted three core committees - the Audit Committee, the Remuneration Committee and the Selection

and Appointment Committee. They performed their tasks as follows:

### Audit Committee

#### Members of the Audit Committee

The Audit Committee consists of two members: M. Niggebrugge (chairman) and H. Heemskerk (from August 19).

#### Activities during 2009

The Audit Committee met three times during 2009 to discuss items including the financial reporting for the 2009 financial year, developments in IFRS, risk management, cost control, insurance, the company's tax position, internal control procedures, and financial accounting and relevant legislation and regulations, including the introduction of the new Corporate Governance Code.

In addition, the Audit Committee discussed the company's new financing measures and the financing of the intended offer for Smit Internationale N.V., including the issue of shares. Special attention was paid to the coverage shortfall of the pension fund and the proposed plan to remedy this, the hedging of the Port Rashid project and the risks associated with the building of a new fallpipe vessel.

Other topics discussed by the Audit Committee included the cooperation between the internal auditor and the external auditor as well as the degree of independence of the external auditor.

The chairman of the Board of Management and the Chief Financial Officer were present at these meetings, along with the external auditor. During the year under review meetings were also held with the external auditor without representation from the Board of Management. Reports and findings of these meetings were presented to the entire Supervisory Board.



## Remuneration Committee

### Members of the Remuneration Committee

The Remuneration Committee consists of two members: C. van Woudenberg (chairman) and M.P. Kramer (who from August 19, 2009 succeeded R.M.F. van Loon, a member of the Remuneration Committee until March 17, 2009).

The Remuneration Committee availed itself of the services of an independent remuneration adviser and ascertained that this remuneration adviser does not provide advice to the members of the Board of Management.

### Duties and responsibilities of the Remuneration Committee

The Remuneration Committee performs the following duties:

- Putting forward a proposal to the Supervisory Board with regard to the remuneration policy to be pursued for the Board of Management. The policy is submitted for approval by the General Meeting of Shareholders.
- Putting forward a proposal to the Supervisory Board with regard to the remuneration of individual members of the Board of Management (in accordance with the remuneration policy adopted by the General Meeting of Shareholders).
- Compiling the remuneration report on the remuneration policy pursued, subject to adoption by the Supervisory Board. The remuneration report can be found on the website [www.boskalis.com](http://www.boskalis.com) under Corporate Governance.

### Activities during 2009

The Remuneration Committee met four times during 2009, with none of the members of the Remuneration Committee having frequently been absent from the meetings. The committee also held regular consultations outside these meetings.

In the course of 2009 the Remuneration Committee considered whether the Boskalis remuneration policy is appropriate given current and expected conditions on the Dutch market and whether it complies with Corporate Governance guidelines. Based on these considerations the Remuneration Committee advised the Supervisory Board that while in its opinion there is no cause for a material adjustment to the remuneration policy, the degree of transparency and accountability with regard to the policy will be further enhanced. The Remuneration Committee will continue to closely monitor developments in the Dutch market during 2010 and beyond, and consider whether any internal or external developments occur which require the policy to be revised.

Amongst other activities the Remuneration Committee:

- analyzed and observed relative remuneration levels internally and made adjustments accordingly
- sought information about developments with respect to executive remuneration policies in the Dutch market (including amount, performance measures, composition of remuneration package)
- sought information about the most recent developments in Corporate Governance, both in the Netherlands and internationally
- conducted scenario analyses.

### Remuneration policy for the Board of Management

The remuneration policy for the Board of Management was adopted by the General Meeting of Shareholders in 2006. The remuneration policy is appropriate to the strategy and core values of Boskalis, which are centered on long-term orientation and continuity and take into account the interests of Boskalis' shareholders, customers, employees as well as the 'wider environment.'

In 2009 the remuneration policy was executed in accordance with the remuneration policy as adopted by the General Meeting of Shareholders in 2006.

#### Remuneration policy for the Supervisory Board

The remuneration policy for the Supervisory Board was adopted by the General Meeting of Shareholders in 2007. During 2009 the remuneration policy was executed in accordance with the remuneration policy as adopted.

#### Plans for 2010

The Supervisory Board will consider, partly in light of the planned merger with Smit Internationale and developments in the market, whether the current remuneration policy for the Board of Management and Supervisory Board remains appropriate. Any amendments will be submitted for approval by the General Meeting of Shareholders in 2011. The remuneration report can be found on the website [www.boskalis.com](http://www.boskalis.com) under Corporate Governance.

### Selection and Appointment Committee

#### Members of the Selection and Appointment Committee

The Selection and Appointment Committee consists of two members: H. Heemskerk (chairman) and M. van der Vorm.

#### Activities in 2009

During the year under review the Selection and Appointment Committee met to discuss the composition of the Board of Management. The committee also assessed the size and composition of the Supervisory Board, taking into account the description of the Board's Profile and its retirement rota.

During the year under review Mr. Heemskerk and Mr. Niggebrugge resigned from the Supervisory Board in accordance with the retirement rota. The Supervisory Board simultaneously reported the resulting vacancies to the shareholders and the Works Council. When it transpired that neither the General Meeting of Shareholders nor the Works Council had recommendations with regard to filling the vacancies, the Supervisory Board proposed the reappointment of Mr. Heemskerk and Mr. Niggebrugge to the Supervisory Board. This proposal was based on the fact that both Mr. Heemskerk and Mr. Niggebrugge have extensive experience as member of the Supervisory Board of the company, put their membership into practice with great expertise and fit the Supervisory Board Profile. On May 14, 2009 the General Meeting of Shareholders reappointed Mr. Heemskerk and Mr. Niggebrugge to the Supervisory Board for a period of four years.

On account of his extensive experience the Supervisory Board appointed Mr. Heemskerk as chairman of the Supervisory Board on May 14, 2009.

Subsequently, the Selection and Appointment Committee dealt with filling the vacancy on the Supervisory Board resulting from the resignation of Mr. van Loon. The vacancy was reported simultaneously to the Annual General Meeting of Shareholders and the Works Council. Bearing in mind the Profile and following a careful selection procedure the Selection and Appointment Committee approached Mr. Kramer for this position. The Selection and Appointment Committee considered Mr. Kramer to be very suitable for membership of the company's Supervisory Board

given the positions he holds and his experience in the national and international markets. The Supervisory Board recommended to the Extraordinary General Meeting of Shareholders that Mr. Kramer be appointed a member of the Supervisory Board. In the absence of recommendations from the Extraordinary General Meeting of Shareholders and the Works Council Mr. Kramer was duly appointed on August 19, 2009 for a period of three years.

#### The Dutch Corporate Governance Code

Since the introduction of the Dutch Corporate Governance Code (the 'Code') in 2004, the principles of proper corporate governance and best practice provisions set out in the Code have regularly been discussed at Supervisory Board meetings.

A decree of December 10, 2009 declared the new Dutch Corporate Governance Code to be applicable to annual reports relating to financial years commencing on or after January 1, 2009. The Supervisory Board will present the company's new Corporate Governance policy to the General Meeting of Shareholders on May 12, 2010 as a separate item on the agenda. The principal points of the policy can be found on pages 56 and 57 of this annual report.

In the opinion of the Supervisory Board, the provisions of the Code regarding the independence of the members of the Supervisory Board have been complied with. The Supervisory Board considers Mr. van der Vorm to be non-independent in the sense of the Code.

To prevent the existence of conflict of interests between the company and Mr. van der Vorm with regard to the issue of shares to HAL Investments B.V., Mr. van der Vorm - who is a member of the Supervisory Board of the company and has an indirect stake in HAL Investments B.V.- did not participate in decision-making regarding the issue of shares in the company to HAL Investments B.V.

Outside the presence of the board members the Supervisory Board discussed the performance of the Board of Management and its individual members as well as reviewing the performance of the Supervisory Board and its individual members. This evaluation took place during collective as well as bilateral meetings between the Supervisory Board, the chairman of the Supervisory Board and the individual members of the Supervisory Board.

The Supervisory Board wishes to express its appreciation for the efforts of the Board of Management and the company's employees during 2009 and extends its compliments to them for the results achieved in 2009.

Papendrecht/Sliedrecht, March 17, 2010

#### The Supervisory Board

H. Heemskerk, chairman

M.P. Kramer

M. Niggebrugge

M. van der Vorm

C. van Woudenberg

## Members of the Board of Management

### **dr. P.A.M. Berdowski, chairman (1957)**

- chairman of the Board of Management since 2006
- member of the Board of Management since 1997
- chairman of the Supervisory Board of Amega Holding B.V. and N.V. Holding Westland Infra
- member of the Supervisory Board of TBI Holdings B.V. and Van Gansewinkel Groep B.V.

### **Mr. T.L. Baartmans (1960)**

- member of the Board of Management since 2007
- member of the Executive Board of the Netherlands Association of International Contractors (NABU)

### **Mr. J.H. Kamps, Chief Financial Officer (1959)**

- member of the Board of Management since 2006
- member of the Executive Board of Stichting Fondsenbeheer Waterbouw, Stichting Bedrijfstakpensioenfonds Waterbouw
- chairman of the Stichting Pensioenfonds Boskalis

All members of the Board of Management have Dutch nationality. They do not hold shares or associated options rights in Royal Boskalis Westminster N.V.

### **Secretary**

Mrs. F.E. Buijs (1969)



*From left to right: T.L. Baartmans, dr. P.A.M. Berdowski and J.H. Kamps*

## Report of the Board of Management

In 2009 the net profit of Royal Boskalis Westminster N.V. fell to € 227.9 million (2008: € 249.1 million). Revenue was a record € 2.2 billion (€ 2008: 2.1 billion) and was widely spread, both geographically and across all market segments. The net profit figure of € 227.9 million includes a € 35.3 million exceptional gain on the stake held in Smit Internationale N.V. (Smit) and an exceptional impairment charge of € 39.7 million (after tax) relating to the older part of the fleet. In 2009 Boskalis was awarded new orders worth € 1.8 billion. As a result, Boskalis was able to end the year with a strong order book of € 2.9 billion, even with a record revenue and amid difficult market conditions.

### Market developments

The global market for dredging and maritime infrastructure is driven by factors such as growth in world trade, the global population, energy consumption and the effects of climate change. Following a period of robust growth, this growth trend came to an end in late 2008.

While the structural long-term growth factors for dredging and maritime infrastructure remain positive, the short-term outlook has become markedly less certain since early 2009, as a consequence of a lower oil price, lower demand for natural resources and stagnating global trade.

This deterioration in market conditions has clearly had a visible impact on our products and services.

Customers are taking a critical look at their plans, the award of projects is taking longer and margins in certain of our markets are under pressure. However, there are large differences between the positions of our customers both in geographical terms and by market segment: Oil & Gas, Ports or Coastal Protection/Land Reclamation.

### Financial performance

#### Highlights of 2009

- Net profit of € 227.9 million
- Record revenue of € 2.2 billion
- Order book steady at high level: € 2.9 billion
- Earnings per share (based on year end) € 2.31
- Proposed dividend € 1.19 per share

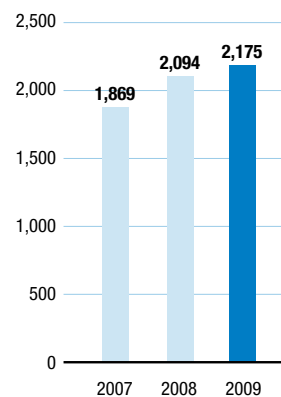


## Royal Boskalis Westminster N.V.

### Revenue

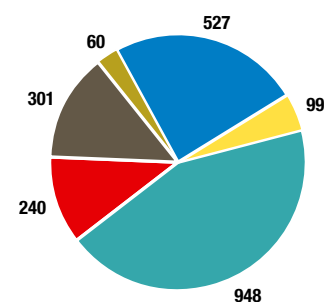
In the year under review revenue rose 4% to € 2.2 billion (2008: € 2.1 billion). Revenue in the Dredging & Earthmoving and Maritime & Terminal Services product segments remained at the same level, while revenue in the Maritime Infrastructure segment rose a strong 41%. Geographically, revenue growth was the most pronounced in the Netherlands, Australia and North and South America.

(x € 1 million)



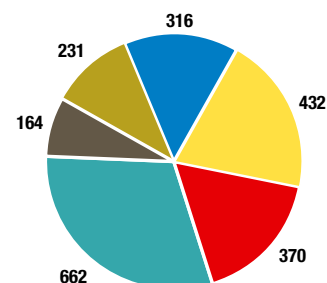
### Revenue by market (in millions of euros)

	2009	2008
Home markets in Europe	527	417
Home markets outside Europe	99	91
International projects	948	1,068
Specialist niche services	240	244
<b>Total Dredging &amp; Earthmoving</b>	<b>1,814</b>	<b>1,820</b>
Maritime Infrastructure	301	214
Maritime & Terminal Services	60	60
<b>Group</b>	<b>2,175</b>	<b>2,094</b>



### Revenue by geographical area (in millions of euros)

	2009	2008
The Netherlands	316	251
Rest of Europe	432	423
Australia / Asia	370	314
Middle East	662	719
Africa	164	212
North and South America	231	175
<b>Group</b>	<b>2,175</b>	<b>2,094</b>



### Segment results (in millions of euros)

	2009	2008
Dredging & Earthmoving	216.6	264.5*
Maritime Infrastructure	28.8	17.8
Maritime & Terminal Services	12.9	11.6
Non-allocated group costs	-9.0	-8.4
<b>EBIT</b>	<b>249.3</b>	<b>285.5*</b>

\* excluding exceptional items (W.D. Fairway and Port Rashid)

### EBITDA

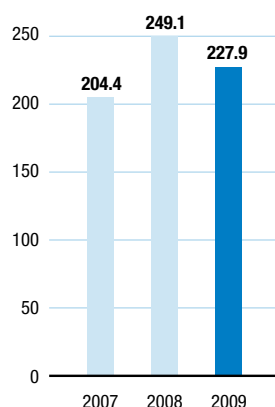
Group earnings before the result of associated companies, interest, tax, depreciation and impairments (EBITDA) totaled € 445.0 million. In 2008 EBITDA amounted to € 454.6 million, or € 401.0 million when adjusted for exceptional items.

### Operating result (EBIT)

The operating result (EBIT) amounted to € 249.3 million. In 2008 the operating result adjusted for exceptional items was € 285.5 million.

### Net profit

Net profit amounted to € 227.9 million (2008: € 249.1 million).



Net profit includes the following:

- A € 35.3 million exceptional gain on the stake in Smit Internationale N.V. A new impairment test was performed at the end of the year partly as a result of the Smit share price development in 2009. Based on this, the € 35.3 million impairment charge recognized in 2008 was reversed.
- An exceptional impairment charge of € 39.7 million after tax (€ 48.6 million before tax), mainly relating to floating equipment.

A critical review of the suitability of the equipment was performed as part of the announced fleet rationalization study. Based on this, the decision was made to decommission a number of older units in the course of 2010.

- A positive result of € 11.5 million on the fuel and currency hedges on the Port Rashid project that was suspended in early 2009.

Net profit of € 249.1 million in 2008 included three exceptional items which on balance had a positive impact of € 13.4 million: a one-off gain resulting from the settlement of an insurance claim, an impairment charge on the stake in Smit Internationale N.V. and a negative revaluation of hedges relating to the Port Rashid project.

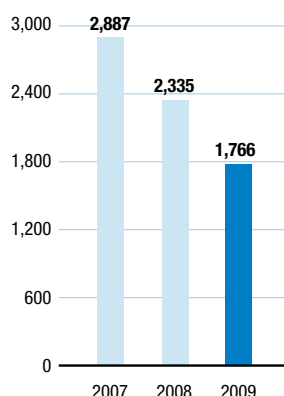
### Order book

In the course of 2009 Boskalis was awarded new orders worth € 1.8 billion, broadly spread around the world and across the various market segments. A project worth € 70 million (Boskalis' share) was removed from the Maritime Infrastructure order book in the first half of the year. No further adjustments to the order book were needed in second half of the year. On balance, the order book stood at € 2,875 million at the end of 2009 (end-2008: € 3,354 million).

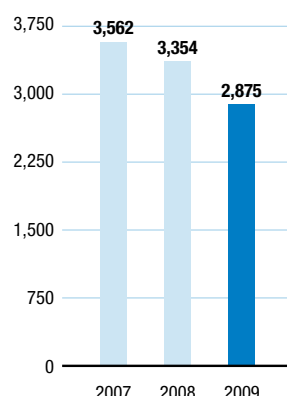
#### Order book by market (in millions of euros)

	2009	2008
Home markets in Europe	843	1,055
Home markets outside Europe	77	62
International projects	1,132	1,171
Specialist niche services	171	136
Total Dredging & Earthmoving	2,223	2,424
Maritime Infrastructure	363	685
Maritime & Terminal Services	289	245
<b>Group</b>	<b>2,875</b>	<b>3,354</b>

#### Acquired orders (x € 1 million)



#### Order book (x € 1 million)



#### Product Segment Dredging & Earthmoving

(in millions of euros)	2009	2008
Revenue	1,814	1,820
Operating result	216.6	264.5*
Order book	2,223	2,424

\* excluding exceptional items (W.D. Fairway and Port Rashid)

#### Revenue

Revenue in the Dredging & Earthmoving segment totaled € 1,814 million (2008: € 1,820 million).

#### Home markets

Revenue in the home markets amounted to € 626 million (2008: € 508 million).

The Netherlands, Northwest Europe (Germany, United Kingdom, Nordic countries), Nigeria and Mexico were the home markets in which Boskalis operated in 2009. Due to the considerable revenue growth in the home markets, its share of total revenue in the Dredging & Earthmoving product segment rose to 35% (2008: 28%).

Revenue in the European home markets increased by 26% to € 527 million (2008: € 417 million).

This growth was fully attributable to several large projects in the home markets of the Netherlands (Maasvlakte 2) and the UK (Felixstowe). In addition to these projects, Boskalis had a strong year in the Netherlands and Germany, while it was a relatively quiet year for Boskalis Nordic.

In the home markets outside Europe, revenue was up 9% to € 99 million (2008: € 91 million). This growth is fully attributable to the Mexican home market. The volume of work in Nigeria was lower in the past year reflecting the reluctance of large oil and gas companies to engage in new investments.

#### International project market

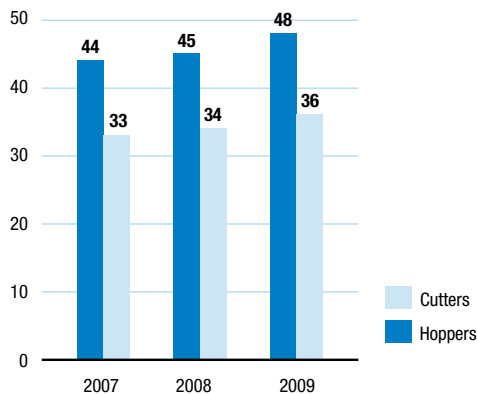
Revenue from the international project market decreased 11% to € 948 million (2008: € 1,068 million). The decline was due to the completion of several large projects in various regions including the Middle East and Africa. Revenue was broadly spread across projects in Australia, Europe, the Middle East and South America.

#### Specialist niche services

Revenue from specialist niche services was steady at € 240 million (2008: € 244 million). Revenue was generated by projects in Europe, the Middle East, South America and other regions. Furthermore, the first half of the year saw the start of the Fox River project in the United States.

The strong revenue was realized at very high equipment utilization levels. In March 2009 the fleet was expanded with the extended Queen of



*Fleet utilization (in weeks per year)*

the Netherlands and the new trailing suction hopper dredger Shoreway. In 2009 the hopper fleet achieved a record annual utilization rate of 48 weeks (2008: 45 weeks).

The utilization rate of the cutter fleet was also strong. The average utilization rate rose to 36 weeks from 34 weeks in 2008.

#### Segment result

The result (EBIT) of the Dredging & Earthmoving product segment totaled € 216.6 million (2008: € 264.5 million excluding a one-off gain on the W.D. Fairway and a negative hedge result on the Port Rashid project). The difference is mainly due to higher depreciation as a result of the introduction of new equipment, higher depreciation on project-related equipment and an exceptional impairment charge on primarily older equipment amounting to € 48.6 million before tax.

#### Order book

In 2009 a large number of projects were acquired in the Dredging & Earthmoving product segment, particularly many large projects in the oil and gas industry. The following offshore pipeline projects were acquired: Nordstream, Safaniya and Magellan. In November we acquired the Gorgon project, a sizeable LNG project in Australia, and shortly before we were awarded the first phase of the LNG import terminal at Cuyutlan in the Mexican

home market. Noteworthy port projects were acquired in Gijon (Spain), Nassau (Bahamas) and Fremantle (Australia). In the coastal protection market segment, various projects were awarded relating to the Dutch coast, as well as a project to raise three islands in the Maldives. The value of the order book at the end of 2009 was € 2,223 million (end 2008: € 2,424 million).

### Product Segment Maritime Infrastructure

#### Revenue

<i>(in millions of euros)</i>	2009	2008
Revenue	<b>301</b>	214
Operating result	<b>28.8</b>	17.8
Order book	<b>363</b>	685

Revenue from the Maritime Infrastructure product segment is realized through our strategic partner Archirodon in which we hold a 40% stake. Revenue rose to € 301 million (2008: € 214 million). This increase was in line with the strong first half of the year and the growth of the order book in recent years. Archirodon's activities mainly concern infrastructural projects and the negative impact of developments in the Middle East property markets is therefore limited.

#### Segment result

The contribution of Archirodon to the operating result rose to € 28.8 million (2008: € 17.8 million). This was due to good results on projects.

#### Order book

The order book declined throughout the course of 2009, due in part to customers' reticence in awarding projects. In addition, a project worth € 70 million (Boskalis' share) was removed from the order book in the first half of the year. The value of the order book was € 363 million at the end of 2009 (end-2008: € 685 million).

## Product Segment Maritime & Terminal Services

<i>(in millions of euros)</i>	2009	2008
Revenue	<b>60</b>	60
Operating result	<b>12.9</b>	11.6
Order book	<b>289</b>	245

### Revenue

Boskalis operates in the Maritime & Terminal Services product segment through its 50% stake in strategic partner Lamnalco. Revenue at Lamnalco reported in US dollars rose slightly but expressed in Euros was flat year on year (€ 60 million). Lamnalco's revenue was impacted by deteriorated spot market conditions in the Middle East and the delayed startup of two new contracts (Yemen LNG and an FPSO support contract in Australia).

### Segment result

The operating result of Lamnalco increased to € 12.9 million (2008: € 11.6 million) despite higher depreciation costs on new equipment which furthermore could not yet be fully deployed on the new contracts.

### Order book

The order book rose to € 289 million in 2009 (end-2008: € 245 million). In the year under review a sizeable 10-year contract in the Black Sea was awarded by the Caspian Pipeline Consortium (CPC) to provide support services for the oil industry.

### Other

The result from associated companies increased to € 58.3 million, due in part to a € 35.3 million one-off gain on the interest in Smit Internationale N.V. The result from associated companies excluding the reversed impairment recognized in 2008 totaled € 23.0 million. This includes Boskalis' stake in the annual result of Smit Internationale N.V.

The tax burden amounted to € 66.0 million (2008: € 60.9 million). The tax rate increased to 22.4% (2008: 19.6%). In 2009 a relatively large share of earnings was achieved on projects in countries with a relatively high tax rate.

Shareholders' equity increased by € 436 million in 2009, due in part to the proceeds from the equity issue in December to partly finance the offer for Smit Internationale N.V. As a result of the strong rise in shareholders' equity, the return on equity was 21.1% (2008: 30.6%).

## Capital expenditure and balance sheet

A total amount of € 296 million was invested in 2009. Major investments included the construction of two 12,000 m<sup>3</sup> hoppers (Gateway and Willem van Oranje), a 4,500 m<sup>3</sup> hopper (Shoalway), the extension to the Queen of the Netherlands and a new backhoe (Baldur). There were also various project-related investments and Lamnalco continued to expand its fleet. Compared to the end of 2008, capital expenditure commitments fell sharply from € 349 million to € 182 million at December 31, 2009.

The cash flow rose to € 424.9 million (2008: € 365.6 million).

The cash position increased to € 595 million (end-2008: € 408 million) as a result of the equity issue to partly finance the offer for Smit Internationale N.V. Of the total cash position, € 433 million was freely available (end-2008: € 251 million) and € 162 million was tied up in associate companies and projects being executed together with third parties (end-2008: € 157 million).

The company's solvency ratio was 46.5% at December 31, 2009 (end-2008: 34.0%).

### Fleet rationalization program

The previously announced study into rationalization of the fleet was completed at the end of 2009. One of the reasons for the study was the fact that after years of growing market demand and unprecedented high utilization levels, demand for part of the equipment is expected to level off. Another reason for the study was the realization that rising maintenance costs on old equipment would increasingly erode the margin. Based on this study, the decision was made to take a number of older units out of service in the course of 2010.

### Smit Internationale N.V.

In a joint press release issued on November 12, 2009, Boskalis en Smit Internationale N.V. announced their intention to merge. The merger will be effected through a public offer by Boskalis for all outstanding Smit shares. The merger protocol was signed on January 25, 2010 and the offer document was published at the end of February, signifying the formal launch of the offer. Around 43% of the outstanding Smit shares were committed to the offer at the time of its launch. In addition, after launching the offer, Boskalis raised its own stake in Smit from 26.76% to 29.98%.

Financing for the merger was in place in mid-December. A € 230 million equity issue was successfully placed amid great interest at a price of € 25.50 per share in early December. This involved the placement of a total of 9,019,606 new ordinary shares, of which 4,913,568 through an accelerated bookbuilding offering and 4,106,038 through a private placement with Boskalis' large shareholders HAL Investments B.V. and Delta Lloyd Levensverzekering N.V.

In addition to the proceeds from the equity offering, the financing will comprise a combination of a three-year and a five-year bank facility (€ 650 million in total) and a temporary bridge facility (€ 400 million).

The entire financing package will be used for the intended acquisition of Smit as well as for the refinancing and replacement of Smit's and Boskalis' existing bank facilities. Furthermore, these facilities will provide the new combination with sufficient room for future investments.

### Dividend policy and proposal

The main principle of the Boskalis dividend policy is to distribute 40% to 50% of net profit from ordinary operations as dividend, whereby Boskalis aims to achieve a stable development of the dividend for the longer term. The choice of dividend form (in cash and/or entirely or partly in shares) takes into account the company's desired balance sheet structure and the interests of shareholders.

In light of this, Boskalis will propose to the Annual General Meeting of Shareholders on May 12, 2010 that a dividend of € 1.19 per share be distributed in the form of ordinary shares, unless the shareholder opts for a cash dividend. The dividend will be payable from June 9, 2010.

### Corporate Social Responsibility

In 2010, Boskalis publishes its first Corporate Social Responsibility (CSR) report, in which we report on the sustainability of our performance in the period between January 1, 2009 and December 31, 2009. Sustainability to us means wanting to ensure our activities add value or that their impact is kept to a minimum; not just from an economic point of view but also from an ethical, environmental and social perspective. In this CSR report we provide further details on this and we will be publishing a CSR report every year from now on. We have sought to comply with key performance indicators required under the C+ level of the Global Reporting Initiative (GRI) standard. The report has been verified by an external auditor.

## Policy and Operational Matters



### Personnel & Organization

Boskalis strives to be the employer of choice within the global dredging and marine contracting sector. We remain focused on attracting, training and retaining the most talented people in the industry. The economic outlook has led to restraint in our recruitment activities and in 2009 it meant that positions were mainly filled that had become vacant as a result of attrition.

The CSR report includes a detailed account of developments in the field of staffing.

#### Labor market communications

Boskalis wants to continue to be viewed as an attractive employer by the relevant target groups in the global labor market. We have presented ourselves at universities and higher vocational schools of technology. In addition, information about our company and vacancies are increasingly visible and available on various online social networks. We have high expectations for these communication platforms in the knowledge that two-thirds of the global internet population is currently active on a social network. The number of people who look for a new job through these networks is rising significantly.

### Development and training

Boskalis invests in the development of its employees. Our training program strives to strengthen the existing capabilities we need to execute projects, while at the same time focusing more and more on developing new capabilities to support our value-oriented strategy. Training courses focused on target groups ensure that employee development mirrors the development of our company. They are given the tools to anticipate new market demands. To illustrate we have provided a few examples below from 2009. More detailed information on our training courses can be found in our CSR report.

#### Business support

Around 40 of our specialists took tailor-made courses developed specifically for Boskalis at TiasNimbas Business School in the Dutch city of Tilburg. The courses were on the subject of international contract management and financial & risk management. For the European home markets a new program has been developed for middle management. This Boskalis Home Market Development Program focuses on leadership skills and putting them into practice, as well as on enhancing commercial skills.

#### Internal flow of staff

An international Maritime Officer Leadership Program has been developed as a follow-up to the Boskalis Maritime Development Program for captains and chief engineers. Intended for recently appointed captains, chief engineers and first officers from the Netherlands, Russia and the Baltic States, the program aims to increase personal effectiveness and strengthen Boskalis' global network. Another objective is to assist the progression of staff to more senior positions within the company in a constructive manner.

The International Dredging Academy - developed in cooperation with the Shipping and Transport College in Rotterdam - has been made more focused on practice and performance in its set-up and curriculum. The objective is for participating

members of our fleet to become better equipped to perform their tasks and work their way up the ranks quicker.

#### Workforce

At the end of 2009, the total number of people employed by Boskalis was 10,597. This number includes the proportion of people working for our affiliated companies. Not including the proportional numbers for affiliated companies, the number of people working for Boskalis in 2009 was 4,941. The number of employees was 5.6% less than at year-end 2008 (5,236).

Communications with the Works Council were intensive in 2009. The Works Council's active approach and the way in which it fulfills its duties are very much appreciated.



#### Safety, Health, Environment and Quality (SHE-Q)

Safety has always been a top priority and an integral part of Boskalis. The scope of our operations is expanding from solely dredging to marine contracting. Projects are becoming bigger and more complex and our customers' requirements are getting stricter. We set the bar high when it comes to safe working conditions, the health of our staff, caring for the environment and the quality of the work we do. We are therefore committed to continuously improve our Safety, Health, Environment and Quality (SHE-Q) policy.

#### Top priority: safety

Safety is one of our top priorities and an integral part of our operations. Boskalis' safety policy is supported by the SHE-Q management system. Our constant focus on safety is reflected in the improvement we make year after year when it comes to safety performance, as explained in more detail in our CSR report. Accordingly, the Lost Time Injury Frequency figure has improved from 8.6 to 3.7 in the past four years.

#### Creating a safety culture

Nevertheless we continue to invest in the development of safety and quality awareness. This was the objective of the safety program we launched in 2009. The program is managed by a multidisciplinary project team at senior management level that reviews safety performance and researches where improvements can be made. The focus is on culture and behavior. In light of this a large-scale survey was held in 2009 among the company's staff and customers (see also the interview on pages 32 and 33). The findings of this survey provide excellent leads to further develop our safety culture.

#### Ongoing review of management system and procedures

Our SHE-Q management system provides staff with the tools they need to embed SHE-Q into their day-to-day activities. The system is certified with the international environmental standard ISO 14001, the occupational health and safety standard OHSAS 18001 and quality management standard ISO 9001. This gives our clients the reassurance that our systems and processes are up to par. Our annual review of the SHE-Q management system revealed that several aspects of our safety procedures need to be tightened. We have also taken steps in the field of quality control to improve operational processes associated with Design & Construct contracts. The focus here is on work scheduling and assessing the risks involved in the ever more complex projects that are entering the order book. The new management system will be implemented in 2010.

### Control and compliance

Boskalis sets annual SHE-Q targets to promote further improvement. And we track performance with structured regular reports. Proper compliance with procedures and operating instructions is anchored in the organization by means of inspections by management and internal and external audits. These are conducted by the corporate SHE-Q department, as well as local Boskalis organizations which perform their own audits. Boskalis management conducted 100 inspections in 2009. In addition, 17 external audits and 10 internal audits were performed on projects and at office locations. Another 18 external audits and 31 internal audits were conducted on ships in accordance with the International Safety Management code. These ensure that our high safety standards are adhered to, as well as the standards which our clients impose on us.



### Equipment

Our versatile fleet of more than 300 vessels and specialist equipment is one of a kind. Careful planning and logistics ensure that the right equipment is available at the right time and place, anywhere in the world. Having equipment in

excellent technical condition and maintained in a cost-effective way is our top priority.

### Fleet expansion

The expansion of our fleet is proceeding according to plan. In 2009 the medium-sized trailing suction hopper dredger Shoreway came into service. In September the Gateway, a trailing suction hopper dredger with a capacity of 12,000 m<sup>3</sup>, was named and launched. This vessel has a single suction pipe with an underwater pump, allowing it to dredge to a depth of 62 meters. With two hoppers to improve trim in shallow waters and a high pump capacity, this flexible vessel is suitable for a wide range of projects around the world. On February 10, 2010, her sister ship the Willem van Oranje was named and launched by Her Majesty Queen Beatrix. The naming and launch ceremony commemorated the 100th anniversary of Boskalis. The Queen of the Netherlands was lengthened to cope with the growth in the upper segment of the hopper fleet. The vessel is back in service since early 2009 with a capacity of 35,500 m<sup>3</sup> and is extremely capable of dredging large volumes at great depth and transporting sand over long distances.

### Fleet management

In 2009 Boskalis started upgrading its Maximo purchasing system. This IT system is one of the cornerstones of Value Driven Maintenance, our maintenance control tool that enables us to arrange the maintenance process more accurately and optimize the availability of our vessels. At the beginning of March 2010, a pilot with the new version of Maximo commenced on the trailing suction hopper dredger Oranje. The rollout to the rest of the central fleet and home markets is set to take place in course of 2010.

### Fleet rationalization

In 2009 Boskalis announced a fleet rationalization program due to the high costs of maintaining older vessels combined with lower margins at the lower

end of the market as a result of a decline in market volumes. Factors determining whether to keep a vessel in service are its technical condition, past and projected future maintenance costs, operating results (also in the future) and technical suitability. Naturally, suitability depends on market demand. In the run-up to this rationalization, Boskalis has written off that part of the fleet for which future deployment based on current information is uncertain. In 2009 Boskalis took its first step in the rationalization program by taking the WD Severn (1974), a 1,324 m<sup>3</sup> trailing suction hopper dredger, out of service. The ship was dismantled in a controlled and environmentally friendly manner. See also the interview on pages 62 and 63.



#### Information & Communication Technology (ICT)

Knowledge sharing and access to information regardless of location, time or equipment. These are the starting points for the provision of information within Boskalis. In 2009 several portals were developed in accordance with the Information Plan 2006-2010 to promote cooperation and knowledge sharing.

#### Enterprise portals

In recent years Boskalis started developing enterprise portals. This internet technology allows members of a project team, for example, to access relevant sources of information from any location at any given time. In 2009 specific portals for the tendering procedure and project management process came into use. And they have already proven their worth. At the Gorgon project in Australia, for instance, on-site employees were able to refer back to support departments quicker, while also saving considerable time in providing information to the client. This is important because Boskalis is also responsible for the design.

We plan to utilize this technology more widely following an assessment at the start of 2010.

#### Knowledge management

In addition to the enterprise portals, Boskalis introduced the Community of Practice portal to assist employees around the globe in sharing knowledge. The three communities now in operation are Rock Works, a community for SHE-Q and one for ERP users. Relevant knowledge is now more widely and directly accessible. The positive effects are visible in practice in the speed at which our employees are coming up with solutions.

#### Security

A strict security policy applies to the commercially sensitive information on the portals in order to keep employees aware of the value of this information.

#### Groundwork

The Information Plan 2006-2010 provides for investments in our basic applications. These are adjusted to meet current requirements with the help of the latest technology. This results in the best possible management information so that the business can continue as efficiently as possible.





### Research & Development

Technical innovation and smarter working methods are what makes Boskalis unique in the market. We are able to meet the specific requirements of our clients while at the same time optimizing our production capacity and costs. More progress was achieved in both areas in 2009.

#### Innovative approach

Our clients have high demands. A good example is the Port of Melbourne project, where strict demands had been placed on the methods of execution. In 2008 Boskalis developed a ripper draghead capable of dredging hard rock. In 2009 a few notable equipment changes were made on the project that proved their worth when put into practice.

A layer of contaminated silt in the Melbourne harbor basin needed to be covered with sand. To do this we developed a sprinkler head capable of distributing sand in thin layers at a controlled rate without stirring up the contaminated silt. This piece of equipment was developed and tested in the Netherlands, assembled onto the trailing suction hopper dredger Queen of the Netherlands,

and the work was executed - all within the span of five months. Surveys conducted upon completion showed that the work was performed in line with our expectations and in accordance with requirements.

We also developed a special frame that enables us to perform precise operations above pipelines. Several pipelines in the Yarra River were covered with steel plates with the help of this frame, on top of which a bed of rock was placed and stabilized with cement. Removing the extremely hard rock bed close to the pipeline required a great deal of drilling power and a high level of accuracy. This part of the job was executed using a drum cutter attached to a backhoe.

The operations in Melbourne were closely monitored by various (environmental) groups. Together with the client, Boskalis has shown that a dredging project can be performed in an efficient way while satisfying environmental norms using an innovative approach.

#### Production and cost optimization

We use cutter suction dredgers in places where the soil is hard, such as Australia, the Middle East and Central America. With these ships we aim to achieve a higher production capacity at lower costs. A forces model has been devised for this purpose to determine the best possible balance between the various process components. The model will first serve for testing the processes on the cutter suction dredger Taurus and if necessary to optimize them.

Another key innovation is the acoustic camera that makes it possible to perform precise operations under water, even in the event of turbidity. One of its uses has been to assist in the precise placement of large stone blocks during the construction of the hard section of the sea defense for the Maasvlakte 2 project in The Netherlands.



## Outlook

After years of boisterous growth the prospects for the dredging industry have clearly deteriorated. Boskalis faces this challenge with a strong and well-filled order book which ensures a well utilized fleet for 2010. The fleet rationalization program will enable Boskalis to part with older vessels in the fleet.

Boskalis is committed to maintaining a solid financial position and this position will continue to be strong after the intended merger with Smit, partly thanks to last December's successful equity issue. Boskalis is in the final phase of a long-term capital expenditure program, meaning that the investment level will decline over the next few years. In the next two years we expect annual capital expenditure of around € 150-200 million (excluding Smit).

Given the project-based nature of our work and the uncertain market conditions, we are unable at this point in time to provide a quantitative forecast

for 2010. We do, however, anticipate that 2010 earnings will be lower than the level achieved in 2009, disregarding the effects of the potential completion of the merger with Smit.

## In conclusion

2009 was an excellent year for Boskalis despite the difficult market conditions. The Board of Management wishes to thank the employees for their dedication and enthusiasm in the past year and looks forward to the coming year with confidence.

Papendrecht / Slidrecht, March 17, 2010

## Board of Management

dr. P.A.M. Berdowski

T.L. Baartmans

J.H. Kamps

*Boskalis executed the largest dredging contract in Finnish history by extending the harbor of Raahé and deepening the entrance channel and harbor basin.*

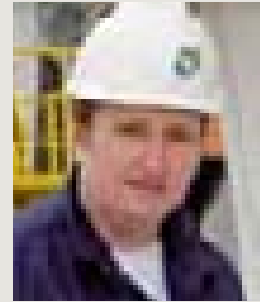


## "Looking beyond your own ship"

**Our value-oriented strategy calls for more than just an organization with skilled professionals. Investing in professional leadership and knowledge-sharing is crucially important. That is why personal effectiveness, team-building and strengthening internal networks are the cornerstones of our management development programs. One such program focuses on the officers who manage our ships: the captains and chief engineers. The new Boskalis Maritime Development Program (BMDP) will allow our company to remain at the forefront of the shipping industry.**



*Lodewijk Wijngaard*



*Bart Onsman*

In 2008 the first group of onboard managers embarked on the two-year BMDP course. Bart Onsman, captain of the Gateway, the large trailing suction hopper dredger brought into service in 2010, was sceptical to begin with. "Most people in dredging have a thing about technology and prefer action to words. So I didn't feel too comfortable with the BMDP process at the start." Now, 18 months down the line, Onsman is enthusiastic. "Aboard the ships you're outside the organization, you're on your own little island. Your only focus is the ship and the ship's objectives: to bring a project to a successful conclusion. Leadership is something you learn from experience and is done mainly by instinct. Now I'm being given tools to help me to perform my role in a more structured and constructive way."

### **Creating awareness of your own performance**

In the experience of Crewing manager Lodewijk Wijngaard, "managers aboard ships have often been in the business for 15 to 20 years and tend to be unaware of their own ability. Making them more aware of their own personal effectiveness is the first step in our program." Onsman can see the benefits.

"I now have a personal profile that gives me greater personal insight, a handle to help me perform my management role better." The second aspect of the course is teambuilding, which Onsman is finding useful now he is composing his crew for the Gateway. "My approach has always been to pick people that felt right. Now I'm trying to put together a team comprising a range of personalities and abilities, so that people complement each other. That's a whole new approach."





*The trailing suction hopper dredger Gateway*

#### [Taking a new look at the organization](#)

A third topic highlighted by the program is fostering a better understanding of the project organization and the colleagues back on shore. Or ‘looking beyond your own ship,’ as Wijngaard calls it. To this end Boskalis organizes regular Meet & Greet sessions where managers participating in BMDP and other MD programs can meet and discover that colleagues elsewhere face the same issues. “This makes it easier to approach people and discuss the problems you encounter in the course of your work,” says Onsman.

To extend knowledge of the organization each

participant is assigned a coach. For example, Onsman is in regular contact with Peter Klip, project director for Maasvlakte 2 and finds this extremely useful. “You can have an informal talk with someone who looks at problems and developments from a different perspective and yet shares the same objective and drive. It has made me look at the organization with new eyes.” According to Wijngaard, the onshore organization is equally enthusiastic about this initiative. “There is a clear need for dialog with the seaborne part of Boskalis and this greatly enhances both cooperation and understanding.”

## Corporate Governance

### Application at Boskalis

Boskalis operates a two-tier board system consisting of a Board of Management and a Supervisory Board that is committed to maintaining the highest corporate governance standards. At the heart of all governance at Boskalis lies the long-term partnership between the company and its various stakeholders.

Our stakeholders are those groups and individuals that directly or indirectly influence our ability to reach our business objectives or are influenced by these objectives, and include employees, shareholders and other financiers, suppliers, customers, government bodies, and the communities in which we operate.

The Boskalis governance model is based on a close and constructive collaboration between the Supervisory Board and its committees, the Board of Management and our stakeholders. The Board of Management and the Supervisory Board are responsible for guarding the interests of our stakeholders while seeking to create shareholder value in the long term.

### Two-Tier System

The Board of Management is responsible for the day-to-day management of the business and for setting out and realizing the company's long-term strategy along with the associated risks, the result and entrepreneurial aspects relevant to the company. The Board of Management is responsible for establishing the company's objectives, implementing its business policies and for its resulting performance.

The Board of Management is accountable to the Supervisory Board and the General Meeting of Shareholders. In performing its tasks, it is guided by the interests of the company and its business and takes into account any relevant interests of parties involved with the company.

The Supervisory Board is responsible for

supervising management performance and advising the Board of Management. Its work is supported by three core committees; the Audit Committee, the Remuneration Committee and the Selection and Appointment Committee. For a summary report of the committees' activities in 2009 please refer to pages 36 to 39 of this report.

At least one General Meeting of Shareholders takes place every year. Its tasks include the adoption of financial statements and the appointment and dismissal of Supervisory Board members. Boskalis' corporate governance policy will be included as a separate agenda item at the General Meeting of Shareholders on May 12, 2010, so that shareholders can express their views on this subject.

At the same time, the interests of employees are protected through the Works Council, which provides ongoing employee representation in the context of the Works Councils Act. It is the task of the Works Council to ensure that management objectives are aligned with those of employees.

### Compliance

Boskalis shares are listed and traded on NYSE Euronext Amsterdam N.V.. The new Dutch Corporate Governance Code (the 'Code'), as drawn up by the Committee Frijns, applies to all Dutch companies listed on the stock exchange and comprises a code of conduct for governance best practice. This Code includes both specific principles and best practice provisions, as well as guidelines for the adequate supervision of these.

Boskalis subscribes to the notion that a sound and transparent system of checks and balances is important to maintaining confidence in companies operating on the capital market. Boskalis believes clarity and openness in accountability and supervision are the cornerstones of good management and entrepreneurship.

As required since the introduction of the Corporate Governance Code in 2004, Boskalis published

an 'Apply or Explain' report that sets out how the principles and best practice provisions are applied at Boskalis. This report is available on the Boskalis website and copies can also be requested from the company.

In 2009 Boskalis deviated from the following best practice provisions contained in the Code:

- In deviation of best practice II.1.1., the chairman of the Board of Management is appointed for an indefinite period of time. This appointment took place in 1997 and predates the introduction of the Dutch Corporate Governance Code. The contract of employment of the chairman of the Board of Management also came into effect prior to the introduction of the Dutch Corporate Governance Code and applies for an indefinite period of time. Boskalis applies this best practice provision to the other members and new members of the Board of Management;
- The contracts of employment of two of the members of the Board of Management deviate from best practice provision II.2.8. The contract of the chairman provides for a severance payment equal to 18 months and the contract of the Chief Financial Officer provides for a 24-month severance payment. Boskalis applies this best practice provision in the contracts of other members and new members of the Board of Management;
- One Supervisory Board member, namely Mr. van der Vorm, has been a member of the Board since 1993. In the best interests of the company, Boskalis has elected to deviate from best practice provision III.3.5.

In light of the new Code Boskalis will publish a revised 'Apply or Explain' report, which will be discussed at the General Meeting of Shareholders on May 12, 2010. Boskalis will inform the General Meeting of Shareholders that the company subscribe to and apply all principles and best practice provisions contained in the new Code, with the exception of best practice provision III.3.5. The company can elect to deviate from this best

practice provision if this is required in the interests of the company. In addition, agreements related to contracts of employment predating the introduction of the Dutch Corporate Governance Code in 2004 will be honoured.

At this time Boskalis does not foresee any further material changes to the company's corporate governance structure in the short term.

The Corporate Governance Declaration is to be found on the corporate website [www.boskalis.com](http://www.boskalis.com).

## Risk Management

### Strategic and Market risks

Boskalis' strategy is aimed at being prepared for opportunities and challenges in the market. The strategy is based on growth in attractive market segments and expanding plus reinforcing the core business.

The Boskalis markets are heterogeneous and often develop differently. In most cases, the (ultimate) clients are national, regional, and local governments, or associated institutions, and major international oil and gas companies. Our markets are generally driven by long-term economic factors, such as increases in the global population, the expansion of the global economy, and the growth of international trade and transport volumes, particularly over water. The long-term prospects for these factors are favorable.

In the shorter term, factors outside our control may have a negative impact on our markets, despite the long-term growth trends. These factors include the current crisis within the financial sector and subsequent knock-on implications for the global economy, and major negative developments affecting exploration and exploitation activities in the markets for energy and other raw materials. Boskalis aims to respond as well as possible to both positive and negative developments in individual market segments through a global spread of activities, an extensive, versatile, and internationally based fleet, and strong positions

in the home markets. Moreover, the dredging industry is largely focused on the maintenance and development of infrastructure. This means that longer-term developments will generally be more important than short-term economic fluctuations.

To expand our business scope and serve our market segments, Boskalis has in the past acquired companies. The intended merger with Smit also fits into our strategic agenda. We place a strong focus on integration of acquisitions as this is critical to achieve the expected results. In this context we are also committed to delivering value to our stakeholders and retaining key personnel.

Boskalis includes contracts in the order book only once agreement has been reached with the client. Although cancellations or substantial reductions in the size of contracts once agreement has been reached have historically been relatively rare, such cancellations or substantial reductions of work in portfolio cannot be ruled out. In the wake of such a cancellation or substantial reduction, losses may arise from the unwinding or settlement of the financial derivatives taken out to cover the related currency risks and/or fuel cost risks but for which the underlying transaction or cash flows will no longer be realized.

Boskalis deals with large, internationally operating competitors, and with more regional or local competitors with activities restricted to one or several submarkets. In most cases, projects are brought to the market using public or private tender procedures. Traditionally and in the vast majority of contracts competition is price-based. However, clients - primarily in the oil and gas industry and private port operators - are increasingly taking other factors, also qualitative ones, into consideration when awarding a contract.

The dredging industry is a capital-intensive industry with high entry and exit barriers, particularly for companies operating in the international arena. Prices are influenced considerably by the relation

between the demand for dredging services and the available capacity or utilization of the equipment. Broad international spread of market positions, and equipment and cost leadership are therefore key success factors upon which Boskalis places a great deal of emphasis, in terms of investment strategy and as a critical focal point in operational management. The solid financial position also provides a strong basis for absorption of risk.

### Operational risks

On the markets where Boskalis operates, 'fixed price/lump sum' is still the most common type of contract. In this type of contract, the contractor must include nearly all the operating and (procurement) cost risks in the price. Possibilities to claim payment from the client for any unexpected costs that occur during the course of a project are generally not or rarely available. Furthermore, many contracts include 'milestones' and linked penalties in case of failure to comply with them. When calculating the cost price and drawing up tenders, considerable emphasis is placed on the identification, analysis and quantification of operating cost and delay risks of this kind. Operating risks mainly involve soil and settlement conditions, variable weather or workability conditions, technical suitability of the equipment, wear and tear due to the processing of dredged materials, and damage to equipment and third-party property.

Boskalis focuses on controlling those risks, first of all by adopting a structured approach in the tender phase to identify risks and their possible consequences. Tenders are assigned to particular risk categories on the basis of size and risk profile. There are procedures for each risk category stating how the tenders should be processed, and the management level for the authorization and setting of the tender price and conditions. During preparations for the tender, and depending on the risk classification, we use resources such as soil investigations, easily accessible databases containing historical data, and adequate risk analysis techniques. The results of the risk analysis

are then used as a factor in the determination of the cost price and/or selling price, and in the drafting of tender and/or contract conditions. When a contract is awarded, the updating of the risk analysis is part of the thorough project preparation process, resulting in concrete actions where necessary. In addition, there is a strong focus on staff training, schooling, and refresher courses, a certified quality and safety program, and optimal maintenance policies to keep equipment in good condition. Some risks are also insured if possible.

Risks related to price developments on the procurement side, such as increased wages, costs of materials, sub-contracting costs and fuel, which are borne by Boskalis, are also taken into account in cost-price calculations. Wherever possible, especially on projects that extend over a long period of time, contracts include cost indexation clauses, mainly for labor and fuel.

In general, fuel cost risks are mitigated in a number of ways. When possible, fuel cost variation clauses are included in the contract while in some cases, contracts require fuel to be delivered by the client. Also, if substantial, fuel risks are commonly covered through the use of financial instruments, such as forward contracts or futures.

The key to the professionalism and skills of Boskalis lies in its ability to manage operating risks effectively and responsibly.

### Financial risks

Boskalis is exposed to both operating and financial risks associated with project execution. The main financial risks include disruption by political developments and violence, and the risk of non-payment by clients. Boskalis has a strict risk acceptance and hedging policy for political and payment risks. Unless first-class, creditworthy clients are involved, these risks are in principle covered by credit insurance, bank guarantees and advance payments. Revenue and profits are only accounted for when realization is sufficiently certain.

A large proportion of projects are not contracted in euros. Generally, positions in non-euro currencies are fully hedged as soon as they occur, usually with forward contracts.

The US dollar exchange rate in relation to the euro is particularly relevant. A large proportion of the projects are contracted in US dollars or in currencies that are linked, to a greater or lesser extent, to the US dollar.

As for competitiveness, a significant part of the cost structure of most of the major international competitors of Boskalis is also based on the euro. This means that currency fluctuations have no major effect on our competitive position. In a number of market segments, there is competition from parties whose cost structures are not based on the euro. The impact of currency fluctuations is greater in those market segments. However, on balance, exchange-rate fluctuations have only a limited impact on the competitive position of the company.

Two important non-fully owned affiliated companies of Boskalis (Archirodon and Lamnalco) are entirely or largely US dollar-based. However, the cost structures of these companies are also US dollar-based, either in full or to a major extent. These holdings are viewed from a long-term perspective. Exchange-rate risks related to the investments in these holdings are not hedged. It is assumed that currency fluctuations, interest and inflation will offset each other in the long term. The income statements of these affiliates are translated at average exchange rates. Translation differences are charged or credited directly to shareholders' equity.

Financial derivatives (such as forward contracts, options, interest rate swaps and futures) for hedging currency risks, fuel cost risks and/or other risks are only used if there is a physical underlying transaction. However, there is a risk that, in the wake of a cancellation or substantial reduction in the size of contracts, losses may arise from the unwinding or settlement of the financial derivatives taken out but for which the underlying transaction or cash flows will no longer be realized.

As is usual in the contracting industry, Boskalis also has large amounts outstanding in the form of bank guarantees or surety bonds (guarantees from insurance companies), usually in favor of customers. Boskalis' policy is to maintain a solid financial position since adequate credit, and particularly bank guarantee facilities, are essential to an uninterrupted conduct of business. The company has adequate credit and bank guarantee facilities at its disposal.

### Internal risk management and control systems

The internal risk management and control systems are based on the principles of effective management control and tailored to the day-to-day working environment in which Boskalis operates worldwide.

Given the hands-on nature of the company and its short lines of communication, three factors are important in the assessment and evaluation of the internal risk management and control practices and systems at Boskalis:

1. With regard to daily operations, an extensive framework of quality assurance rules, procedures and systems, that include clear guidelines for responsibilities, authorization and risk control, forms the backbone of operational risk management and control. In addition to audits by external agencies, Boskalis also performs regular internal audits under the auspices of the SHE-Q department. Reports about these audits are a regular item on the agenda during meetings of the Board of Management with the business unit managers.
2. The daily management of the Boskalis organization involves clear responsibilities and short, clear lines of command that are defined unambiguously. Both competition and project implementation require speed, knowledge, and decisiveness. Daily management is hands-on.
3. The progress and development of the operating results and the company's financial position,

as well as operational and financial risks, are monitored by means of structured periodical reporting, analysis of the financial results, and performance reviews at senior management level.

### Risks with regard to financial reporting

#### Structure of financial reporting

Financial reporting at Boskalis is structured within a tight framework of budgeting, reporting and forecasting. Reports may be for external or internal use.

External reporting consists of an annual report, including financial statements audited by the external auditor, as well as a half-yearly report containing abridged financial information, both consolidated and segmented. The external reports are drawn up in accordance with EU-IFRS on the basis of the internal financial reporting.

Internal financial reporting - 'management reporting' - consists of extensive consolidated quarterly reports dealing with actual developments compared to quarterly (cumulative) budgets.

Quarterly forecasts are also drawn up of the annual results, cash flows and balance sheet positions at the end of the financial year. The quarterly budgets are part of the annual group budget, which is set in December every year by the Supervisory Board and the Board of Management.

The internal financial reporting has a layered structure - in accordance with the internal allocation of management responsibilities - with consolidation taking place level by level, starting with the projects, moving on to the business units and ending with group consolidated reports.

Project managers are responsible for budgets, income statements and balance sheets for their projects, which are drawn up in accordance with guidelines and instructions. In turn, business unit managers are responsible for the financial reports for their business units.



The Board of Management discusses the quarterly reports in formal quarterly meetings with the relevant business unit managers. These meetings are minuted. The consolidated group reports are discussed with the Supervisory Board every quarter.

The structure and quality of the financial accounting and control systems of Boskalis and its group companies are safeguarded by unambiguous and regular internal and external audits. Relevant aspects of the financial accounting and control systems are set out in manuals, guidelines, and procedures. Internal audits to monitor and improve quality and discipline are conducted on the basis of random and ad hoc investigations ('financial audits') that also contain elements of instruction and training. Moreover, the quality of the financial control systems is evaluated regularly in the context of the activities of the external auditors.

The Board of Management considers that these arrangements for financial reporting, with a clear formal structure and regular management evaluations and discharges, safeguard the quality of the figures in the financial reports.

#### Statement about risks relating to financial reporting

In spite of the risk management and control systems that Boskalis has put in place, there can however be no absolute certainty that mistakes, losses, fraud or unlawful activities will be prevented.

The topic of internal risk management and control has been discussed with the Supervisory Board.

No major changes were introduced in the risk management and internal control systems during the course of the year under review.

Given the structure and operation of the financial reporting and review systems at Boskalis, the Board of Management states that:

- the internal risk management and control systems provide a reasonable assurance that the financial reporting does not contain any errors of material importance; and
- the risk management and control systems worked properly in the year 2009.

#### Statement of Directors' responsibilities

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The Board of Management of Royal Boskalis Westminster N.V. states that, to the best of its knowledge:

1. The financial statements, which have been prepared in accordance with the applicable standards for preparing financial statements and as shown on pages 65 to 125 of the Annual Report, provide a true and fair view of the assets, liabilities and financial position as at December 31, 2009 as well as the result for the 2009 financial year of Royal Boskalis Westminster N.V. and the undertakings included in the consolidation as a whole; and
2. The report of the Board of Management, as shown on pages 41 to 61, provides a true and fair view of the position as at December 31, 2009, the business conducted during 2009 by Royal Boskalis Westminster N.V. and by its subsidiaries whose details are included in the financial statements; and
3. The report of the Board of Management, as shown on pages 41 to 61, provides information on the principal risks and uncertainties faced by Royal Boskalis Westminster N.V.

Papendrecht / Slidrecht, March 17, 2010

#### Board of Management

dr. P.A.M. Berdowski  
T.L. Baartmans  
J.H. Kamps

## Ship dismantling with consideration for public health and the environment

**Boskalis continuously adapts its fleet capacity in response to changes in the market. Fleet size and the technical condition of our ships are closely monitored to ensure we retain our excellent position in the future. Commercial considerations play a part in deciding whether or not to keep older ships in service. When we have to bid farewell to a ship, Boskalis ensures it is recycled in accordance with all internal standards and stringent external regulations.**



*Eric Holman*



*Cees Visser*

In 2009 Boskalis announced a fleet rationalization exercise in light of the volume decline forecast for the dredging market. The inventory was completed by the end of the year. "In addition to the technical condition of the ships we look at historic and future costs and the likely operational result," explains Eric Holman, director of the Central Technical Department. "Then we lay the resulting picture alongside market expectations." For a number of ships it transpired that further spending could not be justified. This section of the central fleet will be taken out of service over the next few years. "The options we have are to lay up a ship temporarily until the market picks up or to bid it farewell," says Holman. "If it is the latter, commercial considerations dictate that we opt for recycling rather than a sale."

### [Green recycling](#)

"Ahead of the rationalization exercise, the hopper WD Severn, part of the decentral fleet, was taken out of service during 2009. The ship belongs to our UK home market fleet and will be recycled in an environmentally friendly manner in compliance with our standards and under our responsibility,"

says Holman. Cees Visser has been asked to lead the project. In the course of his career Visser has seen several ships to their graves, as he puts it. His experience with the complex system of national and European legislation and regulations, as well as international guidelines and agreements regarding the recycling of ships, is most welcome. The main priority is to ensure that a ship is dismantled with consideration for public health and the environment. "We have found a Belgian recycling company which is able to operate in compliance with all these rules. Boskalis has set out requirements for the recycling process in a so-called Method Statement and will continuously monitor compliance."

### [Elaborate procedure](#)

At an earlier stage Boskalis made a risk inventory of the location and the type of hazardous materials aboard the WD Severn. "As long as these materials remain in their own environment aboard the ship, they're not hazardous. The risk begins once the dismantling starts," Visser stresses. Samples of suspect materials are taken, tested in a laboratory and documented in a report



(Inventory Hazardous Materials). This report is then submitted for approval by Bureau Veritas, the internationally recognized classification agency that certifies whether ships comply with national and international legislation and regulations. The certified report forms a manual for the demolition company in charge of the removal and responsible disposal of these materials. Furthermore, based on this information the UK, Dutch and Belgian environmental authorities have given permission

for the ship to be towed through their waters from England to Ghent. “This elaborate procedure is customary these days for older vessels which may contain environmentally harmful materials,” Visser explains. The final step in the dismantling process is the issue of a Certificate of Demolition by the Belgian Ministry of Transport as proof that the Ghent-based company has performed the demolition with due care and in compliance with the rules.





## Financial statements 2009

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## Consolidated income statement

<i>(in € 1,000)</i>	<i>Note</i>	<b>2009</b>	2008
<b>Operating income</b>			
Revenue	[4]	<b>2,175,179</b>	2,093,847
Other income	[5]	<b>7,417</b>	101,495
		<b>2,182,596</b>	2,195,342
<b>Operating expenses</b>			
Raw materials, consumables and services	[6]	<b>- 1,454,344</b>	- 1,480,762
Personnel expenses	[7]	<b>- 283,304</b>	- 260,027
Depreciation, amortization and impairment losses	[13]	<b>- 195,677</b>	- 115,441
		<b>- 1,933,325</b>	- 1,856,230
<b>Operating result</b>		<b>249,271</b>	339,112
<b>Finance income and expenses</b>			
Finance income	[8]	<b>1,195</b>	10,456
Finance expenses	[8]	<b>- 13,664</b>	- 10,023
		<b>- 12,469</b>	433
Share in result of associated companies (after taxation)	[14]	<b>58,344</b>	- 28,563
<b>Profit before taxation</b>		<b>295,146</b>	310,982
Taxation	[9]	<b>- 65,981</b>	- 60,870
<b>Net group profit</b>		<b>229,165</b>	250,112
<b>Net group profit attributable to:</b>			
Shareholders		<b>227,852</b>	249,105
Minority interests		<b>1,313</b>	1,007
		<b>229,165</b>	250,112
Average number of shares	[20.4]	<b>88,371,852</b>	85,799,361
Earnings per share	[20.4]	<b>€ 2.58</b>	€ 2.90
Diluted earnings per share	[20.4]	<b>€ 2.58</b>	€ 2.90



## Consolidated statement of recognized and unrecognized income and expenses

<i>(in € 1,000)</i>	<i>Note</i>	<b>2009</b>	2008
<b>Net group profit for the period</b>		<b>229,165</b>	250,112
<b>Unrecognized income and expenses for the period</b>			
Currency translation differences on foreign operations	[20.5.4]	- 5,800	- 7,765
Revaluation of property, plant and equipment		—	5,325
Actuarial gains and losses and asset limitation on defined benefit pension schemes	[22.1]	21,826	- 22,707
Movement in fair value of cash flow hedges	[25.2]	1,473	- 36,940
Income tax on unrecognized income and expenses	[11]	- 472	8,259
Unrecognized income and expenses for the period, net of income tax		<b>17,027</b>	- 53,828
<b>Total recognized and unrecognized income and expenses for the period</b>		<b>246,192</b>	196,284
<b>Attributable to:</b>			
Shareholders		<b>244,270</b>	194,169
Minority interests		<b>1,922</b>	2,115
<b>Total recognized and unrecognized income and expenses for the period</b>		<b>246,192</b>	196,284

## Consolidated balance sheet

		December 31	
(in € 1,000)	Note	2009	2008
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	[12]	13,595	19,395
Property, plant and equipment	[13]	1,059,788	979,289
Investments in associated companies	[14]	298,674	218,366
Other financial fixed assets	[15]	6,019	8,527
Derivatives	[25]	354	819
Deferred income tax assets	[11]	6,713	6,600
		<u>1,385,143</u>	<u>1,232,996</u>
<b>Current assets</b>			
Inventories	[16]	69,671	76,004
Due from customers	[17]	140,086	146,482
Trade and other receivables	[18]	601,636	670,894
Derivatives	[25]	3,279	14,447
Income tax receivable	[10]	8,899	2,234
Cash and cash equivalents	[19]	594,836	408,356
		<u>1,418,407</u>	<u>1,318,417</u>
<b>Total assets</b>		<u><u>2,803,550</u></u>	<u><u>2,551,413</u></u>
<b>Group equity</b>			
Issued capital	[20]	78,921	68,639
Share premium	[20]	232,076	13,261
Other reserves	[20]	77,181	35,389
Retained earnings	[20]	907,589	742,829
<b>Shareholders' equity</b>		<u>1,295,767</u>	<u>860,118</u>
<b>Minority interests</b>		9,154	7,580
<b>Total group equity</b>	[20]	<u>1,304,921</u>	<u>867,698</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Interest-bearing borrowings	[21]	57,438	41,898
Employee benefits	[22]	13,740	35,947
Deferred income tax liabilities	[11]	29,232	17,088
Provisions	[23]	6,384	5,246
Derivatives	[25]	6,959	10,665
		<u>113,753</u>	<u>110,844</u>
<b>Current liabilities</b>			
Due to customers	[17]	507,213	375,593
Interest-bearing borrowings	[21]	22,645	271,003
Bank overdrafts	[19]	1,347	6,259
Income tax payable	[10]	105,324	126,591
Trade and other payables	[24]	727,668	737,544
Derivatives	[25]	18,915	54,639
Provisions	[23]	1,764	1,242
		<u>1,384,876</u>	<u>1,572,871</u>
<b>Total liabilities</b>		<u>1,498,629</u>	<u>1,683,715</u>
<b>Total group equity and liabilities</b>		<u>2,803,550</u>	<u>2,551,413</u>

## Consolidated statement of cash flows

<i>(in € 1,000)</i>	<i>Note</i>	<b>2009</b>	2008
<b>Cash flows from operating activities</b>			
Net group profit		<b>229,165</b>	250,112
Depreciation, amortization and impairment losses		<b>195,677</b>	115,441
Cash flow		<b>424,842</b>	365,553
Adjustments for:			
Finance income and expenses		<b>12,469</b>	-433
Taxation		<b>65,981</b>	60,870
Results from disposals of and insurance results on property, plant and equipment		<b>- 7,417</b>	- 101,273
(Reversal of) impairment losses on associated companies		<b>- 35,268</b>	35,268
Movement other financial fixed assets		<b>2,508</b>	-2,629
Movement provisions (including direct equity movements)		<b>- 2,333</b>	- 12,386
Movement in inventories		<b>5,869</b>	- 16,948
Movement trade and other receivables		<b>82,456</b>	17,852
Movement trade and other payables		<b>- 41,268</b>	- 110,610
Movement due from and due to customers		<b>139,917</b>	136,914
Result of associated companies		<b>- 23,076</b>	- 6,705
Cash generated from operating activities		<b>624,680</b>	365,473
Dividends received		<b>1,500</b>	1,968
Interest received		<b>1,195</b>	10,456
Interest paid *)		<b>- 10,864</b>	- 8,908
Income taxes paid		<b>- 83,818</b>	- 54,572
Net cash from operating activities		<b>532,693</b>	314,417
<b>Cash flows from investing activities</b>			
Investments in intangible assets and property, plant and equipment, excluding recognized borrowing costs		<b>- 293,371</b>	- 291,980
Proceeds from disposals of property, plant and equipment		<b>15,739</b>	173,032
Net investment in group companies, net of cash acquired		<b>—</b>	- 24,553
Net investments in associated companies		<b>- 17,574</b>	- 240,049
Net cash used in investing activities		<b>- 295,206</b>	- 383,550
<b>Cash flows from financing activities</b>			
Proceeds from loans		<b>181,078</b>	343,550
Repayment of loans		<b>- 412,134</b>	- 118,612
Transaction costs relating to the arrangement of credit facilities *)		<b>- 5,133</b>	- 1,115
Proceeds from share issue		<b>227,351</b>	—
Dividends paid to the company's shareholders		<b>- 35,972</b>	- 102,101
Dividends paid to minority shareholders		<b>- 348</b>	- 3,221
Net cash used in / from financing activities		<b>- 45,158</b>	118,501
<b>Net increase in cash and cash equivalents</b>		<b>192,329</b>	49,368
Net cash and cash equivalents as at January 1	[19]	<b>402,097</b>	350,354
Net increase in cash and cash equivalents		<b>192,329</b>	49,368
Currency translation differences		<b>- 937</b>	- 2,375
<b>Movement in net cash and cash equivalents</b>		<b>191,392</b>	51,743
<b>Net cash and cash equivalents as at December 31</b>	[19]	<b>593,489</b>	402,097

\*) 2008 figures adjusted for comparison reasons

## Consolidated statement of changes in equity

<i>(in € 1,000)</i>	Issued capital	Share premium	Other reserves	Retained earnings	Total	Minority interest	Total equity
<i>Note</i>	<i>[20.1]</i>	<i>[20.1]</i>	<i>[20.5]</i>	<i>[20.2]</i>			
<b>Balance as at January 1, 2009</b>	<b>68,639</b>	<b>13,261</b>	<b>35,389</b>	<b>742,829</b>	<b>860,118</b>	<b>7,580</b>	<b>867,698</b>
<b>Total recognized and unrecognized income and expenses for the period</b>							
<i>Net group profit for the period</i>	—	—	—	227,852	227,852	1,313	229,165
<b>Unrecognized income and expenses for the period</b>							
Foreign currency translation differences for foreign operations	—	—	- 4,665	—	- 4,665	609	- 4,056
Cash flow hedges, after taxation	—	—	2,527	—	2,527	—	2,527
Defined benefit plan actuarial gains (losses) and asset limitation, after taxation	—	—	18,556	—	18,556	—	18,556
Movement other legal reserve	—	—	25,374	- 25,374	—	—	—
<i>Total unrecognized income and expenses for the period</i>	—	—	41,792	- 25,374	16,418	609	17,027
<b>Total recognized and unrecognized income and expenses for the period</b>	—	—	41,792	202,478	244,270	1,922	246,192
<b>Transactions with shareholders</b>							
Issue of ordinary shares	7,216	220,135	—	—	227,351	—	227,351
Cash dividend	—	—	—	- 35,972	- 35,972	- 348	- 36,320
Stock dividend	3,066	- 1,320	—	- 1,746	—	—	—
<b>Total transactions with shareholders</b>	<b>10,282</b>	<b>218,815</b>	<b>—</b>	<b>- 37,718</b>	<b>191,379</b>	<b>- 348</b>	<b>191,031</b>
<b>Balance as at December 31, 2009</b>	<b>78,921</b>	<b>232,076</b>	<b>77,181</b>	<b>907,589</b>	<b>1,295,767</b>	<b>9,154</b>	<b>1,304,921</b>

<i>(in € 1,000)</i>	Issued capital	Share premium	Other reserves	Retained earnings	Total	Minority interest	Total equity
<i>Note</i>	<i>[20.1]</i>	<i>[20.1]</i>	<i>[20.5]</i>	<i>[20.2]</i>			
<b>Balance as at January 1, 2008</b>	68,639	13,261	80,178	605,972	768,050	8,686	776,736
<b>Total recognized and unrecognized income and expenses for the period</b>							
<i>Net group profit for the period</i>	—	—	—	249,105	249,105	1,007	250,112
<b>Unrecognized income and expenses for the period</b>							
Foreign currency translation differences for foreign operations	—	—	- 8,873	—	- 8,873	- 1,108	- 7,765
Revaluation of property, plant and equipment, after taxation	—	—	3,834	—	3,834	—	3,834
Cash flow hedges, after taxation	—	—	- 30,534	—	- 30,534	—	- 30,534
Defined benefit plan actuarial gains (losses) and asset limitation, after taxation	—	—	- 19,363	—	- 19,363	—	- 19,363
Movement other legal reserve	—	—	10,147	- 10,147	—	—	—
<i>Total unrecognized income and expenses for the period</i>	—	—	- 44,789	- 10,147	- 54,936	- 1,108	- 53,828
<b>Total recognized and unrecognized income and expenses for the period</b>	—	—	- 44,789	238,958	194,169	2,115	196,284
<b>Transactions with shareholders</b>							
Cash dividend	—	—	—	- 102,101	- 102,101	- 3,221	- 105,322
<b>Total transactions with shareholders</b>	—	—	—	- 102,101	- 102,101	- 3,221	- 105,322
<b>Balance as at December 31, 2008</b>	68,639	13,261	35,389	742,829	860,118	7,580	867,698

## Explanatory notes to the consolidated financial statements

### 1. General

Royal Boskalis Westminster N.V. is a leading global services provider operating in the dredging, maritime infrastructure and maritime services sectors. Royal Boskalis Westminster N.V. (the 'company') has its registered office in Sliedrecht, the Netherlands, and its head office is located in Papendrecht, the Netherlands. The company is a public limited company listed on the NYSE Euronext Amsterdam stock exchange. The consolidated financial statements of Royal Boskalis Westminster N.V. for 2009 include the company and group companies (hereinafter referred to jointly as the 'Group' and individually as the 'Group entities') and the interests of the Group in associated companies and entities over which it has joint control. During the reporting period the Group did not change significantly as a result of acquisitions or disposals.

The consolidated financial statements were prepared by the Board of Management and have been signed on March 17, 2010. The 2009 financial statements will be submitted for approval to the Annual General Meeting of Shareholders of May 12, 2010.

### 2. Compliance with International Financial Reporting Standards

#### 2.1 Compliance statement

The consolidated financial statements and the accompanying explanatory notes have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union, and with Part 9 of Book 2 of the Netherlands Civil Code.

#### 2.2 Amendments to the principles of financial reporting

With effect from January 1, 2009 the Group has amended the principles of financial reporting in the following areas:

- Recognition of borrowing costs
- Determination and presentation of operating segments
- Presentation of financial statements.

##### *Recognition of borrowing costs*

With regard to borrowing costs relating to qualifying assets for which capitalization of the borrowing costs

commences on or after January 1, 2009, the Group capitalizes the borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Previously all borrowing costs were recognized directly as expenses. This change in accounting policy is the result of the prospective application of IAS 23 Borrowing Costs (2007) in accordance with the transitional provisions of this standard. The comparative figures were not amended. The change in accounting policy had no material impact on earnings per share.

##### *Determination and presentation of operating segments*

With effect from January 1, 2009, operating segments are determined and presented by the Group based on the information internally reported to the Board of Management, the highest-ranked body in the Group authorized to make key operational decisions. This change in accounting policy is the result of the application of IFRS 8 Operating Segments. Previously operating segments were determined and presented in accordance with IAS 14 Segment Reporting. The new principle for financial reporting with respect to disclosure on operating segments, which has not resulted in material changes to the information presented, is presented as follows.

An operating segment is a part of the Group that performs operational activities that can result in revenue and expenses, including revenue and expenses relating to transactions with other Group companies. The operating results of an operating segment are assessed periodically by the Board of Management for the purpose of decision-making on the allocation of resources to the segment and for the assessment of the presentation, based on the confidential financial information available.

Segment results reported to the Board of Management contain items that can be allocated to the segment, either directly or on a reasonable basis. Items not allocated predominantly consist of the investment in the associated company Smit Internationale N.V. and the costs of the Company's head office, as well as deferred and current income tax receivables and payables.

Investments in property, plant and equipment of a segment concern the total amount of costs incurred in the reporting period for the acquisition of property, plant and equipment.

The comparable segment information has been revised in accordance with the transitional provisions of IFRS 8. As this change in accounting policy only impacts aspects of presentation and disclosure, it has no impact on earnings per share.

#### *Presentation of financial statements*

The Group applies the revised standard IAS 1 Presentation of Financial Statements (2007) which has been in force since January 1, 2009. Accordingly the Group presents all changes in equity relating to shareholders in their capacity as shareholders in the consolidated statement of changes in equity, whereas all changes in equity not relating to shareholders in their capacity as shareholders are recognized in the consolidated statement of recognized income and expense.

Comparative information has been adapted to bring it in line with the revised standard. As this change in accounting policy applies solely to aspects regarding presentation and disclosure, it has no impact on earnings per share.

The principles for financial reporting subsequently disclosed are applied consistently for all periods disclosed in these consolidated financial statements and have been applied consistently by the Group entities.

### **2.3 New standards and interpretations not yet adopted**

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2009, and have not been applied in preparing these consolidated financial statements:

Revised IFRS 3 Business Combinations (2008) incorporates the following changes that are likely to be relevant to the Group's operations:

- A contingent consideration will be measured at fair value, with subsequent changes therein recognized in profit or loss;
- Transaction costs, other than share and debt issue costs, will be expensed as incurred;
- Any pre-existing interest in the acquire will be measured at fair value with the gain or loss recognized in profit or loss;

- Any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquire, on a transaction-by-transaction basis.

Revised IFRS 3, which becomes mandatory for the Group's 2010 consolidated financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the Group's 2010 consolidated financial statements.

Amended IAS 27 Consolidated and Separate Financial Statements (2008) requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognized as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognized in profit or loss. The amendments to IAS 27, which become mandatory for the Group's 2010 consolidated financial statements, are not expected to have a significant impact on the consolidated financial statements.

Other than the new standards listed above, a number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2009, and have not been applied in preparing these consolidated financial statements. None of these at the moment identified changes will have an effect on the consolidated financial statements of the Group.

## **3. Principles of financial reporting**

### **3.1 Format and valuation**

The consolidated financial statements are drawn up in euros, the Group's functional currency. The consolidated financial statements are based upon historical cost to the extent that IFRS does not prescribe another accounting method for specific items. Preparing financial statements in accordance with IFRS means that judgements, estimates and assumptions made by the management partly determine the recognized amounts under assets, liabilities, revenues and costs. The estimates and assumptions are mainly related to the measurement of property, plant and equipment (useful life and impairment), goodwill, valuation of investments in associated companies, results on completion of work

in progress, pension liabilities, taxation, provisions and financial instruments. Judgements made by management within the application of IFRS with an important effect on the Financial statements are the qualifications of investments as Group companies, joint ventures or associated companies. Details are incorporated in the explanatory notes to these items. Next to the elements already explained in the explanatory notes to the Financial statements, there are no other critical valuation judgements in the application of the principles that need further explanation. The estimates made and the related assumptions are based on management's experience and understanding and the development of external factors that can be considered reasonable under the given circumstances. Estimates and assumptions are subject to alterations as a result of changes to facts and understanding and may have different outcomes per reporting period. Any differences are recognized in the balance sheet or income statement, depending on the nature of the item. The actual results may deviate from results reported previously on the basis of estimates and assumptions. Unless stated otherwise, all amounts in the notes in these financial statements are stated in thousands of euros.

## 3.2 Consolidation

### 3.2.1 Group companies

Group companies are included in the consolidation for 100% on the basis of existing control, taking into account any minority interests. The financial statements of Group companies are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of Group companies have been changed when necessary to align them with the policies adopted by the Group.

### 3.2.2 Joint ventures

Joint ventures are those entities over which the Group has joint control, whereby this control has been laid down in a contract and strategic decisions on financial and operational policy are taken by unanimous agreement. Joint ventures – both strategic alliances and contractual project-driven construction consortiums – are included in the consolidation on a proportional basis in accordance with the share in joint control. Amounts receivable from and payable to project-driven construction consortiums are eliminated in the consolidation. Elimination differences as a result of imbalances between partners in current account

relation with project-driven construction consortiums, for example timing differences in supply, are recognized in the consolidated balance sheet under Other receivables or Other creditors.

### 3.2.3 Associated companies

Shareholdings that are not eligible for consolidation based on control, but where there is significant influence on the financial and operating policy, are recognized under associated companies. Significant influence is presumed to exist when the Group holds 20 percent or more of the voting power of another entity. The consolidated financial statements include the Group's share in the result of associated companies, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

### 3.2.4 Elimination of transactions upon consolidation

Intragroup receivables and payables, as well as intragroup transactions and finance income and expenses and unrealized results within the Group and with associated companies and joint ventures, are eliminated in preparing the consolidated financial statements to the extent of the Group's share in the investment.

## 3.3 Foreign currencies

The assets and liabilities of foreign Group companies and joint ventures that are denominated in functional currencies other than the euro have been translated at the exchange rates as at the end of the reporting period. The income statement items of the foreign Group companies and joint ventures concerned have been translated at average exchange rates, which approximate the applicable exchange rates at transaction settlement dates. Resulting currency translation differences are added or charged directly to the currency translation reserve in group equity. Exchange rate differences as a result of operational transactions are included in the consolidated income statement of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

## 3.4 Derivatives and hedging

It is the policy of Royal Boskalis Westminster N.V. to use cash flow hedges to cover all operational currency risks that mainly relate to future cash flows from contracts that are highly probable and that are



denominated in currencies other than the relevant functional currency. Fuel price risks and interest rate risks in future cash flows are hedged from time to time using specific derivatives.

Hedge accounting is applied to the majority of cash flow hedges as follows. On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be “effective” in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent. For a cash flow hedge of a expected transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net income.

The application of hedge accounting means that movements in the market value of cash flow hedges not yet settled – including results realized on the “rolling forward” of existing hedges as a result of differences between the duration of the hedges concerned and the underlying cash flows – will be directly added or charged to the hedging reserve in group equity, taking taxation into account. If a cash flow hedge added or charged to the group equity either expires, is closed or is settled, or the hedge relation with the underlying cash flows can no longer be considered effective, the accumulated result will continue to be recognized in group equity as long as the underlying cash flow is still expected to take place. When the underlying cash flow actually takes place, the accumulated result is included directly in the income statement. Movements in the market value of cash flow hedges to which no hedge accounting is applied (ineffective cash flow hedges and the ineffective portion of effective cash flow hedges) are included in the income statement for the reporting period. Results from settled effective cash flow hedges and the movements in the market value of ineffective cash flow hedges are recognized in the related items within the operating result. Derivatives are stated initially at fair value; attributable

transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described.

### 3.5 Impairment

An assessment is made each reporting period to determine whether there is any indication of impairment of the assets of the Group. This does not apply to assets resulting from inventory, due from customers for work in progress, deferred income tax assets, financial instruments within the application of IAS 39 and assets arising from employee benefits. If there is any indication of impairment, an estimate is made of the realizable value of the asset concerned. The difference between the results of this assessment and the relevant book value is charged as an impairment loss to the income statement and deducted from the book value. The present value is calculated at a pre-tax discount rate that reflects the current expectation of the market rate of interest, while also taking into account with regard to floating and other construction equipment specific asset-related risks that are not included in the estimated future cash flows. With the exception of goodwill, impairment losses previously charged to the income statement can be reversed if the estimate of the fair value gives cause to do so.

Indications of impairment of floating and other construction equipment are based on long-term expectations for the utilization of equipment or groups of interchangeable equipment. If there is any indication of impairment, the realizable value of the asset concerned is determined on the basis of the net realizable value or the present value of the estimated future cash flows for the remaining useful life of the equipment from the utilization of the relevant equipment or of the group of interchangeable equipment.

### 3.6 Intangible assets

Goodwill arises upon acquiring Group companies, joint ventures and associated companies and is calculated as the difference between the acquisition price and the fair value of the assets and liabilities acquired, according to the accounting principles of Royal Boskalis Westminster N.V. Goodwill and other intangible assets are capitalized net of accumulated amortization and accumulated impairment losses. Goodwill and intangible assets with an infinite useful life are not systematically amortized, but are tested for impairment every year or in case of an indication for impairment (see note 3.5). Negative goodwill that may arise upon acquisition is added directly to the income statement. Straight-line amortization is applied to other intangible assets with a limited useful life. In case of investments accounted for using the equity method the book value of the goodwill is contained in the book value of the investment.

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is expensed as incurred. Development expenditure is capitalized when material. Development activities are particularly related to investments in dredging equipment.

### 3.7 Service Concession Arrangements

Service concession arrangements are agreements whereby the concession provider has granted the group the right to provide public services under certain preconditions. Pursuant to this:

- A financial asset is recognized to the extent that the operator has an unconditional contractual right to receive cash or another financial asset from the grantor for construction or upgrade services.
- An intangible asset is recognized to the extent that the operator has the right to charge users of the public service.
- When the operator is paid for its services partly by a financial asset and partly by a licence to charge users, the two components of the consideration are recognized separately. The consideration received or receivable for both components is recognized initially at the fair value of the consideration received or receivable.

Under both the financial asset and the intangible asset models, the operator accounts for revenue and

cost relating to construction (or upgrade) services in accordance with IAS 11 'Construction Contracts'.

Financial assets relating to the concession are accounted for in accordance with IAS 39 as loans or receivables and are presented at amortized cost using the effective interest rate method with the annual interest recognized in the income statement.

### 3.8 Property, plant and equipment

Property, plant and equipment are recognized at cost price less accumulated depreciation and accumulated impairment losses. The cost price is calculated from the purchase price and/or the internally generated direct expenses. Depreciation of components in the initial cost price is based on the remaining useful life, taking into account any residual value. Modifications and investments to increase capacity are also capitalized at cost price and depreciated on a straight-line basis over the remaining useful life of the asset. Buildings are depreciated over periods varying from ten to fifty years. The depreciation periods for most floating and other construction equipment vary from fifteen to eighteen years. Furnitures and fittings and other fixed operating assets have depreciation periods between three and ten years.

The wear and tear of dredging equipment is highly dependent on project-specific combinations of soil conditions, material to be processed, maritime circumstances, and the intensity of the deployment of the equipment (factors that are difficult to predict). Due to these erratic and time-independent patterns, the maintenance and repair expenses for upkeep of the assets are predominantly charged to the income statement. In exceptional cases the maintenance and repair expenses are eligible for capitalization and straight-line depreciation.

Upon its disposal the revaluation surplus of an item of property, plant and equipment is transferred from the revaluation reserve to the retained earnings.

Methods for depreciation, useful life and residual value are reassessed at the end of each financial year and amended if necessary.

### 3.9 Associated companies

Associated companies, in which the Group has a significant influence on the financial and operating policy, are initially recognized at cost. The investment includes the goodwill determined at acquisition date, less any cumulative impairment losses. Subsequently associated companies are accounted for using the equity method, adjusted for differences with the accounting principles of the Group, less any accumulated impairment. When the Group's share of losses exceeds the book value of the associated company, the book value is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associated company.

### 3.10 Other financial fixed assets

The other financial fixed assets are mainly held on a long-term basis and/or until maturity and are carried at amortized cost. Accumulated impairment losses are deducted from the book value.

### 3.11 Inventories

Inventories, which mainly consist of fuel, auxiliary materials and spare parts, are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of selling.

### 3.12 Due from and due to customers

Due from customers concerns the gross amount yet to be charged which is expected to be received from customers for contractual work done up to the reporting date (hereafter: "work in progress"). Work in progress is valued at the cost price of the work done, plus a part of the expected results upon completion of the project in proportion to the progress made and less progress billings, advances and provisions. Provisions are recognized for expected losses on work in progress as soon as they are foreseen, and deducted from the cost price; if necessary, any profits already recognized are reversed. The cost price includes (direct attributable) project costs, consisting of payroll costs, materials, costs of subcontracted work, rental charges and maintenance costs for the equipment used and other project costs. The rates used are based on the expected average occupation in the long run.

The progress of a project is determined on the basis of the cost of the work done in relation to the expected cost price of the project as a whole. Profits are not recognized unless a reliable estimate can be made of the result on completion of the project. The balance of the value of work in progress, progress billings and advance payments is determined per project. For projects where the progress billings and advance payments exceed the value of work in progress, the balance is recognized under current liabilities instead of under current assets. The respective balance sheet items are "due from customers" and "due to customers".

### 3.13 Trade and other receivables

Trade and other receivables are stated initially at fair value and subsequently at amortized cost less accumulated impairment losses, such as doubtful debts. Amortized cost is determined using the effective interest rate.

### 3.14 Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and deposits with terms of no more than three months. The explanatory notes disclose the extent to which cash and cash equivalents are not freely available as a result of transfer restrictions, joint control or other legal restrictions. Bank overdrafts are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

### 3.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

### 3.16 Interest-bearing borrowings

Interest-bearing borrowings are liabilities to financial institutions. At initial recognition, interest-bearing borrowings are stated at fair value less transaction costs. Subsequently, interest-bearing borrowings are stated at amortized cost.

### 3.17 Employee benefits

#### *Defined contribution pension schemes*

A defined contribution pension scheme is a post-employment benefit scheme under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts if the pension fund has insufficient funds to pay employee benefits in connection with services rendered by the employee in the current or prior periods. Obligations for contributions to defined contribution pension schemes are recognized as an employee benefit expense as part of the personnel expenses in the income statement when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payment is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

#### *Defined benefit pension schemes*

A defined benefit pension scheme is every post-employment benefit scheme other than a defined contribution scheme. For each separate defined benefit pension scheme, the net asset or liability is determined as the balance of the discounted value

of the future payments to employees and former employees, less the fair value of plan assets. The calculations are done by qualified actuaries using the projected unit credit method. The discount rate equals the yield on high quality corporate bonds as at the balance sheet date, with the period to maturity of the bonds approximating the duration of the liability. If the calculation results in a positive balance for the group, the asset is included up to an amount equal to any unrecognized past service pension costs and the discounted value of economic benefits in the form of possible future refunds or lower future pension premiums from the fund. In calculating the discounted value of economic benefits, the lowest possible financing obligations are taken into account as applicable to the individual schemes in force within the group. An economic benefit is receivable by the Group if it can be realized within the period to maturity of the scheme or upon settlement of the scheme's obligations. Actuarial gains and losses, including any movements in limitations on the net pension assets, are recognized in the unrecognized results within the Consolidated statement of recognized and unrecognized income and expenses. Past service costs are charged to the income statement on a straight-line basis over the average period until the benefits become vested, insofar as the benefits are not granted unconditionally.

#### *Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee, and the obligation can be estimated reliably.

#### *Other long-term employee benefits*

The other long-term employee benefits consist mainly of jubilee benefits. The calculation of these liabilities is based upon the actuarial assumptions for the predominant defined benefit scheme.

### 3.18 Share-based remuneration plans

Members of the Board of Management are granted a conditional number of notional shares which are distributed in cash. This conditional awarding of notional shares is linked to meeting the long-term (three years) performance criteria as explained in the paragraph 'Remuneration Committee' in the report of the Supervisory Board over 2009.

The fair value of the conditional number of notional shares is determined on the date they are awarded and adjusted at each reporting date based on the value development of the conditional number of notional shares. If applicable, the impact of this determination and possible adjustment over a three-year period is recognized in the income statement. The fair value of the conditional number of notional shares is recognized as a liability.

### 3.19 Provisions

Provisions are determined on the basis of estimates of future outflows of economic benefits relating to operational activities for legal or constructive obligations of an uncertain size or with an uncertain settlement date that arise from past events and for which a reliable estimate can be made. Provisions, if applicable, relate to reorganization, warranties, provisions for loss-making contracts, legal proceedings and submitted claims.

Provisions for reorganization costs are recognized when a detailed and formal plan is announced at balance sheet date to all those concerned or when the execution of the plan has commenced. Provisions for warranties are recognized for warranty claims relating to completed projects with agreed warranty periods applying to some of the consolidated/proportionally consolidated entities. The book value of these provisions is based on common practice in the industry and the company's history of warranty claims over the past ten years for relevant projects.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. In accordance with the Group's policy and applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expenses, is recognized when the land is contaminated.

Provisions are discounted insofar as the difference between the discounted value and nominal value is material.

### 3.20 Deferred income tax assets and liabilities

Deferred income tax assets and liabilities mainly consist of temporary differences between the book value and tax base of assets and liabilities at the relevant applicable tax rates. Deferred tax assets and deferred tax liabilities are netted insofar as they relate to the same fiscal entity.

### 3.21 Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently at cost/amortized cost. Insofar as the difference between the discounted and nominal value is not material, trade and other payables are stated at cost.

### 3.22 Revenue

Revenue mainly consists of the cost price of the work done during the reporting period, plus a part of the expected results upon completion of the project in proportion to the progress made during the reporting period, and including and/or deducting the provisions recognized and/or used and released during the reporting period for expected losses. The applied "percentage-of-completion" method is, by its nature, based on an estimation process. Revenue also includes services rendered to third parties during the reporting period. Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed. Revenue does not include any direct taxes. When it is uncertain whether the economic benefits of work done or services rendered will flow to the Group, the relevant revenue is not recognized.

### 3.23 Other income

Other income mainly consists of book profits from disposals of and insurance results on property, plant and equipment.

### 3.24 Raw materials, consumables and services

Raw materials, consumables and services consist of the cost price of the work done during the reporting period, excluding personnel expenses and depreciation. Raw materials, consumables and services also include equipment utilization costs, general overhead costs, external costs for research and development where not capitalized, currency translation differences on transactions in foreign currency and other results/late results. The limited costs for research and development are by their nature directly charged to the income statement.

### 3.25 Personnel expenses

Personnel expenses consist of wages and salaries for own personnel and the related social security charges and pension costs, including paid and accrued contributions for defined pension contribution plans and the movement in the assets and liabilities from defined benefit plans, excluding actuarial gains and losses and the limitation on net pension plan assets added or charged directly to group equity.

### 3.26 Depreciation and amortization expenses

Depreciation and amortization expenses comprise the depreciation on property, plant and equipment and the amortization of other capitalized costs and intangible assets.

### 3.27 Lease payments

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

### 3.28 Finance income and expenses

Finance income comprises interest received and receivable from third parties, and gains on financial instruments used to hedge interest risks that are included in the income statement. Interest income is recognized as it accrues in the income statement, using the effective interest method. Finance expenses comprises interest paid and payable to third parties, which are allocated to reporting periods based on the effective interest method, arrangement fees, and losses on financial instruments used to hedge interest risks that are included in the income statement.

### 3.29 Share in result of associated companies

Share in result of associated companies comprises the share in the results after taxation of the participating interests not included in the consolidation and, if applicable, (the reversal of) impairment losses recognized in the reporting period.

### 3.30 Taxation

Taxation is calculated on the basis of the result before taxation for the reporting period, taking into account the applicable tax provisions and tax rates, and also includes adjustments on taxation from previous reporting periods and movements in deferred taxes recognized in the reporting period. Taxation is included in the income statement unless it relates to items directly recognized in equity, in which case taxation is included in equity. Temporary differences are accounted for in deferred tax assets and/or deferred tax liabilities. Deferred tax assets are only recognized to the extent that it is probable that taxable profit will be available for realization in the foreseeable future. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. Additional income taxes that arise from the distribution of dividends are recognized at the same time that the liability to pay the related dividend is recognized.

### 3.31 Profit per share

The Group discloses profit per ordinary share as well as diluted profit per ordinary share. The net profit per ordinary share is calculated based on the result attributable to the Group's shareholders divided by the calculated average of the number of issued ordinary shares during the reporting period. In calculating the diluted profit per share the result attributable to the Group's shareholders and the calculated average number of issued ordinary shares are adjusted for all potentially diluting effects for ordinary shares.

### 3.32 Dividends

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

### 3.33 Determination of fair value

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

#### *Property, plant and equipment*

The fair value of property, plant and equipment recognized as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

#### *Intangible assets*

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

#### *Trade and other receivables*

The fair value of trade and other receivables, except due from customers, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

#### *Share-based payment transactions*

The fair value is determined based on quoted prices.

#### *Derivatives*

The fair value of derivatives is based on the estimated amount to be paid or received for a settlement of the contract as at reporting date taking into account the actual interest rate and the credit rating of the counterparty. These fair value is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

#### *Non-derivative financial liabilities*

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

### 3.34 Consolidated statement of cash flows

The consolidated statement of cash flows is drawn up using the indirect method. Cash is defined as cash and cash equivalents including bank overdrafts as presented in the explanatory notes to the cash and cash equivalents and the interest-bearing borrowings. Cash flows are presented separately in the statement of cash flows as cash flows from operating activities, investing activities and financing activities. Interest on long-term financing is recognized in the cash flow from operating activities. Dividends paid to shareholders and holders of minority interests are recognized in the cash flow from financing activities.



### 3.35 Principles for information by segment

The Group recognizes three operational segments, which, as described below, constitute the strategic business units of the Group. These strategic business units offer different products and services, and are managed separately because they require different strategies. Each of the strategic business units is reviewed based on internal management reporting by the Board of Management at least once every quarter. The following gives a brief summary of the activities of the operational segments:

- Dredging & Earthmoving

The main operational segment is Dredging & Earthmoving, which also includes port development, pipeline intervention activities, land reclamation, and coastal and riverbank protection. This segment is active worldwide and as markets are concerned this segment can be divided into home markets (inside and outside Europe), international projects and specialist niche services.

- Maritime Infrastructure

The second operational segment is Maritime Infrastructure, which Royal Boskalis Westminster N.V. is involved in through its strategic partnership with Archirodon, a leading contractor in this sector.

- Maritime & Terminal Services

The third operational segment which Royal Boskalis Westminster N.V., also through a strategic partnership, is involved in, is Maritime & Terminal Services. The strategic partnership in this segment is with Lamnalco, one of the world's leading suppliers of maritime and terminal services to the oil and gas industry.

The operational segments are monitored based on the segment result before finance income and expenses and taxes. The segment result is used for performance measurement of the operational segments, between segments as well as compared to other companies in the same industries. Inter-operational segment services, if any, take place at arm's length basis. During the reporting period there were no material inter-operational segment services.

There have been no changes to the bases of segmentation or the determination of profit or loss during 2009 and 2008.



## 4. Information by segment

### 4.1 Business segments

2009

	Dredging and earthmoving	Maritime infrastructure	Maritime and terminal services	Group
Revenue	1,813,909	301,248	60,022	2,175,179
Segment result	216,566	28,758	12,955	258,279
Non-allocated group costs				- 9,008
Operating result				249,271
Share in result of associated companies	- 3,006	—	- 473	- 3,479
Share in result of associated companies - non-allocated				61,823
Non-allocated finance expenses				- 12,469
Non-allocated taxes				- 65,981
Net group profit				229,165
Segment assets	2,039,460	287,982	161,822	2,489,264
Investments in associated companies	8,409	—	1,312	9,721
Non-allocated assets				304,565
Total assets				2,803,550
Segment liabilities	1,082,423	172,468	27,752	1,282,643
Non-allocated liabilities				215,986
Total liabilities				1,498,629
Investments in property, plant and equipment	253,522	15,665	26,517	295,704
Depreciation on property, plant and equipment	115,890	24,174	6,980	147,044
Impairment losses on property, plant and equipment	48,633	—	—	48,633
				195,677

2008

	Dredging and earthmoving	Maritime infrastructure	Maritime and terminal services	Group
Revenue	1,820,336	213,847	59,664	2,093,847
Segment result	318,130	17,752	11,566	347,448
Non-allocated group costs				- 8,336
Operating result				339,112
Share in result of associated companies	1,125	—	- 57	1,068
Share in result of associated companies - non-allocated				- 29,631
Non-allocated finance income				433
Non-allocated taxes				- 60,870
Net group profit				250,112
Segment assets	1,945,317	237,941	140,955	2,324,213
Investments in associated companies	8,043	—	1,795	9,838
Non-allocated assets				217,362
Total assets				2,551,413
Segment liabilities	1,078,556	122,571	19,749	1,220,876
Non-allocated liabilities				462,839
Total liabilities				1,683,715
Investments in property, plant and equipment	233,184	30,035	26,659	289,878
Depreciation on property, plant and equipment	92,612	11,780	5,854	110,246
Impairment losses on property, plant and equipment	5,195	—	—	5,195
				115,441

The revenue of the segments Dredging and earthmoving and Maritime infrastructure mainly comprises revenues from work in progress. Movements in the value of work in progress, consisting of cumulative incurred costs plus profit in proportion to progress less provisions for losses, together with the work done and completed during the reporting period, determine the revenue for these segments.

The revenue from services rendered to third parties is mainly realized in the segment Marine and terminal services.

If certain projects are executed together in a joint venture, the segments only report their own share in the revenue and results recognized, resulting in no material related party transactions that need to be eliminated.

A large part of the Group's projects in progress is directly or indirectly with public sector authorities in various countries and geographical areas. Because of the spread of the contracts none of these clients qualifies as a material client in relation to the total revenue of the Group.

#### 4.2 Revenue per geographical area

	Revenue	
	2009	2008
Netherlands	<b>316,218</b>	250,714
Rest of Europe	<b>431,842</b>	422,705
Australia / Asia	<b>370,310</b>	313,632
Middle East	<b>662,236</b>	719,435
Africa	<b>163,828</b>	211,887
North and South America	<b>230,745</b>	175,474
	<b>2,175,179</b>	2,093,847

#### 4.3 Movement in work in progress

Revenue includes a movement in work of progress of € 905.9 million (2008: € 503.5 million).

#### 5. Other income

Other income mainly comprises insurance results and book results on the disposal of several items of small equipment. The 2008 figure mainly consisted of the insurance result on the W.D. Fairway. As a result of the damage sustained by the W.D. Fairway on March 8, 2007, the insurers declared the vessel a constructive total loss on March 10, 2008. The resulting insurance settlement led to a net book gain of € 97 million, which was fully recognized in 2008.

#### 6. Raw materials, consumables and services

The 2008 figure of Raw materials, consumables and services includes a loss of € 43.5 million pertaining to negative results on currency and fuel forward contracts on a prematurely terminated project. This loss has been recognized in the 2008 income statement as being due to ineffective hedge accounting in relation to this project, the further execution of which is considered no longer expected to occur as at end-2008. In 2009 a positive result regarding these forward contracts amounting to € 11.5 million is included in this item.

Operational costs include operational lease expenses amounting to € 19.7 million (2008: € 18.0 million).

## 7. Personnel expenses

	2009	2008
Wages and salaries	- 242,002	- 220,989
Social security costs	- 20,001	- 20,722
Pension costs for defined benefit pension schemes	- 10,995	- 8,344
Pension costs for defined contribution pension schemes	- 10,306	- 9,972
	<b>- 283,304</b>	<b>- 260,027</b>

For the costs of remuneration of the Board of Management and the Supervisory Board reference is made to note 28.2.

## 8. Finance income and expenses

	2009	2008
Interest income on short-term bank deposits	1,195	10,456
Finance income	<b>1,195</b>	10,456
Interest expenses	- 8,531	- 8,908
Other finance expenses	- 5,133	- 1,115
Finance expenses	<b>- 13,664</b>	- 10,023
Net finance expense recognized in consolidated income statement	<b>- 12,469</b>	433

The other finance expenses mainly comprises arrangement fees and commitment fees. The borrowing costs relating to investments in property, plant and equipment during 2009 amounted to € 2.3 million. These costs are withdrawn from the interest expenses.

## 9. Taxation

	2009	2008
<b>Current tax expense</b>		
Current year	- 67,789	- 81,184
Over / under(-) provided in prior years	2,045	780
Reclassification from current to deferred tax liabilities	11,029	248
	<b>- 54,715</b>	- 80,156
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	- 454	- 2,793
Reclassification to deferred tax liabilities previous years	- 11,029	- 248
Movement of recognized tax losses carried forward	217	1,166
Foreign branch results	—	21,161
	<b>- 11,266</b>	19,286
Taxation in the consolidated income statement	<b>- 65,981</b>	- 60,870

The operational activities of Royal Boskalis Westminster N.V. are subject to various tax regimes with tax rates varying from 0% to 40% (2008: 0% to 55%). These different tax rates, together with fiscal facilities in various countries and the treatment of tax losses, results not subject to taxation and non-deductible costs, lead to an effective tax rate in the reporting period of 22.4% (2008: 19.6%). The changing geographic spread of activities affects the effective tax rate as a consequence of the application of different local nominal tax rates. The effective tax rate is calculated as the taxation charge divided by the profit before taxation, as shown in the consolidated income statement. The reconciliation between the Dutch nominal tax rate and the effective tax rate is as follows:

	2009	2008
Nominal tax rate in the Netherlands	25.5%	25.5%
Application of local nominal tax rates	5.2%	3.1%
Non-deductible expenses	2.7%	1.6%
Effect of previously non-balancing and unrecognized tax losses	1.2%	1.3%
Effect of previously non-recognized tax losses	-1.4%	-3.4%
Special taxation regimes	-4.8%	-11.1%
Effect of share in result of associated companies.	-6.0%	2.6%
Effective tax rate	22.4%	19.6%

## 10. Income tax receivable and payable

The current income tax receivable and income tax payable relate to the fiscal positions of the Group companies concerned and consist of fiscal years still to be settled less withholding taxes or tax refunds.

## 11. Deferred income tax assets and liabilities

	Balance as at January 1, 2009		Movement in temporary differences during the year				Balance as at December 31, 2009	
	Asset	Liability	Charged (-)/ added to net profit	Charged to equity	Business combination	Currency translation differences	Asset	Liability
Property, plant and equipment	321	- 8,971	- 2,739	168	—	- 20	1,832	- 13,073
Due from and due to customers	—	- 2,531	- 3,788	—	—	21	—	- 6,298
Trade and other receivables	31	—	37	—	—	- 1	67	—
Hedging reserve	652	- 3,078	- 897	1,054	—	- 13	—	- 2,282
Actuarial gains and losses and asset limitation on defined benefit pension schemes	8,177	—	—	- 2,943	—	—	5,234	—
Employee benefits	824	- 4,903	163	- 327	—	- 5	982	- 5,230
Provisions	705	- 729	1,446	—	—	- 61	1,929	- 568
Trade and other payables	997	—	- 5,145	—	—	287	914	- 4,775
Other assets and liabilities	309	- 1,570	2,693	1,576	—	- 440	3,446	- 878
Foreign branch results	—	- 2,872	- 3,253	—	—	—	—	- 6,125
Tax losses carried forward	2,150	—	217	—	—	- 61	2,306	—
	14,166	- 24,654	- 11,266	- 472	—	- 293	16,710	- 39,229
Offsetting deferred tax assets and liabilities	- 7,566	7,566					- 9,997	9,997
Net in the consolidated balance sheet	6,600	- 17,088					6,713	- 29,232

	Balance as at January 1, 2008		Movement in temporary differences during the year				Balance as at December 31, 2008	
	Asset	Liability	Charged (-)/ added to net profit	Charged to equity	Business combination	Currency translation differences	Asset	Liability
Property, plant and equipment	491	- 3,339	- 1,393	- 1,491	- 3,315	397	321	- 8,971
Due from and due to customers	306	- 970	- 1,279	—	- 560	- 28	—	- 2,531
Trade and other receivables	180	—	- 151	—	—	2	31	—
Hedging reserve	—	- 9,108	300	6,406	—	- 24	652	- 3,078
Actuarial gains and losses and asset limitation on defined benefit pension schemes	5,192	—	—	2,985	—	—	8,177	—
Employee benefits	764	- 5,262	53	359	—	7	824	- 4,903
Provisions	359	- 222	- 200	—	—	39	705	- 729
Trade and other payables	—	—	997	—	—	—	997	—
Other assets and liabilities	721	- 540	- 1,368	—	—	- 74	309	- 1,570
Foreign branch results	—	- 24,033	21,161	—	—	—	—	- 2,872
Tax losses carried forward	1,116	—	1,166	—	—	- 132	2,150	—
	9,129	- 43,474	19,286	8,259	- 3,875	187	14,166	- 24,654
Offsetting deferred tax assets and liabilities	- 7,068	7,068					- 7,566	7,566
Net in the consolidated balance sheet	2,061	- 36,406					6,600	- 17,088

Deferred tax assets are not recognized as long as it is not probable that economic benefits can be expected in future periods. Deferred tax assets and liabilities within fiscal entities are offset in the balance sheet.

The following movements in deferred tax assets and liabilities, including applicable tax rate changes, together with the items they relate to, are recognized directly in group equity:

	2009		
	Before tax	Tax (expense) benefit	Net of tax
Foreign currency translation differences for foreign operations	- 5,800	1,744	- 4,056
Cash flow hedges	1,473	1,054	2,527
Defined benefit plan actuarial gains (losses) and asset limitation	21,826	- 3,270	18,556
	17,499	- 472	17,027

	2008		
	Before tax	Tax (expense) benefit	Net of tax
Foreign currency translation differences for foreign operations	- 7,765	—	- 7,765
Revaluation of property, plant and equipment	5,325	- 1,491	3,834
Cash flow hedges	- 36,940	6,406	- 30,534
Defined benefit plan actuarial gains (losses) and asset limitation	- 22,707	3,344	- 19,363
	- 62,087	8,259	- 53,828

### Unrecognized deferred income tax assets

Unrecognized deferred tax assets regarding tax losses carried forward of Group companies amount to € 43.5 million (2008: € 45.8 million), of which € 0.0 million (2008: € 0.0 million) expires within one year, € 12.2 million (2008: € 14.3 million) in between one and five years, and € 31.3 million (2008: € 31.5 million) after more than five years. These deferred tax assets are not recognized in the balance sheet as long as recovery through taxable profit or deductible temporary differences before expiration is not probable.

## 12. Intangible assets

	Goodwill	Concession	Total
<b>Balance as at January 1, 2009</b>			
Cost	13,595	5,800	19,395
Accumulated depreciation	—	—	—
Book value	13,595	5,800	19,395
<b>Movements</b>			
Other movements	—	- 5,682	- 5,682
Currency translation differences	—	- 118	- 118
	—	- 5,800	- 5,800
<b>Balance as at December 31, 2009</b>			
Cost	13,595	—	13,595
Accumulated depreciation	—	—	—
Book value	13,595	—	13,595
<b>Balance as at January 1, 2008</b>			
Cost	—	3,536	3,536
Accumulated depreciation	—	—	—
Book value	—	3,536	3,536
<b>Movements</b>			
Additions	13,595	2,102	15,697
Currency translation differences	—	162	162
	13,595	2,264	15,859
<b>Balance as at December 31, 2008</b>			
Cost	13,595	5,800	19,395
Accumulated depreciation	—	—	—
Book value	13,595	5,800	19,395

### 12.1 Goodwill

In November 2008 the group raised its shareholding in Dragamex SA de CV and Codramex SA de CV from 50% to 100% by creating a business combination. This business combination is accounted for using the purchase method, meaning that goodwill is included in the balance sheet. The goodwill that has arisen from this business combination has been attributed for goodwill impairment testing to the cash flow generating unit 'Mexico home market'.

The recoverable amount of the cash generating unit 'Mexico home market' is determined on calculation of value in use. Value in use was determined by discounting the expected future cash flows from the continuing use of the unit at a discount rate applicable to the activities of the unit. This test, that has been performed this year for the first time, did not result in the recognition of an impairment loss on the aforementioned goodwill.

## 12.2 Concession

In late 2006 Thermaiki Odos SA, a jointly controlled entity, in which Archirodon Group N.V. participates for 50%, was awarded the Build-Finance-Operate-Transfer (BFOT) contract for the Thessaloniki Submerged Tunnel (TST). Because certain relevant conditions were not met by the customer this contract was terminated in 2009. The intangible asset and financial asset are no longer recognized. The costs incurred will be recoverable from the customer and the part of the compensation that is considered virtually certain is recognized as a receivable.

## 13. Property, plant and equipment

	Land and buildings	Floating and other construction equipment	Other fixed assets	Property, plant & equipment under construction	Total
<b>Balance as at January 1, 2009</b>					
Cost	72,425	1,590,851	60,865	239,190	1,963,331
Accumulated depreciation and impairment losses	- 27,747	- 905,731	- 50,564	—	- 984,042
Book value	44,678	685,120	10,301	239,190	979,289
<b>Movements</b>					
Additions including capitalized borrowing costs	2,348	38,218	5,000	250,138	295,704
Put into operation	387	214,943	105	- 215,435	—
Impairment losses recognized	—	- 37,073	—	- 11,560	- 48,633
Depreciation	- 3,247	- 139,226	- 4,571	—	- 147,044
Disposals and other movements	- 657	- 576	- 2,524	- 15,259	- 19,016
Currency translation differences	29	85	63	- 689	- 512
	- 1,140	76,371	- 1,927	7,195	80,499
<b>Balance as at December 31, 2009</b>					
Cost	66,512	1,815,358	34,926	257,945	2,174,741
Accumulated depreciation and impairment losses	- 22,974	- 1,053,867	- 26,552	- 11,560	- 1,114,953
Book value	43,538	761,491	8,374	246,385	1,059,788
	Land and buildings	Floating and other construction equipment	Other fixed assets	Property, plant & equipment under construction	Total
<b>Balance as at January 1, 2008</b>					
Cost	64,048	1,559,188	59,660	134,122	1,817,018
Accumulated depreciation and impairment losses	- 25,698	- 894,669	- 39,224	—	- 959,591
Book value	38,350	664,519	20,436	134,122	857,427
<b>Movements</b>					
Additions	4,431	69,469	4,022	211,956	289,878
Acquisitions through business combinations	11	22,506	249	42	22,808
Put into operation	4,560	104,398	911	- 109,869	—
Impairment losses recognized	—	- 5,195	—	—	- 5,195
Depreciation	- 2,556	- 94,184	- 13,506	—	- 110,246
Disposals and other movements	170	- 76,230	- 1,428	2,066	- 75,422
Currency translation differences	- 288	- 163	- 383	873	39
	6,328	20,601	- 10,135	105,068	121,862
<b>Balance as at December 31, 2008</b>					
Cost	72,425	1,590,851	60,865	239,190	1,963,331
Accumulated depreciation and impairment losses	- 27,747	- 905,731	- 50,564	—	- 984,042
Book value	44,678	685,120	10,301	239,190	979,289

Due to the worldwide recession, market circumstances have changed drastically. Subsequently a study was performed into the rationalization of the dredging fleet and in connection with this we carried out an assessment of the recoverable amount of the floating and other construction equipment.

For equipment that will be laid up on short notice, the realizable value is equaled to the fair value less costs to sell or for demolition. The resulting impairment loss amounted to € 12.6 million (2008: nil) and is recognized in the income statement. For property, plant and equipment under construction an impairment loss of € 11.6 million (2008: nil) is recognized. Because there is no active market the fair value is determined based on the best internal estimates. Regarding the remainder of the reviewed equipment the value in use is measured from its continuing use. In measuring the value in use a pre-tax discount rate of 7% is applied. This discount rate matches the interest rate used in the industry (CIRIA) in determining rates for use of equipment. The resulting impairment loss amounted to € 24.4 million (2008: € 5.2 million) and is recognized in the income statement.

The securities provided for financing granted by means of mortgage rights on property, plant and equipment are disclosed in note 21.

#### 14. Associated companies

	2009	2008
Balance as at January 1	218,366	9,612
Dividends received	- 1,500	- 1,968
Investment in Smit Internationale N.V.	17,425	238,159
Other net investments	149	1,890
Share in result of associated companies	23,076	6,705
(Reversal of) impairment losses	35,268	- 35,268
	58,344	- 28,563
Share in direct equity movements	1,177	—
	59,521	- 28,563
Currency translation and other differences	4,713	- 764
Balance as at December 31	298,674	218,366

The key associated companies of Royal Boskalis Westminster N.V. are:

Company	Country of incorporation	Ownership interest	
		2009	2008
IRSHAD	Abu Dhabi, United Arab Emirates	20%	20%
RW Aggregates Ltd	United Kingdom	50%	50%
Smit Internationale N.V.	The Netherlands	27%	23%



The voting rights in associated companies are equal to the ownership interests. The share of the Group in assets, liabilities, revenue and result of the aforementioned associated companies is stated below:

	2009	2008
Assets	<b>338,431</b>	300,609
Liabilities	<b>- 160,419</b>	- 157,848
Equity	<b>178,012</b>	142,761
Revenues	<b>156,443</b>	48,381
Share in result of associated companies before (reversal of) impairment losses	<b>23,076</b>	6,705

At year-end 2009 the Group has a 26.76% shareholding in Smit Internationale N.V. (year-end 2008: 23.14%). At end-2009 the value of the Smit Internationale N.V. shares held by the Group equaled € 296.2 million (2008: € 146.3 million) based on the year-end closing price on NYSE Euronext Amsterdam.

At year-end 2009 the fair value of the shareholding exceeded the bookvalue, less cumulative impairment losses. The Group has reviewed the recoverable amount of the participation. This gave cause for a full reversal of the impairment loss recognized in 2008 (€ 35.3 million) on the book value of the shareholding in Smit Internationale N.V. This reversal (€ 35.3 million) is recognized in the consolidated income statement in the item Share in result of associated companies.

At year-end 2008 the fair value of the shareholding based on the year-end closing price on NYSE Euronext Amsterdam was below the book value. This was reason to perform an impairment test. This impairment test resulted in a valuation at value in use (€ 208.5 million).

#### 15. Other financial fixed assets

	2009	2008
Balance as at January 1	<b>8,527</b>	5,898
Movements	<b>- 3,146</b>	2,491
Movement in measurement at amortized cost	<b>781</b>	- 86
Currency translation differences	<b>- 143</b>	224
Balance as at December 31	<b>6,019</b>	8,527

The other financial fixed assets comprise long-term advance payments to suppliers and long-term retentions from customers, which are due in agreed time periods.

#### 16. Inventories

	2009	2008
Fuel and materials	<b>24,539</b>	29,696
Spare parts	<b>42,726</b>	42,680
Other inventories	<b>2,406</b>	3,628
	<b>69,671</b>	76,004

During 2009 € 64.3 million (2008: € 68.6 million) of inventories was recognized as an expense and € 4.5 million (2008: € 1.2 million) was written off through the income statement, while € 1.6 million was reversed through the income statement (2008: nil).

**17. Due from and due to customers**

	2009	2008
Cumulative incurred costs plus profit in proportion to progress less provisions for losses	<b>3,635,811</b>	2,684,925
Progress billings	<b>3,849,483</b>	2,766,248
Advances received	<b>153,455</b>	147,788
Progress billings and advances received	<b>4,002,938</b>	2,914,036
Balance	<b>- 367,127</b>	- 229,111
Due from customers	<b>140,086</b>	146,482
Due to customers	<b>- 507,213</b>	- 375,593
Balance	<b>- 367,127</b>	- 229,111

As at year-end 2009 the items related to payment due from customers amounted to a total of € 23.0 million (2008: € 25.6 million) which will not be paid until specified conditions are fulfilled (retentions) in respect of contracts for work in progress for third parties. The determination of the profit in proportion to the stage of completion and the provision for losses is based on estimates of the costs and revenues of the relating projects. These estimates are uncertain.

**18. Trade and other receivables**

	2009	2008
Trade receivables	<b>427,505</b>	496,391
Amounts due from associated companies	<b>2,623</b>	2,166
Other receivables and prepayments	<b>171,508</b>	172,337
	<b>601,636</b>	670,894

**19. Cash and cash equivalents**

	2009	2008
Bank balances and cash	<b>199,254</b>	130,678
Short-term bank deposits	<b>395,582</b>	277,678
Cash and cash equivalents	<b>594,836</b>	408,356
Bank overdrafts	<b>- 1,347</b>	- 6,259
Net cash and cash equivalents in the consolidated statement of cash flows	<b>593,489</b>	402,097

Cash and cash equivalents include € 72.5 million (2008: € 120.7 million) held by project-driven construction consortiums and € 89.5 million (2008: € 36.4 million) held by strategic alliances, which are subject to joint control. The remaining funds were freely disposable at year-end 2009.

## 20. Group equity

### 20.1 Issued capital and share premium

The authorized share capital of € 240 million is divided into 150,000,000 ordinary shares with a par value of € 0.80 each and 50,000,000 cumulative protective preference shares with a par value of € 2.40 each.

Issued capital increased by 3,832,322 ordinary shares in the course of 2009 as a result of the distribution of stock dividend. In addition, on December 15, 2009 shares were issued within the framework approved by the Extraordinary General Meeting of Shareholders on December 7, 2009. The issue concerned the placement of 9,019,606 new ordinary shares at a price of € 25.50 per share. The transaction costs involved in the share issue net of income taxes (€ 2.6 million) were charged to the share premium reserve.

The movement in issued share capital is as follows:

<i>(in number of shares)</i>	2009	2008
On issue and fully paid at January 1	85,799,361	85,799,361
Optional dividend	3,832,322	—
Issue of ordinary shares	9,019,606	—
On issue and fully paid at December 31	<u>98,651,289</u>	<u>85,799,361</u>

The issued capital as at December 31, 2009 consists of 98,651,289 ordinary shares with a par value of € 0.80 each and consequently amounts to € 78.9 million (2008: € 68.6 million).

Of the issued capital as at December 31, 2008, six ordinary shares were owned by Royal Boskalis Westminster N.V.

The as yet unexercised option right to take cumulative protective preference shares in Royal Boskalis Westminster N.V. has been assigned to the Stichting Continuïteit KBW.

Share premium comprises additional paid-in capital exceeding the par value of outstanding shares. Share premium is distributable free of tax.

### 20.2 Retained earnings

Retained earnings consist of additions and distributions based on profit appropriations, effects of changes in accounting principles and losses and movements in the legal reserve. The balance is at the disposal of the shareholders. Retained earnings also comprises the yet unappropriated current year profit. A proposal for profit appropriation is included in note 27 relating to subsequent events.

### 20.3 Dividends

Royal Boskalis Westminster N.V. announced and distributed the following dividends to holders of ordinary shares:

	2009	2008
Dividends previous year € 1.19 respectively € 1.19 per ordinary share	102,101	102,101
Total announced and distributed dividend	<u>102,101</u>	<u>102,101</u>
Stock dividend	66,129	-
Cash dividend	35,972	102,101
Total distributed dividend	<u>102,101</u>	<u>102,101</u>

## 20.4 Earnings per share

Earnings per share over 2009 amount to € 2.58 (2008: € 2.90). Because there are no dilution effects, the diluted earnings per share also amount to € 2.58 (2008: € 2.90). The calculation of earnings per share is based on the profit attributable to shareholders of € 227.9 million (2008: € 249.1 million) and the weighted average number of ordinary shares for the year 2009, 88,371,852 (2008: 85,799,361). This number is calculated as follows:

<i>(in number of shares)</i>	2009	2008
Issued ordinary shares as at January 1	85,799,361	85,799,361
Weighted effect of ordinary shares issued due to optional dividend	2,152,400	—
Weighted effect of ordinary shares issued	420,091	—
Weighted average number of ordinary shares as at December 31	<u>88,371,852</u>	<u>85,799,361</u>

## 20.5 Other reserves

Movement in other reserves:

<i>(in € 1,000)</i>	Legal reserves					Total other reserves
	Other legal reserve	Hedging reserve	Revaluation reserve	Currency translation reserve	Actuarial reserve	
<i>Note</i>	[20.5.1]	[20.5.2]	[20.5.3]	[20.5.4]	[20.5.5]	
<b>Balance as at January 1, 2009</b>	107,351	5,735	3,834	- 32,877	- 48,654	35,389
Foreign currency translation differences for foreign operations	—	—	—	- 4,665	—	- 4,665
Cash flow hedges, after taxation	—	2,527	—	—	—	2,527
Defined benefit plan actuarial gains (losses) and asset limitation, after taxation	—	—	—	—	18,556	18,556
Movement legal reserve	25,374	—	—	—	—	25,374
<b>Total movement</b>	25,374	2,527	—	- 4,665	18,556	41,792
<b>Balance as at December 31, 2009</b>	<u>132,725</u>	<u>8,262</u>	<u>3,834</u>	<u>- 37,542</u>	<u>- 30,098</u>	<u>77,181</u>

<i>(in € 1,000)</i>	Legal reserves					Total other reserves
	Other legal reserve	Hedging reserve	Revaluation reserve	Currency translation reserve	Actuarial reserve	
<i>Note</i>	[20.5.1]	[20.5.1]	[20.5.3]	[20.5.4]	[20.5.4]	
<b>Balance as at January 1, 2008</b>	97,204	36,269	—	- 24,004	- 29,291	80,178
Foreign currency translation differences for foreign operations	—	—	—	- 8,873	—	- 8,873
Revaluation of property, plant and equipment, after taxation	—	—	3,834	—	—	3,834
Cash flow hedges, after taxation	—	- 30,534	—	—	—	- 30,534
Defined benefit plan actuarial gains (losses) and asset limitation, after taxation	—	—	—	—	- 19,363	- 19,363
Movement legal reserve	10,147	—	—	—	—	10,147
<b>Total movement</b>	10,147	-30,534	3,834	- 8,873	- 19,363	- 44,789
<b>Balance as at December 31, 2008</b>	<u>107,351</u>	<u>5,735</u>	<u>3,834</u>	<u>- 32,877</u>	<u>- 48,654</u>	<u>35,389</u>

#### 20.5.1 Other legal reserve (legal reserve)

With regard to the difference between the cost price and equity value of entities, consolidated either proportionally as well as associated companies recognized in accordance with the equity method, a legally required reserve is recognized because of a lack of control over the distribution of profits only to the extent that these differences are not included in the accumulated currency translation differences on foreign operations.

#### 20.5.2 Hedging reserve (legal reserve)

The hedging reserve comprises the fair value of effective cash flow hedges, not yet realized at balance sheet date, net of taxation, including results realized on the "rolling forward" of existing hedges as a result of differences between the duration of the hedges concerned and the underlying cash flows. Details about the movements in the hedging reserve are disclosed in note 25.2.

#### 20.5.3 Revaluation reserve (legal reserve)

This reserve relates to the revaluation of property, plant and equipment prior to the business combination during 2008 through which the shareholdings in Dragamex SA de CV and Codramex SA de CV were raised from 50% to 100%.

#### 20.5.4 Currency translation reserve (legal reserve)

The currency translation reserve comprises all accumulated currency translation differences arising from the translation of investments in foreign operations, which are denominated in reporting currencies other than those used by the Group, including the related intragroup financing. These currency translation differences are accumulated as from the IFRS transition date (January 1, 2004) and are taken into the income statement at disposal or termination of these foreign operations.

#### 20.5.5 Actuarial reserve

The actuarial reserve relates to the limitation on net plan assets of defined benefit pension schemes and the actuarial gains and losses, which originated from the difference between the realized and the expected movement in defined benefit obligations and the return on plan assets.

### 21. Interest-bearing borrowings

	2009	2008
<b>Non-current liabilities</b>		
Mortgage loans	4,538	7,002
Other bank loans	52,900	34,896
	<b>57,438</b>	<b>41,898</b>
<b>Current liabilities</b>		
Mortgage loans (current portion)	1,263	27,018
Other bank loans (current portion)	21,382	243,985
	<b>22,645</b>	<b>271,003</b>
<b>Total interest-bearing borrowings</b>	<b>80,083</b>	<b>312,901</b>

In July 2009 the Group secured a new € 350 million credit facility. The committed credit facility, with a maturity of three years, is provided by a group of banks. Of the facility € 100 million was used in the course of 2009 and fully repaid by the end of 2009. The facility was therefore lowered to € 250 million. In March 2010 the facility has been ended.

As security for the mortgage loans, mortgage rights are vested on property, plant and equipment, mainly vessels, with a book value of € 47.0 million (2008: € 32.9 million). For certain loans, additional securities have been provided by means of the assignment of revenues from rental contracts to third parties and insurance policies regarding this property, plant and equipment.

The applicable financial ratio and negative pledge clause requirements are met as at December 31, 2009.

Effective interest rates, remaining terms and currencies of the interest-bearing borrowings are disclosed in the explanatory notes to the financial instruments in the interest rate risk paragraph. As at December 31, 2009, the average interest rate for the non-current portion of mortgage loans and other bank loans was 4.13% (2008: 4.46%) and 5.14% (2008: 5.39%) respectively. The non-current portions of mortgage loans and other bank loans due over more than five years amount to € 0.0 million (2008: € 1.1 million) and € 3.3 million (2008: € 4.5 million) respectively.

## 22. Employee benefits

The liabilities associated with employee benefits consist of defined benefit pension schemes and other liabilities relating to a number of defined contribution schemes in foreign countries and jubilee benefits. They amount to a total of:

	Note	2009	2008
Defined benefit pension schemes	[22.1]	8,378	31,224
Other liabilities on account of employee benefits		5,362	4,723
Employee benefits		<u>13,740</u>	<u>35,947</u>

### 22.1 Defined benefit pension schemes

	Defined benefit obligation	Fair value plan assets	Surplus/ deficit (-)	Unfunded pension liabilities	Total	Charged to consolidated income statement	Recognized directly in equity
<b>Balance as at January 1, 2009</b>	301,853	287,007	- 14,846	- 7,598	- 22,444		
Current service cost	8,296	—	- 8,296	- 853	- 9,149	9,149	—
Interest cost on obligation	15,839	—	- 15,839	- 413	- 16,252	16,252	—
Contributions received	—	10,486	10,486	—	10,486	—	—
Expected return on plan assets	—	14,406	14,406	—	14,406	- 14,406	—
Net actuarial gains / losses	13,592	27,081	13,489	- 290	13,199	—	- 13,199
Benefits paid	- 14,539	- 14,539	—	792	792	—	—
Foreign currency exchange rate changes	2,831	3,494	663	74	737	—	—
<b>Total movement</b>	26,019	40,928	14,909	- 690	- 14,219	10,995	- 13,199
<b>Balance as at December 31, 2009</b>	<u>327,872</u>	<u>327,935</u>	<u>63</u>	<u>- 8,288</u>	<u>- 8,225</u>	<u>10,995</u>	<u>- 13,199</u>
Limitation on net plan assets as at January 1					- 8,780		
Movement in limit on net plan assets					8,627	—	- 8,627
Limitation on net plan assets as at December 31					- 153		
<b>Balance as at December 31, 2009 after limitation on net plan assets</b>					<u>- 8,378</u>		
Total result defined benefit pension schemes					- 10,831	10,995	- 21,826

	Defined benefit obligation	Fair value plan assets	Surplus/ deficit (-)	Unfunded pension liabilities	Total	Charged to consolidated income statement	Recognized directly in equity
<b>Balance as at January 1, 2008</b>	314,186	345,014	30,828	- 6,931	23,897		
Current service cost	8,119	—	- 8,119	- 704	- 8,823	8,823	—
Interest cost on obligation	15,709	—	- 15,709	- 358	- 16,067	16,067	—
Contributions received	—	8,330	8,330	—	8,330	—	—
Expected return on plan assets	—	16,546	16,546	—	16,546	- 16,546	—
Net actuarial gains / losses	- 11,308	- 56,011	- 44,703	- 52	- 44,755	—	44,755
Benefits paid	- 12,238	- 12,238	—	574	574	—	—
Foreign currency exchange rate changes	- 12,615	- 14,634	- 2,019	- 127	- 2,146	—	—
<b>Total movement</b>	- 12,333	- 58,007	- 45,674	- 667	- 46,341	8,344	44,755
<b>Balance as at December 31, 2008</b>	<u>301,853</u>	<u>287,007</u>	<u>- 14,846</u>	<u>- 7,598</u>	<u>- 22,444</u>	<u>8,344</u>	<u>44,755</u>
Limitation on net plan assets as at January 1					- 30,828		
Movement in limit on net plan assets					22,048	—	- 22,048
Limitation on net plan assets as at December 31					- 8,780		
<b>Balance as at December 31, 2008 after limitation on net plan assets</b>					<u>- 31,224</u>		
Total result defined benefit pension schemes					31,051	<u>8,344</u>	<u>22,707</u>

Some of the Dutch staff participate in “Bedrijfstakpensioenfonds voor de Waterbouw” (a multi-employer pension fund for the maritime engineering industry). This pension fund qualifies under IFRS as a defined benefit pension scheme. However, the fund has indicated that it is not able to provide sufficient information for a calculation in accordance with IFRS because there is no reliable and consistent basis to attribute the pension obligations, plan assets, income and expenses to the individual member companies of the pension fund. Therefore this pension scheme is treated as an defined contribution scheme. On the basis of the information that is available, including the 2008 financial statements and the 2009 preliminary financial information of the fund, it is not probable that any pension liability or asset to be recognized would arise under IFRS. There is also no reason to expect that the financial position of the fund as at December 31, 2009 will affect the amount of contributions to be charged in the future.

The defined benefit pension schemes that are funded are the company pension funds in the Netherlands and the United Kingdom. The defined benefit pension schemes that are unfunded are small pension schemes for two German Group companies and Archirodon. The remaining pension schemes in the Group do not qualify as defined benefit pension schemes.

Plan assets consist of the following:

	2009	2008
Equities	73,488	70,289
Bonds	197,015	211,582
Real estate	15,981	16,689
Cash (non-interest-bearing)	44,777	1,791
Other receivables and payables	- 3,326	- 13,344
	<u>327,935</u>	<u>287,007</u>

As per December 31, 2009 and December 31, 2008 the plan assets do not include shares which were issued by Royal Boskalis Westminster N.V.

The recognition of pension costs from defined benefit pension schemes in the consolidated financial statements is presented in the statement below:

	2009	2008
Total result defined benefit schemes	- 10,831	31,051
Pension costs for defined benefit pension schemes charged to the consolidated income statement	- 10,995	- 8,344
Actuarial gains and losses and asset limitation recognized directly in equity	- 21,826	22,707
Taxation	3,270	- 3,344
Actuarial gains and losses and asset limitation recognized directly in equity net of tax	- 18,556	19,363
Actual return on plan assets	41,487	- 39,465

The accumulated actuarial gains and losses and the balance of the limitation on net plan assets amount to:

	2009	2008
Accumulated actuarial gains and losses as per December 31	- 35,029	- 48,228
Asset limitation on net plan assets as per December 31	- 153	- 8,780
	- 35,182	- 57,008

The Group expects € 11.5 million in contributions to be paid to the funded defined benefit pension schemes and € 0.8 million in benefits to be paid for the unfunded schemes in 2010.

The expected return on plan assets is the weighted average of actuarially proven expected returns on fixed interest securities and shares based, in part, on external sources. The principal actuarial assumptions used for the calculations are:

	2009	2008
Discount rate	5.12% - 5.70%	5.15% - 6.50%
Expected return on plan assets past year	5.25% - 5.70%	4.90% - 5.50%
Expected future salary increases (excluding individual merit)	1.00% - 2.00%	1.00% - 1.50%
Expected future inflation	2.00% - 2.75%	2.00% - 2.75%
Expected future pension increases active participants	1.50% - 2.00%	1.50% - 2.75%
Expected future pension increases inactive participants	1.50% - 2.75%	1.50% - 2.25%



## Historical information:

	2009	2008	2007	2006	2005
Defined benefit obligation	- 327,872	- 301,853	- 314,186	- 317,821	- 304,511
Fair value of plan assets	327,935	287,007	345,014	351,183	339,170
Surplus / deficit (-)	63	- 14,846	30,828	33,362	34,659
Unfunded pension liabilities	- 8,288	- 7,598	- 6,931	- 6,979	- 5,061
Total surplus / deficit (-)	- 8,225	- 22,444	23,897	26,383	29,598
Experience adjustments arising on plan liabilities	- 1,264	7,929	- 25,747	- 25,235	11,229
Experience adjustments arising on plan assets	27,081	- 56,011	- 10,165	- 908	28,242

Experience adjustments are defined as all gains / losses (-) due to changes other than changes in the discount rate.

## 23. Provisions

	2009	2008
Balance as at January 1	6,488	7,167
Provisions made during the year	2,885	695
Provisions used during the year	- 1,007	- 1,197
Provisions reversed during the year	—	- 331
Exchange rate differences	- 41	95
Discount to present value	- 177	59
Balance as at December 31	8,148	6,488
Non-current	6,384	5,246
Current	1,764	1,242
Balance as at December 31	8,148	6,488

Provisions mainly relate to warranty liabilities and expected expenditures for the clean-up of contaminated soil.

## 24. Trade and other payables

	2009	2008
Trade payables	188,168	189,919
Taxes and social security payables	46,750	50,607
Amounts due to associated companies	2,372	552
Other creditors and accruals	490,378	496,466
	727,668	737,544

Trade and other payables are generally not interest-bearing.

## 25. Financial instruments

### General

Pursuant to a financial policy maintained by the Board of Management, Royal Boskalis Westminster N.V. and its Group companies use several financial instruments in the ordinary course of business. The policy with respect to financial instruments is disclosed in more detail in the Annual Report in the "Corporate Governance" chapter. The Group's financial instruments are cash and cash equivalents, trade and other receivables, bank loans and overdrafts, trade and other payables and derivatives. The Group enters into derivative transactions, mainly foreign currency forward contracts and to a limited extent interest rate swaps, to hedge against the related risks as the Group's policy is not to trade in derivatives.

### 25.1 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk:
  - Currency risk
  - Interest rate risk
  - Price risk

#### 25.1.1 Credit risk

Royal Boskalis Westminster N.V. has a strict acceptance and hedging policy for credit risks, resulting from payment and political risks. In principle, credit risks are covered by means of bank guarantees, insurance, advance payments, et cetera, except in the case of creditworthy, first class debtors. These procedures and the geographical diversification of the operations of the Group companies reduce the risk with regard to credit concentration.

#### *Exposure to credit risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables. A large part of the Group's projects in progress is directly or indirectly with state controlled authorities in various countries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The credit history of the Group over the recent years indicates that bad debts incurred are insignificant compared to the level of activities. Therefore, management is of the opinion that credit risk is adequately controlled through the currently applicable procedures.

The maximum credit risk as per balance sheet date, without taking into account the aforementioned financial risk coverage instruments and policy, consists of the book values of the financial assets as stated below:

	Book value	
	2009	2008
Other financial fixed assets	<b>6,019</b>	8,527
Trade receivables	<b>427,505</b>	496,391
Amounts due from associated companies	<b>2,623</b>	2,166
Other receivables and prepayments	<b>171,508</b>	172,337
Derivatives (receivable)	<b>3,633</b>	15,266
Income tax receivable	<b>8,899</b>	2,234
Cash and cash equivalents	<b>594,836</b>	408,356
	<b><u>1,215,023</u></b>	<u>1,105,277</u>

The aging of trade debtors as at December 31 was as follows:

	2009		2008	
	Gross	Impairment	Gross	Impairment
Not past due	260,191	—	354,915	—
Past due 0-90 days	51,786	484	101,530	372
Past due 90-180 days	39,829	104	19,291	44
Past due 180-360 days	67,573	260	4,637	1,119
More than 360 days	12,561	3,587	23,112	5,559
	<b>431,940</b>	<b>4,435</b>	503,485	7,094
Impairment	- 4,435		- 7,094	
Trade receivables at book value	<b>427,505</b>		496,391	

With respect to the receivables that are neither impaired nor past due, there are no indications as of the reporting date that these will not be settled.

The movement in the allowance for impairment in respect of trade debtors during the year was as follows:

	2009
<b>Balance at January 1</b>	<b>7,094</b>
Provisions made during the year	1,984
Provisions used during the year	- 1,759
Provisions released during the year	- 2,591
Exchange rate differences	- 293
<b>Totaal mutaties</b>	<b>- 2,659</b>
<b>Balance at December 31</b>	<b>4,435</b>

#### 25.1.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. Liquidity projections including available credit facilities are incorporated in the regular management information reviewed by the Board of Management. The focus of the liquidity review is on the net financing capacity, being free cash plus available credit facilities in relation to the financial liabilities. Furthermore, based on the Group's financial ratios it can be concluded that the Group has significant debt capacity available under an investment grade (implied) credit profile.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Book value	Contractual cash flows	One year or less	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years
As at December 31, 2009								
Mortgage loans	- 5,801	- 6,513	- 1,505	- 1,323	- 1,276	- 1,229	- 1,180	—
Other bank loans	- 74,282	- 85,221	- 25,174	- 15,878	- 15,505	- 10,927	- 14,261	- 3,476
Bank overdrafts	- 1,347	- 1,630	- 1,630	—	—	—	—	—
Trade and other payables	- 727,668	- 727,668	- 727,668	—	—	—	—	—
Current tax payable	- 105,324	- 105,324	- 105,324	—	—	—	—	—
Derivatives	- 25,874	- 25,874	- 18,915	- 6,134	- 825	—	—	—
	<u>- 940,296</u>	<u>- 952,230</u>	<u>- 880,216</u>	<u>- 23,335</u>	<u>- 17,606</u>	<u>- 12,156</u>	<u>- 15,441</u>	<u>- 3,476</u>

	Book value	Contractual cash flows	One year or less	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years
As at December 31, 2008								
Mortgage loans	- 34,020	- 36,686	- 28,902	- 2,777	- 1,322	- 1,276	- 1,229	- 1,180
Other bank loans	- 278,881	- 297,427	- 258,032	- 11,425	- 13,030	- 8,757	- 1,490	- 4,693
Bank overdrafts	- 6,259	- 6,867	- 6,867	—	—	—	—	—
Trade and other payables	- 737,544	- 737,544	- 737,544	—	—	—	—	—
Current tax payable	- 126,591	- 126,591	- 126,591	—	—	—	—	—
Derivatives	- 65,304	- 65,304	- 54,639	- 5,825	- 4,232	- 523	- 85	—
	<u>- 1,248,599</u>	<u>- 1,270,419</u>	<u>- 1,212,575</u>	<u>- 20,027</u>	<u>- 18,584</u>	<u>- 10,556</u>	<u>- 2,804</u>	<u>- 5,873</u>

### 25.1.3 Market risk

Market risk concerns the risk that group income or the value of investments in financial instruments is adversely affected by changes in market prices, such as exchange rates and interest rates. The objective of managing market risks is to keep the market risk position within acceptable boundaries while achieving the best possible return.

#### Currency risk

A large portion of the projects is denominated in foreign currencies. That means that reported financial results and cash flows are exposed to risks ensuing from changes in exchange rates. The Board of Management has established a detailed currency risk management policy stipulating as main principle that currency risk, arising from transactions, must be hedged as soon as they occur, usually with forward contracts. Financial derivatives are used exclusively insofar as there are underlying real transactions, mainly future cash flows from contracted projects. Hedge accounting is applied to the majority of these cash flow hedges.

#### Exposure to currency risk

The Group's currency risk management policy was carried out during 2009 and resulted in a non-material sensitivity of the Group to currency transaction risk.

The following significant exchange rates applied during the year under review:

	Average rate		Reporting date spot rate	
	2009	2008	2009	2008
<i>Euro</i>				
US dollar	<b>1.391</b>	1.458	<b>1.435</b>	1.404
Arab Emirates Dirham	<b>5.109</b>	5.319	<b>5.270</b>	5.155

#### *Currency translation risk*

The currency translation risk as per year-end can be summarized as follows:

	2009	2008
Expected cash flows in US Dollars	<b>161,914</b>	200,273
Expected cash flows in Arab Emirates Dirhams	<b>130,384</b>	309,289
Expected cash flows in other currencies	<b>95,311</b>	97,554
Expected cash flows in foreign currencies	<b>387,609</b>	607,116
Cash flow hedges	<b>382,296</b>	793,464
Net position	<b>5,313</b>	- 186,348

Because of the relative linkage between the exchange rates of the Arab Emirates Dirhams and the US Dollars, the cash flows in Arab Emirates Dirhams are mainly hedged by means of US Dollar cash flow hedges.

The negative net position as at the end of 2008 mainly concerns the cash flow hedges for a prematurely terminated project (see note 6). Mid-2009 the remaining positions have been closed by concluding opposite contracts.

#### *Currency translation risk*

The currency translation risk arises mainly from the non-fully owned affiliated companies (Archirodon and Lamnalco) are fully or largely US dollar based. The cost structures of these companies are also US dollar based, either in full or to a major extent. These investments are viewed from a long-term perspective. Translation risks with regard to investments in the affiliated companies are not hedged, under the assumption that currency fluctuations and interest and inflation developments balance out in the long run. The income statements of these affiliates are converted at average exchange rates. Currency translation differences are charged or credited directly to equity.

As at reporting date the Group holds the following share in the equity of the above mentioned affiliated companies:

<i>US Dollar</i>	2009	2008
Archirodon	<b>129,839</b>	104,169
Lamnalco	<b>106,222</b>	97,401
Total net equity	<b>236,061</b>	201,570

#### *Sensitivity analysis*

At December 31, 2009, profit before taxation, excluding the effect of non-effective cash flow hedges, would have been € 1.8 million higher (2008: € 1.6 million higher) if the US dollar had strengthened by 5% against the Euro

with all other variables, in particular interest rates, held constant. This would have been mainly as a result of foreign exchange gains on translation of the US dollar-denominated result of the affiliates mentioned above. The total effect on the currency translation reserve amounts to about € 8 million (2008: about € 7 million). Other components of equity (mainly the hedging reserve) would have been € 10.8 million higher (2008: € 26.9 million higher) as a result of an increase in fair value of derivatives designated as cash flow hedges.

A 5% weakening of the US Dollar against the Euro at December 31 would have had the equal but opposite effect assuming that all other variables remain constant.

#### Interest rate risk

In respect of controlling interest risks, the policy is that, in principle, interest rates for loans payable are primarily fixed for the entire maturity period. This is achieved by contracting loans that carry a fixed interest rate or by using derivatives such as interest rate swaps.

The effective interest rates and the maturity term profiles of bank loans, deposits and cash and cash equivalents are stated below:

	Effective interest rate	One year or less	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	Over 5 years	Total
As at December 31, 2009								
Cash and cash equivalents	0.15%	199,254	—	—	—	—	—	199,254
Short-term deposits	0.68%	395,582	—	—	—	—	—	395,582
Mortgage loans (euro)	4.13%	- 1,135	- 1,135	- 1,135	- 1,135	- 1,133	—	- 5,673
Mortgage loans (US\$)	5.50%	- 128	—	—	—	—	—	- 128
Other bank loans (euro)	5.24%	- 7,324	- 8,364	- 8,364	- 8,364	- 12,195	—	- 44,611
Other bank loans (US\$)	4.90%	- 14,058	- 4,795	- 5,095	- 1,205	- 1,205	- 3,313	- 29,671
Bank overdrafts (other)	21.00%	- 1,347	—	—	—	—	—	- 1,347
		<u>570,844</u>	<u>- 14,294</u>	<u>- 14,594</u>	<u>- 10,704</u>	<u>- 14,533</u>	<u>- 3,313</u>	<u>513,406</u>
	Effective interest rate	One year or less	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	Over 5 years	Total
As at December 31, 2008								
Cash and cash equivalents	0.48%	130,678	—	—	—	—	—	130,678
Short-term deposits	2.49%	277,678	—	—	—	—	—	277,678
Mortgage loans (euro)	4.13%	- 1,135	- 1,135	- 1,135	- 1,135	- 1,134	- 1,134	- 6,808
Mortgage loans (US\$)	5.89%	- 25,883	- 1,329	—	—	—	—	- 27,212
Other bank loans (euro)	4.95%	- 220,109	—	—	—	—	—	- 220,109
Other bank loans (US\$)	5.36%	- 23,877	- 9,555	- 11,672	- 8,024	- 1,188	- 4,456	- 58,772
Bank overdrafts (euro)	3.50%	- 515	—	—	—	—	—	- 515
Bank overdrafts (US\$)	4.43%	- 3,159	—	—	—	—	—	- 3,159
Bank overdrafts (other)	17.42%	- 2,585	—	—	—	—	—	- 2,585
		<u>131,093</u>	<u>- 12,019</u>	<u>- 12,807</u>	<u>- 9,159</u>	<u>- 2,322</u>	<u>- 5,590</u>	<u>89,196</u>

The US dollar loans are mainly used for financing property, plant and equipment in proportionally consolidated strategic alliances. The other bank loans expressed in US dollar have no fixed interest rates. The effective interest rate of these loans does not differ materially from the actual market rates. The interest rate renewal dates of the loans are mainly due within three months after year-end.

### Sensitivity analysis

In managing interest rate risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. In the long term, however, permanent changes in interest rates will have an impact on profit.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	2009	2008
<b>Fixed rate instruments</b>		
Financial assets	<b>186,917</b>	100,288
Financial liabilities	<b>- 58,283</b>	- 52,970
	<b>128,634</b>	47,318
<b>Variable rate instruments</b>		
Financial assets	<b>407,919</b>	308,068
Financial liabilities	<b>- 23,147</b>	- 266,190
	<b>384,772</b>	41,878

A drop of 100 basis points in interest rates at December 31, 2009 would have decreased the Group's profit before income tax by approximately € 1.4 million (2008: € 2.2 million), with all other variables, in particular currency exchange rates, held constant.

### Price risks

Risks related to price developments on the purchasing side, such as amongst others increased wages, costs of materials, sub-contracting costs and fuel, which are usually for the Group's account, are also taken into account when preparing cost price calculations and tenders. Wherever possible, especially on projects that extend over a long period of time, price index clauses are included in contracts.

With regard to fuel price risk, the Board of Management has established a fuel price risk management policy stipulating approved fuel price risk management instruments. These include: delivery of fuel by the client, price escalation clauses, fixed price supply contracts and financial derivatives (forward, future and swap contracts).

## 25.2 On-balance financial instruments and fair value

Financial instruments accounted for under assets and liabilities are financial fixed assets, cash and cash equivalents, receivables, and current and non-current liabilities. The estimated fair values of these financial instruments are close to the book value. Derivatives are mainly future cash flows hedged by forward contracts to which hedge accounting is applied. Furthermore, strategic alliances currently hold a number of interest rate swaps. These are recognized under other derivatives.

The fair value of the forward exchange contracts is based on their listed market price, as at the end of the year (unadjusted market prices in active markets for identical assets and liabilities). The fair value other financial instruments is based on the actual interest rate as at balance sheet date, taking into account terms and maturity. The fair value of non-interest bearing financial instruments with a maturity of twelve months or less is supposed to be equal to their book value.

Movements in the fair value of non-effective cash flow hedges are recognized directly or, under specific conditions, deferred in the consolidated income statement. Movements in the fair value of effective cash flow hedges are recognized directly in the hedging reserve in group equity, taking taxation into account. The fair value of derivatives is derived from the forward rates at settlement date as at year-end. The fair value of other financial instruments is based on current interest rates, taking maturity and conditions into account. The fair value of non-interest-bearing financial instruments due within one year is equal to the book value.

	2009		2008	
	Book value	Fair value	Book value	Fair value
Other financial fixed assets	6,019	6,019	8,527	8,527
Trade and other receivables	601,636	601,636	670,894	670,894
Derivatives (receivable)	3,633	3,633	15,266	15,266
Income tax receivable	8,899	8,899	2,234	2,234
Cash and cash equivalents	594,836	594,836	408,356	408,356
Interest-bearing loans and borrowings (non-current)	- 57,438	- 57,438	- 41,898	- 41,898
Interest-bearing loans and borrowings (current)	- 23,992	- 23,992	- 277,262	- 277,262
Trade and other payables	- 727,668	- 727,668	- 737,544	- 737,544
Income tax payable	- 105,324	- 105,324	- 126,591	- 126,591
Derivatives (payable)	- 25,874	- 25,874	- 65,304	- 65,304
	<b>274,727</b>	<b>274,727</b>	<b>- 143,322</b>	<b>- 143,322</b>

The composition of outstanding derivatives at year-end is presented below. The remaining time to maturity of these derivatives has a direct relation to the remaining time to maturity of the relating underlying contracts in the order book.

	2009	2008
US\$ forward selling (in US\$)	501,972	824,123
US\$ forward buying (in US\$)	56,850	17,760
Forward selling of other currencies (average contract rates in euro)	220,639	290,072
Forward buying of other currencies (average contract rates in euro)	121,286	17,322
Fuel hedges (in US\$)	- 12,868	- 51,683
Other derivatives (in US\$)	7,654	6,065

The periods for which the cash flows are expected to occur are stated below. Cash flows from forward currency buyings and sellings can be rolled forward at settlement date when they differ from the underlying cash flows.

2009	Within one year	After one year	Total
US\$ forward selling (in US\$)	379,316	122,656	501,972
US\$ forward buying (in US\$)	40,814	16,036	56,850
Forward selling of other currencies (average contract rates in euro)	150,696	69,943	220,639
Forward buying of other currencies (average contract rates in euro)	54,218	67,068	121,286
Fuel hedges (in US\$)	- 10,488	- 2,380	- 12,868
Other derivatives (in US\$)	2,626	5,028	7,654
2008	Within one year	After one year	Total
US\$ forward selling (in US\$)	553,104	271,019	824,123
US\$ forward buying (in US\$)	16,920	840	17,760
Forward selling of other currencies (average contract rates in euro)	170,804	119,268	290,072
Forward buying of other currencies (average contract rates in euro)	17,322	—	17,322
Fuel hedges (in US\$)	- 26,778	- 24,905	- 51,683
Other derivatives (in US\$)	2,241	3,824	6,065



The results on effective cash flow hedges are recognized in group equity as stated below:

	2009	2008
Opening balance Hedging reserve as at January 1	5,735	36,269
Movement in fair value of effective cash flow hedges recognized in group equity	5,398	- 32,397
Transferred to the income statement	- 3,925	- 4,543
Total directly recognized in group equity	1,473	- 36,940
Taxation	1,054	6,406
Directly charged to the Hedging reserve (net of taxes)	2,527	- 30,534
Balance Hedging reserve as at December 31	8,262	5,735

The results on non-effective cash flow hedges are presented within the operational costs and amount to € 14.5 million positive over 2009 (2008: € 43.3 million negative).

### 25.3 Capital management

The Board of Management's policy is to maintain a strong capital base so as to maintain customer, investor, creditor and market confidence and to support future development of the business. The Board of Management monitors the return on equity, which the Group defines as net operating income divided by total shareholders' equity, excluding minority interests. The Board of Management also monitors the level of dividend to be paid to holders of ordinary shares. The dividend policy is to maintain a pay-out ratio of 40% to 50%.

The Board of Management seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the benefits of a sound capital position. The Group's target is to achieve a long-term return on equity of at least 12%; in 2009 the return was 21.1% (2008: 30.6%).

Royal Boskalis Westminster N.V. does not have a defined share buy-back plan.

There were no changes in the Group's approach to capital management during the year.

Neither Royal Boskalis Westminster N.V. nor any of its Group companies are subject to externally imposed capital requirements.

### 25.4 Other financial instruments

Pursuant to the decision of the General Meeting of Shareholders held on May 9, 2001, the Stichting Continuïteit KBW has acquired the right to take cumulative protective preference shares in Royal Boskalis Westminster N.V. for a nominal amount which shall be equal to the nominal amount of ordinary shares outstanding at the time of the issue. This right qualifies as a derivative financial liability, with the following important conditions. The cumulative protective preference shares are to be issued at par against a 25% cash contribution, the remainder after call-up by Royal Boskalis Westminster N.V. in consultation with the Stichting. After the issue, Royal Boskalis Westminster N.V. has the obligation to buy or cancel the shares upon the Stichting's request. The preferential dividend right amounts to Euribor increased by 4% at most. The interest and credit risk is limited. The fair value of the option right is nil.

## 26. Commitments and contingent liabilities

### Operational lease obligations

The operational lease obligations relate primarily to the operational lease of a trailing suction hopper dredger, cars and offices. Additional clauses are not taken into account presuming that these are not unconditional. Non-redeemable operating lease contracts are recognized at nominal amounts and are due as follows:

	2009	2008
Within one year	8,325	6,258
Between one and five years	9,497	10,917
After more than five years	502	911
	<b>18,324</b>	<b>18,086</b>

### Guarantees

The guarantee commitments as at December 31, 2009 amount to € 818 million (2008: € 882 million) and can be specified as follows:

	2009	2008
Guarantees provided by third parties with respect to:		
• associated companies	8,000	8,000
• contracts and joint ventures	810,000	873,000
• lease obligations and other financial obligations	—	1,000
	<b>818,000</b>	<b>882,000</b>

For the above guarantees outstanding as at December 31, 2009, counter-guarantees have been provided to financial institutions for approximately € 810 million (2008: approximately € 873 million). Three key Group companies are jointly and severally liable in respect of credit facilities and guarantees provided to several Group companies. In respect of these credit facilities, it has been agreed to limit the provision of further securities on existing property, plant and equipment.

Group companies are jointly and severally liable for the non-consolidated part of the liabilities of their joint ventures: in total € 132 million (2008: € 247 million). Group companies are also jointly and severally liable for performance obligations for contracts with third parties in project-driven construction consortiums. In addition, certain recourse obligations exist in respect of project financiers and guarantees of deployment relating to equipment. Where deemed necessary, provisions have been made.

### Capital commitments

At year-end 2009, capital commitments amount to € 182 million (year-end 2008: € 349 million).

### Other

Some legal proceedings and investigations have been instituted against entities of Royal Boskalis Westminster N.V. Where deemed necessary, provisions have been made.

## 27. Subsequent events

### Proposed profit appropriation 2009

An amount of € 110.5 million will be added to the retained earnings. The proposal to the Annual General Meeting will be to appropriate the remainder, € 117.4 million, for a dividend payment of € 1.19 per share.

The dividend will be made payable in ordinary shares to be charged to the tax-exempt share premium or to be charged to the retained earnings, unless a shareholder expressly requests payment in cash.

### Public offer for all of the issued and outstanding ordinary shares of Smit Internationale N.V.

On February 25, 2010 Boskalis Holding B.V., a wholly owned subsidiary of Royal Boskalis Westminster N.V., placed a public cash offer for all of the issued and outstanding ordinary shares of Smit Internationale N.V. at an offer price of € 60.00 per share, excluding an interim dividend of € 2.75 over the year 2009. The Management Board and the majority of the Supervisory Board of Smit recommended the offer to the shareholders for acceptance. For the financing of the intended transaction a bank facility with a Group of banks is in place.

## 28. Related parties

### 28.1 Identity of related parties

The identified related parties to the Group are its Group companies, its joint ventures, its associated companies (see note 14), its shareholders with significant influence, its pension funds that are classified as funded defined benefit pension schemes in accordance with IAS 19 and the members of the Supervisory Board and Board of Management.

### Group companies

The following are the most relevant active Group companies.

Company	City and country of incorporation	Ownership interest	
		2009	2008
Aannemingsmaatschappij Markus B.V.	Halfweg, The Netherlands	100%	100%
Baggermaatschappij Boskalis B.V.	Papendrecht, The Netherlands	100%	100%
Baggermaatschappij Holland B.V.	Papendrecht, The Netherlands	100%	100%
Boskalis B.V.	Rotterdam, The Netherlands	100%	100%
Boskalis Cofra Holding B.V.	Amsterdam, The Netherlands	100%	100%
Cofra B.V.	Amsterdam, The Netherlands	100%	100%
Boskalis Dolman B.V.	Dordrecht, The Netherlands	100%	100%
Boskalis Markus B.V.	Papendrecht, The Netherlands	100%	100%
Boskalis Westminster Dredging B.V.	Papendrecht, The Netherlands	100%	100%
Boskalis Holding B.V.	Papendrecht, The Netherlands	100%	100%
Boskalis Westminster International B.V.	Papendrecht, The Netherlands	100%	100%
Boskalis International B.V.	Papendrecht, The Netherlands	100%	100%
Boskalis Offshore B.V.	Papendrecht, The Netherlands	100%	100%
Boskalis Finance B.V.	Papendrecht, The Netherlands	100%	100%
Boskalis Westminster Shipping B.V.	Papendrecht, The Netherlands	100%	100%
Boskalis Maritime Investments B.V.	Papendrecht, The Netherlands	100%	100%
BW Soco B.V.	Slidrecht, The Netherlands	100%	100%
Hydronamic B.V.	Slidrecht, The Netherlands	100%	100%
Boskalis Infra B.V.	Rotterdam, The Netherlands	100%	100%
A.H. Breijjs & Zonen B.V.	Rotterdam, The Netherlands	100%	100%
J. van Vliet B.V.	Wormerveer, The Netherlands	100%	100%
Heinrich Hirdes GmbH	Hamburg, Germany	100%	100%

Heinrich Hirdes Kampfmittelräumung GmbH	Duisburg, Germany	<b>100%</b>	100%
Westminster Dredging Company Ltd	Fareham, United Kingdom	<b>100%</b>	100%
Boskalis Westminster Ltd	Fareham, United Kingdom	<b>100%</b>	100%
Westminster Gravels Ltd	Fareham, United Kingdom	<b>100%</b>	100%
Boskalis Zinkcon Ltd	Fareham, United Kingdom	<b>100%</b>	100%
Llanelli Sand Dredging Ltd	Llanelli, United Kingdom	<b>100%</b>	100%
Rock Fall Company Ltd	Ayrshire, United Kingdom	<b>100%</b>	100%
Atlantique Dragage SARL	Nanterre, France	<b>100%</b>	100%
Sociedad Española de Dragados SA	Madrid, Spain	<b>100%</b>	100%
Dragapor Dragagens de Portugal SA	Alcochete, Portugal	<b>100%</b>	100%
Boskalis Offshore A/S	Randaberg, Norway	<b>100%</b>	100%
Boskalis Sweden AB	Gothenburg, Sweden	<b>100%</b>	100%
Terramare Oy	Helsinki, Finland	<b>100%</b>	100%
UAB Boskalis Baltic	Klaipeda, Lithuania	<b>100%</b>	100%
Boskalis Westminster Dredging Ltd	Nicosia, Cyprus	<b>100%</b>	100%
BW Marine (Cyprus) Ltd	Nicosia, Cyprus	<b>100%</b>	100%
Boskalis Westminster Middle East Ltd	Nicosia, Cyprus	<b>100%</b>	100%
Boskalis Westminster (Oman) LLC	Seeb, Oman	<b>49%</b>	49%
Boskalis Westminster Al Rushaid Co Ltd	Dhahran, Saudi-Arabia	<b>49%</b>	49%
Boskalis Westminster Dredging and Contracting Ltd	Nicosia, Cyprus	<b>100%</b>	100%
Nigerian Westminster Dredging and Marine Ltd	Lagos, Nigeria	<b>60%</b>	60%
Stuyvesant Dredging Co.	Metairie, United States of America	<b>100%</b>	100%
Boskalis Westminster Inc.	Wilmington, United States of America	<b>100%</b>	100%
Dragamex SA de CV	Coatzacoalcos, Mexico	<b>100%</b>	100%
Codramex SA de CV	Coatzacoalcos, Mexico	<b>100%</b>	100%
Coastal and Inland Marine Services Inc.	Ancon, Panama	<b>100%</b>	100%
Riovia SA	Montevideo, Uruguay	<b>100%</b>	100%
Boskalis do Brasil Dragagem e Serviços Marítimos Ltda	Rio de Janeiro, Brazil	<b>100%</b>	n.a.
Boskalis Westminster St. Lucia Ltd	Castries, St. Lucia	<b>100%</b>	n.a.
Boskalis Taiwan Ltd	Taipei, Taiwan	<b>100%</b>	100%
Boskalis International (S.) Pte Ltd	Singapore	<b>100%</b>	100%
Zinkcon Marine Singapore Pte Ltd	Singapore	<b>100%</b>	100%
Koon Zinkcon Pte Ltd	Singapore	<b>100%</b>	50%
Boskalis Australia Pty Ltd	Chatswood, Australia	<b>100%</b>	100%

#### Joint ventures

The following are the most relevant active joint ventures.

#### Strategic alliances:

Entity	Country of incorporation	Ownership interest	
		2009	2008
Archirodon Group N.V.	The Netherlands	<b>40%</b>	40%
Lamnalco Ltd	Sharjah, United Arab Emirates	<b>50%</b>	50%
Deepprock CV	The Netherlands	<b>50%</b>	50%

## Project-driven construction consortiums:

Entity	Country of incorporation	Joint venture interest	
		2009	2008
Boskalis B.V. / M.N.O. Vervat B.V.	The Netherlands	50%	70%
Combinatie "Duizend Zestien" vof	The Netherlands	50%	50%
Combinatie Boskalis KWS N470-76	The Netherlands	50%	50%
Combinatie Haarrijnse Plas	The Netherlands	25%	25%
Combinatie Onderhoud Waterweg	The Netherlands	50%	50%
NOBM Hedel	The Netherlands	50%	50%
Combinatie Bowegro vof	The Netherlands	50%	50%
Consortium N11	The Netherlands	17%	17%
Bouwcombinatie Hollandse Meren	The Netherlands	9%	9%
Bouwcombinatie Brabant Noord	The Netherlands	9%	9%
Combinatie Achtkamp / Zevenhuizerplas	The Netherlands	50%	50%
Zandexploitatie Zevenhuizerplas vof	The Netherlands	50%	50%
Combinatie HSL 1 Grond & Wegen	The Netherlands	20%	20%
Combinatie HSL 5 Noord Grond & Wegen	The Netherlands	15%	15%
Combinatie Smink BKD vof	The Netherlands	50%	50%
Combinatie BVNN Boskalis Dolman vof	The Netherlands	50%	50%
Oosterhof Holman Boskalis	The Netherlands	50%	50%
Combinatie Boskalis KWS N470	The Netherlands	50%	50%
KWS-Boskalis (Sloelijn)	The Netherlands	50%	50%
Sassenplaat	The Netherlands	50%	50%
Volker Wessels-Boskalis (Sloelijn koepel)	The Netherlands	33%	33%
N201 Aalsmeer - Uithoorn	The Netherlands	15%	15%
Projectorganisatie Uitbreiding Maasvlakte (PUMA) vof	The Netherlands	50%	50%
Combinatie Grond & Wegen N201	The Netherlands	50%	50%
Combinatie KWS - Markus	The Netherlands	50%	50%
Bouwcombinatie Volgermeer	The Netherlands	50%	50%
Combinatie A2 HoMa	The Netherlands	38%	38%
Combinatie de Keent	The Netherlands	50%	50%
Stemat/Boskalis vof	The Netherlands	50%	50%
Ketelmeer Hanzerak West	The Netherlands	50%	50%
Sanering Hollandsche IJssel	The Netherlands	50%	50%
Combinatie KWS/Boskalis Westrandweg GWW	The Netherlands	50%	50%
Combinatie Westpoort vof	The Netherlands	15%	15%
Vinkeveen-Haarrijn	The Netherlands	25%	25%
Combinatie Opperduit	The Netherlands	33%	33%
Trajectum Novum Grond & Wegen	The Netherlands	33%	33%
Combinatie Trajectum Novum vof	The Netherlands	13%	13%
Combinatie Schuwagt	The Netherlands	50%	50%
JV Euryza, Infra/TBI Infra	The Netherlands	50%	50%
Markus - Transverko	The Netherlands	50%	50%
Combinatie Zeezand IJmuiden	The Netherlands	50%	n.a.
Combinatie Delflandse Kust	The Netherlands	50%	n.a.
Combinatie Kust van Voorne	The Netherlands	50%	n.a.
Combinatie Zeeuws Vlaanderen - Walcheren NZ2099	The Netherlands	50%	n.a.
Combinatie Gate LNG Kanaal	The Netherlands	50%	n.a.
Combinatie Van Kessel - Boskalis Gouwe Park	The Netherlands	50%	n.a.
Combinatie KWS Infra - Boskalis N23	The Netherlands	30%	n.a.
CV Projectbureau Grensmaas	The Netherlands	17%	17%

Boskalis Offshore AS - Tideway vof	The Netherlands	<b>50%</b>	n.a.
Dredging International Luxembourg - Boskalis International vof	The Netherlands	<b>50%</b>	n.a.
Joint Venture Boskalis - Jac. Rijk	The Netherlands	<b>50%</b>	n.a.
Boskalis Offshore/Rohde Nielsen vof	The Netherlands	<b>50%</b>	n.a.
Tideway - Boskalis Offshore L9 vof	The Netherlands	<b>50%</b>	n.a.
Lago Wirense CV	The Netherlands	<b>50%</b>	n.a.
Boskalis International - Dredging International CV	The Netherlands	<b>50%</b>	50%
Offshorebasis Cuxhaven LP8	Germany	<b>50%</b>	50%
Weserunterhaltungsbaggerung Bremerhaven	Germany	<b>50%</b>	50%
Binnenhafenkaje Kiel	Germany	<b>50%</b>	50%
Britannia Satellites	United Kingdom	<b>50%</b>	50%
UTE Dragado Gijon	Spain	<b>50%</b>	n.a.
000 Mortechnika	Russia	<b>50%</b>	50%
Jurong and Tuas Rock Contractors JV	Singapore	<b>75%</b>	75%
Penta-Ocean Koon Ham DI Boskalis JV (Jurong 3B)	Singapore	<b>22%</b>	22%
Penta-Ocean Koon DI Boskalis Ham JV (Jurong 4)	Singapore	<b>17%</b>	17%
New Doha International Airport JV	Qatar	<b>29%</b>	29%
Ras Laffan Port Expansion	Qatar	<b>50%</b>	50%
Ras Laffan Northern Breakwaters Contractors	Qatar	<b>50%</b>	50%
North Bahrain New Town	Bahrain	<b>50%</b>	50%
KOC	Kuwait	<b>50%</b>	50%
Khalifa Port Marine Consortium	Abu Dhabi, United Arab Emirates	<b>37%</b>	37%
Port Rashid	Dubai, United Arab Emirates	<b>50%</b>	n.a.
Dragages Tanger Mediterranee	Morocco	<b>50%</b>	50%
Boskalis Jan de Nul Lda	Angola	<b>50%</b>	50%
Boscampo	Cameroon	<b>50%</b>	50%
EPGA3A	Nigeria	<b>50%</b>	n.a.
Bahia Blanca	Argentina	<b>50%</b>	50%
Quequen	Argentina	<b>50%</b>	50%
Joint venture Sepetiba	Brazil	<b>50%</b>	50%

#### Associated companies

The most relevant active associated companies are mentioned in note 14.

#### Pension funds that are classified as funded defined pension schemes in accordance with IAS 19

Information on pension funds that are classified as funded defined benefit pension plans in accordance with IAS 19 can be found in note 22.1. There were no further material transactions with these pension funds.

#### Members of the Board of Management and members of the Supervisory Board

The only key management officers qualifying as related parties are the members of the Board of Management and the members of the Supervisory Board.

### 28.2 Related party transactions

#### Joint ventures

During the financial years 2009 and 2008, there were no material transactions with strategic alliances other than in joint control. Those material transactions were mainly in proportion to the percentage of participation in the activities in project-driven construction consortiums. Transactions with project-driven construction consortiums take place on a large scale because of the nature of the business activities. In respective joint venture agreements, equivalence between individual partners is achieved by means of, inter alia, agreed rates for personnel and equipment.

The joint Group companies have, at year-end 2009, amounts receivable from and payable to project-driven construction consortiums amounting to € 130 million and € 302 million respectively (2008: € 146 million and € 181 million respectively).

The proportional share of the Group in the assets, liabilities, revenue and expenses of joint ventures is stated below.

	2009	2008
Non-current assets	<b>188,959</b>	189,910
Current assets	<b>578,811</b>	459,242
Total assets	<b>767,770</b>	649,152
Non-current liabilities	<b>66,105</b>	49,947
Current liabilities	<b>535,471</b>	460,548
Total liabilities	<b>601,576</b>	510,495
Net assets	<b>166,194</b>	138,657
Revenue	<b>821,407</b>	951,254
Expenses	<b>- 703,465</b>	- 844,282
Net profit	<b>117,942</b>	106,972

#### Associated companies

Transactions with associated companies are not material (see note 14).

#### Shareholder with significant influence

As part of the issue of ordinary shares in December 2009 ordinary shares were issued to HAL Investments B.V. at a price of € 25.50 each.

#### Transactions with members of the Board of Management and members of the Supervisory Board

The emoluments for members of the Board of Management and Supervisory Board of the company over 2009 and 2008 were as follows:

	Annual salaries and remuneration	Employer's pension contributions	Short- and long-term variable remuneration paid	Total	2008
<b>Members of the Board of Management</b>					
dr. P.A.M. Berdowski	560	123	693	1,376	1,926
T.L. Baartmans	405	85	246	736	627
J.H. Kamps	405	85	455	945	649
	<b>1,370</b>	<b>293</b>	<b>1,394</b>	<b>3,057</b>	3,202
<b>Members of the Supervisory Board</b>					
R.M.F. van Loon (up to March 17, 2009)	16	—	—	16	63
H. Heemskerk	50	—	—	50	37
M.P. Kramer (from August 19, 2009)	14	—	—	14	—
M. Niggebrugge	44	—	—	44	44
M. van der Vorm	37	—	—	37	37
C. van Woudenberg	41	—	—	41	41
	<b>202</b>	<b>—</b>	<b>—</b>	<b>202</b>	222
<b>Total 2009</b>	<b>1,572</b>	<b>293</b>	<b>1,394</b>	<b>3,259</b>	
<b>Total 2008</b>	1,441	221	1,762		3,424

The variable remuneration paid in 2009 is related to the achievement of certain targets during the 2008 financial year (short-term variable remuneration) and the achievement of certain targets during the 2006-2008 period (long-term variable remuneration).

No loans or guarantees have been provided to, or on behalf of, members of the Board of Management or members of the Supervisory Board. The members of the Board of Management and the members of the Supervisory Board receive, in addition to their remuneration, a yearly allowance for out-of-pocket expenses of € 5,904, respectively € 2,368 each.

#### Long-term incentive plan

The members of the Board of Management participate in a long-term (three years) incentive plan which grants them a conditional number of notional shares. The conditional awarding of notional shares is linked to meeting certain long-term (three years) financial and non-financial performance criteria as set by the Supervisory Board. Annually a conditional number of notional shares is determined based on the 'at target' percentages (for the Chairman of the Board of Management 50% of the fixed annual salary and 45% for a member). The fair value of these notional shares is approximated based on the share price at year-end. The share appreciation rights are fixed after three years based on the performance criteria met over this same period and paid out in cash at the equivalent value (share price) applicable at that time.

As at December 31, 2009 an accrual with regard to the above-mentioned long-term incentive plan amounting to € 1.6 million (2008: € 1.1 million) is recognized under Other creditors and accruals (determination and payment in the period 2009-2011).

#### Multi-year summary of variable remunerations

With regard to the years 2007 up till 2009 the following variable remunerations were granted to the members of the Board of Management:

	year of payment		
	2010	2009	2008
dr. P.A.M. Berdowski	828	693	1,346
T.L. Baartmans	500	246	197
J.H. Kamps	528	455	219
Total	1,856	1,394	1,762



## Company income statement

<i>(in € 1,000)</i>	<i>Note</i>	<b>2009</b>	2008
Result of Group companies	[3]	<b>224,296</b>	252,210
Other results, after taxation		<b>3,556</b>	- 3,105
<b>Net profit</b>		<b>227,852</b>	249,105

## Company balance sheet before profit appropriation

<i>(in € 1,000)</i>	<i>Note</i>	<b>2009</b>	2008
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in Group companies	[3]	<b>1,294,826</b>	863,845
		<b>1,294,826</b>	863,845
<b>Current assets</b>			
Income tax receivable		<b>907</b>	—
Amounts due from Group companies		<b>149</b>	—
		<b>1,056</b>	—
<b>Total assets</b>		<b>1,295,882</b>	863,845
<b>Equity and liabilities</b>			
<b>Shareholders' equity</b>			
Issued capital	[4]	<b>78,921</b>	68,639
Share premium	[4]	<b>232,076</b>	13,261
Other legal reserve	[5]	<b>132,725</b>	107,351
Hedging reserve	[5]	<b>8,262</b>	5,735
Revaluation reserve	[5]	<b>3,834</b>	3,834
Currency translation reserve	[5]	<b>- 37,542</b>	- 32,877
Actuarial reserve	[5]	<b>- 30,098</b>	- 48,654
Retained earnings	[5]	<b>679,737</b>	493,724
Profit for the year	[6]	<b>227,852</b>	249,105
		<b>1,295,767</b>	860,118
<b>Current liabilities</b>			
Trade and other payables		<b>115</b>	3,727
		<b>115</b>	3,727
<b>Total equity and liabilities</b>		<b>1,295,882</b>	863,845

## Statement of changes in shareholders' equity

(in € 1,000)	Note	Balance as at January 1, 2009	Issue of ordinary shares	Cash dividend	Stock dividend	Addition to retained earnings	Movement other legal reserve	Total recognized income and expense	Balance as at December 31, 2009
Issued capital	[4]	68,639	7,216		3,066				78,921
Share premium	[4]	13,261	220,135		- 1,320				232,076
		<u>81,900</u>	<u>227,351</u>		<u>1,746</u>				<u>310,997</u>
Other legal reserve	[5]	107,351				—	25,374	—	132,725
Hedging reserve	[5]	5,735				—	—	2,527	8,262
Revaluation reserve	[5]	3,834				—	—	—	3,834
Currency translation reserve	[5]	- 32,877				—	—	- 4,665	- 37,542
Actuarial reserve	[5]	- 48,654				—	—	18,556	- 30,098
Retained earnings	[5]	493,724				211,387	- 25,374	—	679,737
		<u>529,113</u>				<u>211,387</u>	<u>—</u>	<u>16,418</u>	<u>756,918</u>
Profit appropriation 2008		249,105		- 35,972	- 1,746	- 211,387		—	—
Net profit 2009		—		—	—	—		227,852	227,852
Profit for the year	[6]	249,105		- 35,972	- 1,746	- 211,387		227,852	227,852
		<u>860,118</u>	<u>227,351</u>	<u>- 35,972</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>244,270</u>	<u>1,295,767</u>

(in € 1,000)	Note	Balance as at January 1, 2008	Issue of ordinary shares	Cash dividend	Stock dividend	Addition to retained earnings	Movement other legal reserve	Total recognized income and expense	Balance as at December 31, 2008
Issued capital	[4]	68,639	—		—				68,639
Share premium	[4]	13,261	—		—				13,261
		<u>81,900</u>	<u>—</u>		<u>—</u>				<u>81,900</u>
Other legal reserve	[5]	97,204				—	10,147	—	107,351
Hedging reserve	[5]	36,269				—	—	- 30,534	5,735
Revaluation reserve	[5]	—				—	—	3,834	3,834
Currency translation reserve	[5]	- 24,004				—	—	- 8,873	- 32,877
Actuarial reserve	[5]	- 29,291				—	—	- 19,363	- 48,654
Retained earnings	[5]	401,596				102,275	- 10,147	—	493,724
		<u>481,774</u>				<u>102,275</u>	<u>—</u>	<u>- 54,936</u>	<u>529,113</u>
Profit appropriation 2007		204,376		- 102,101	—	- 102,275		—	—
Net profit 2008		—		—	—	—		249,105	249,105
Profit for the year	[6]	204,376		- 102,101	—	- 102,275		249,105	249,105
		<u>768,050</u>	<u>—</u>	<u>- 102,101</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>194,169</u>	<u>860,118</u>

## Explanatory notes to the company financial statements

### 1. General

The Company financial statements are part of the Financial statements 2009 of Royal Boskalis Westminster N.V. (the 'Company').

### 2. Principles of financial reporting

#### 2.1 Accounting policies

The company financial statements have been drawn up using the reporting standards applied for drawing up the consolidated financial statements, in accordance with Section 362(8), Part 9 of Book 2 of the Netherlands Civil Code except for the investments in Group companies. Based on Section 362(1), Part 9 of Book 2 of the Netherlands Civil Code, the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. These accounting principles are disclosed in note 3 of the consolidated financial statements.

#### 2.2 Format

Unless stated otherwise, all amounts in these explanatory notes are stated in thousands of euros. The company balance sheet is drawn up before profit appropriation. The company income statement is limited in accordance with Section 402, Part 9 of Book 2 of the Netherlands Civil Code.

#### 2.3 Investments in Group companies

Investments in Group companies are accounted for using the equity method, as described in the principles of Financial Reporting relating to associated companies in the consolidated Financial statements.

#### 2.4 Amounts due from Group companies

Amounts due from Group companies are stated initially at fair value and subsequently at amortized cost. Amortized cost is determined using the effective interest rate.

#### 2.5 Amounts due to Group companies

Amounts due to Group companies are recognized initially at fair value and subsequently at amortized cost. Amounts due to Group companies are discounted insofar as the difference between the discounted value and nominal value is material.

#### 2.6 Result of Group companies

The result of Group companies consists of the share of the Company in the result after taxation of this Group companies. Results on transactions, where the transfer of assets between the Company and its Group companies and mutually between Group companies themselves are not incorporated as far as they can be deemed to be unrealised.

### 3. Investments in Group companies

Investments in Group companies consist solely of the 100% investment in Boskalis Westminster Dredging B.V., Papendrecht. The movements in this investment are shown below:

	2009	2008
Balance as at January 1	<b>863,845</b>	768,571
Dividends received	<b>- 39,733</b>	- 150,645
Net investments	<b>230,000</b>	48,645
Profit for the year	<b>224,296</b>	252,210
Movements directly recognized in equity of Group company	<b>16,418</b>	- 54,936
Balance as at December 31	<b><u>1,294,826</u></b>	<u>863,845</u>

Reference is made to the notes 14 and 28.1 of the consolidated financial statements 2009 for an overview of the most important direct and indirect Group companies.

### 4. Issued capital and share premium

The authorized share capital of € 240 million is divided into 150,000,000 ordinary shares with a par value of € 0.80 each and 50,000,000 cumulative protective preference shares with a par value of € 2.40 each.

Issued capital increased by 3,832,322 ordinary shares in the course of 2009 as a result of the distribution of stock dividend. In addition, on December 15, 2009 shares were issued within the framework approved by the Extraordinary General Meeting of Shareholders on December 7, 2009. The issue concerned the placement of 9,019,606 new ordinary shares at a price of € 25.50 per share. The transaction costs involved in the share issue net of income taxes (€ 2.6 million) were charged to the share premium reserve.

The movement in issued share capital is as follows:

<i>(in number of shares)</i>	2009	2008
On issue and fully paid at January 1	<b>85,799,361</b>	85,799,361
Optional dividend	<b>3,832,322</b>	—
Issue of ordinary shares	<b>9,019,606</b>	—
On issue and fully paid at December 31	<b><u>98,651,289</u></b>	<u>85,799,361</u>

The issued capital as at December 31, 2009 consists of 98,651,289 ordinary shares with a par value of € 0.80 each and consequently amounts to € 78.9 million (2008: € 68.6 million).

Of the issued capital as at December 31, 2008, six ordinary shares were owned by Royal Boskalis Westminster N.V.

The as yet unexercised option right to take cumulative protective preference shares in Royal Boskalis Westminster N.V. has been assigned to the Stichting Continuïteit KBW.

Share premium comprises additional paid-in capital exceeding the par value of outstanding shares. Share premium is distributable free of tax.

## 5. Other reserves

With regard to the difference between the cost price and equity value of entities, consolidated either proportionally as well as associated companies recognized in accordance with the equity method, a legally required reserve is recognized because of a lack of control over the distribution of profits only to the extent that these differences are not included in the accumulated currency translation differences on foreign operations. The legal reserve for non-distributed profits of group and/or associated companies amounted to € 132.8 million at the end of 2009 (2008: € 107.4 million). The legal reserve for associated companies is determined on an individual basis.

The legal reserves recognized in the company balance sheet are disclosed in the notes to the consolidated financial statements (note 20.2-20.5).

## 6. Profit for the year

An amount of € 110.5 million will be added to the retained earnings. The proposal to the Annual General Meeting will be to appropriate the remainder, € 117.4 million, for a dividend payment of € 1.19 per ordinary share.

The dividend will be made payable in ordinary shares to be charged to the tax-exempt share premium or to be charged to the retained earnings, unless a shareholder expressly requests payment in cash.

## 7. Financial instruments

### General

Pursuant to its use of financial instruments, the group is exposed to the following risks:

- Credit risk
- Liquidity risk
- Market risk

The notes to the consolidated financial statements provide information on the Group's exposure to each of the aforementioned risks, its objectives, principles and procedures for managing and measuring these risks, as well as group capital management.

These risks, objectives, principles and procedures for managing and measuring these risks as well as capital management apply mutatis mutandis to the company financial statements of Royal Boskalis Westminster N.V.

### Fair value

The fair value of most of the financial instruments presented in the balance sheet, including receivables, securities, cash and cash equivalents and current liabilities are close to the book value.

## 8. Remuneration of members of the Board of Management and members of the Supervisory Board

The remuneration of members of the Board of Management and members of the Supervisory Board is disclosed in the consolidated financial statements under related party transactions (note 28.2).

## 9. Auditor's remuneration

With reference to Section 402, Part 9 of Book 2 of the Netherlands Civil Code, KPMG Accountants N.V. has charged the following fees to the Company, its subsidiaries and other consolidated entities:

	2009	2008
Audit of the financial statements	530	535
Other audits	80	35
	<b>610</b>	<b>570</b>

Total audit fees, including fees for auditors other than KPMG Accountants N.V., related to the audit of the financial statements amount to € 0.9 million (2008: € 1.0 million).

## 10. Commitments and contingent liabilities

Royal Boskalis Westminster N.V. heads a fiscal entity which includes her Dutch 100% Group company Boskalis Westminster Dredging B.V. The company is therefore liable for the tax obligations of the fiscal entity as a whole.

The Company has arrangements with third parties, amongst which banks and pension funds. These arrangements are on behalf of her Group companies. Because the risks and rewards are with these Group companies, the costs are charged to these companies and the liabilities are recognized by these companies. The Company is jointly and severally liable for the fulfillment of the liabilities under aforementioned arrangements.

The company has issued guarantees on behalf of project-driven construction consortiums, and Group companies' own contracts. These amounted to € 1 million as at December 31, 2008 (2008: € 1 million). In addition, certain recourse obligations exist in respect of project financiers. Where deemed necessary, provisions have been made.

Some legal proceedings and investigations have been instituted against entities of Royal Boskalis Westminster N.V. Where deemed necessary, provisions have been made.

Papendrecht / Slidrecht, March 17, 2010

### Supervisory Board

H. Heemskerk, chairman  
M.P. Kramer (as from August 19, 2009)  
M. Niggebrugge  
M. van der Vorm  
C. van Woudenberg

### Board of Management

dr. P.A.M. Berdowski, chairman  
T.L. Baartmans  
J.H. Kamps

## Other information

### Provisions in the Articles of Association relating to profit appropriation

#### Article 28.

1. From the profits realized in any financial year, first of all, distributions will be made on cumulative protective preference shares if possible, in the amount of the percentage specified below of the amount that has to be paid up on these shares as from the beginning of the financial year to which the distribution is related. The percentage referred to above equals the average Euribor interest rate determined for loans with a term of one year – weighted in respect of the number of days to which this interest rate applied – during the financial year to which the distribution is related, increased by four percentage points at most; this increase will be determined every five years by the Board of Management subject to the approval of the Supervisory Board. If in the financial year in respect of which the above-mentioned distribution takes place, the amount that has to be paid up on cumulative protective preference shares has been reduced or, pursuant to a resolution for further payment, has been increased, the distribution shall be reduced or, if possible, be increased by an amount equal to the above-mentioned percentage of the amount of the reduction or the increase, as the case may be, calculated from the moment of the reduction or from the moment further payment became compulsory. If in the course of any financial year cumulative protective preference shares have been issued, the dividend on those cumulative protective preference shares shall be reduced for that year in proportion to the day of issue, taking into account a part of a month as a full month.
2. If and in so far as the profit is not enough to realize the distribution referred to in paragraph 1, the deficit shall be distributed from the reserves, subject to statutory provisions.
3. If in any financial year the profit referred to in paragraph 1 is not enough to realize the distributions referred to above in this article, and furthermore no distribution or only a partial distribution from the reserves as referred to in paragraph 2 is realized, so that the deficit is not or not completely distributed, the provisions of this article and the provisions of the following paragraphs shall only apply in the following financial years after the deficit has been made up for. After application of paragraphs 1, 2 and 3, no further distribution shall take place on the cumulative protective preference shares.
4. Out of the remaining profit, an amount shall be reserved annually to the extent as shall be determined by the Board of Management under approval of the Supervisory Board. The remaining part of the profits after reservation,

as referred to in the immediately preceding sentence, is at the free disposal of the General Meeting of Shareholders and in case of distribution, the holders of ordinary shares will be entitled thereto in proportion to their holding of ordinary shares.

#### Article 29.

1. Dividends shall be made available for payment within thirty days of their declaration, or any sooner as the Board of Management may determine.
2. Unclaimed dividends will revert to the company after five years.
3. If the Board of Management so decides, subject to the approval of the Supervisory Board, an interim dividend shall be distributed, subject to the preference of the cumulative protective preference shares and the provisions of Article 2:105 of the Dutch Civil Code.
4. The General Meeting of Shareholders may decide, on the proposal of the Board of Management, that dividends will be distributed fully or partially in the form of shares in the company or depositary certificates thereof.
5. The company may only realize distributions to the shareholder to the extent that its equity capital exceeds the amount of the subscribed capital, increased by the reserves that have to be maintained by law or by the articles of association.
6. A deficit may only be offset against reserves that have to be maintained by law to the extent that this is permitted by the law.

#### Proposed profit appropriation 2009

An amount of € 110.5 million will be added to the retained earnings. The proposal to the Annual General Meeting will be to appropriate the remainder, € 117.4 million, for a dividend payment of € 1.19 per share.

The dividend will be made payable in ordinary shares to be charged to the tax-exempt share premium or to be charged to the retained earnings, unless a shareholder expressly requests payment in cash.

#### Public offer for all of the issued and outstanding ordinary shares of Smit Internationale N.V.

On February 25, 2010 Boskalis Holding B.V., a wholly owned subsidiary of Royal Boskalis Westminster N.V., placed a public cash offer for all of the issued and outstanding ordinary shares of Smit Internationale N.V. at an offer price of € 60.00 per share, excluding an interim dividend of EUR 2.75 over the year 2009. The Management Board and the majority of the Supervisory Board of Smit recommended the offer to the shareholders for acceptance. For the financing of the intended transaction a bank facility with a Group of banks is in place.



## Auditor's report

To: Annual General Meeting of Shareholders of Royal Boskalis Westminster N.V.

### Report on the financial statements

We have audited the financial statements 2009 of Royal Boskalis Westminster N.V., Slidrecht, as set out on pages 65 to 123. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at December 31, 2009, the consolidated income statement, the consolidated statement of recognized and unrecognized income and expenses, the consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and the notes, comprising other explanatory notes. The company financial statements comprise the company balance sheet as at December 31, 2009, the company income statement for the year then ended and the notes.

### Management's responsibility

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

### Auditor's responsibility

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

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

### Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Royal Boskalis Westminster N.V. as at December 31, 2009, and of its result and its cash flow for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

### Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Royal Boskalis Westminster N.V. as at December 31, 2009, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

### Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report as set out on pages 41 to 61 is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Rotterdam, March 17, 2010

KPMG Accountants N.V.

D.J. Randeraad RA

## Ten years Boskalis <sup>(1) (13)</sup>

(amounts x € 1 million, unless stated otherwise)											
		2009	2008	2007	2006	2005	2004	2003 <sup>(2)</sup>	2002	2001	2000
Revenue (work done)		2.175	2.094	1.869	1.354	1.156	1.020	1.046	1.035	1.083	960
Order book (work to be done)	(3)	2.875	3.354	3.562	2.543	2.427	1.244	1.202	1.273	1.224	1.214
EBIT	(4)	249,3	339,1	245,5	150,3	82,3	47,5	69,6	99,6	97,7	84,4
EBITDA	(5)	444,9	454,6	348,1	236,8	162,5	136,5	148,9	166,2	159,9	139,6
Net result		227,9	249,1	204,4	116,6	62,7	33,9	70,9	82,1	77,7	67,2
Net group profit	(6)	229,2	250,1	207,1	117,0	63,3	34,1	70,9	82,1	77,7	67,2
Depreciation and impairment losses		195,7	115,4	102,5	86,6	80,2	89,0	79,3	66,6	62,2	55,2
Cash flow		424,8	365,6	309,6	203,6	143,5	123,1	150,2	148,7	139,9	122,4
Shareholders' equity	(3)	1295,8	860,1	768,1	618,6	542,9	467,9	455,2	413,0	376,0	327,4
Average number of outstanding shares (x 1,000)	(7)	88.372	85.799	85.799	85.799	85.254	83.307	79.890	77.847	77.700	77.352
Number of outstanding shares (x 1,000)	(8)	98.651	85.799	85.799	85.799	85.799	84.522	81.768	77.910	77.751	77.643
Personnel (number of persons)	(3)	10.597	10.201	8.577	8.151	7.029	7.033	3.186	3.285	3.119	3.295
Ratios (percentages)											
Operating result as % of the revenue		11,5	16,2	13,1	11,1	7,1	4,7	6,7	8,9	9,0	9,6
Return on capital employed	(9)	20,4	29,0	27,7	19,1	12,0	7,0	16,0	20,3	21,4	21,0
Return on equity	(10)	21,1	30,6	29,5	20,1	12,4	7,2	16,3	20,8	22,1	21,8
Solvency	(3/11)	46,5	34,0	35,3	39,4	41,3	38,1	42,5	41,6	38,4	37,5
Figures per share (x € 1.00)											
Profit	(7/12)	2,58	2,90	2,38	1,36	0,74	0,41	0,89	1,05	1,00	0,87
Cash flow	(7)	4,81	4,26	3,61	2,37	1,68	1,48	1,88	1,91	1,80	1,58
Dividend		1,19	1,19	1,19	0,68	0,37	0,25	0,35	0,42	0,40	0,35
Share price range (x € 1.00)											
(Depository receipts of) ordinary shares		13,25	15,30	21,06	14,67	8,58	6,02	5,50	5,93	8,38	5,50
		28,45	42,45	46,25	25,48	18,75	8,33	7,72	11,85	12,38	10,17

(1) Figures taken from the financial statements. As from 2004 all amounts are in accordance with EU-IFRS.

(2) Results on work in progress from 2003 onwards based on work done and up to and including 2002 based on completed contracts.

(3) As at December 31, 2003 amended for EU-IFRS (number of personnel: December 31, 2004).

(4) Consists of result before share in result of associated companies, finance income and expenses and taxation.

(5) Consists of result before share in result of associated companies, finance income and expenses, taxation and depreciation, amortization and impairment losses

(6) As from 2004: net result + net profit attributable to minority interests.

(7) Weighted average number of outstanding shares less the number of shares owned by the company.

(8) Number of outstanding ordinary shares less the number of shares owned by the company as at December 31.

(9) Net result + interest paid on long-term loans as % of the average capital employed (shareholders' equity + long-term loans).

(10) Net result as % of the average shareholders' equity.

(11) Group equity as % of the balance sheet total (fixed assets + current assets).

(12) The dilution effect was practically nil up to the financial year 2009.

(13) On May 21, 2007 Royal Boskalis Westminster N.V. effected a share split on a three-for-one basis (three new shares for one old share) in order to increase the liquidity of the Boskalis share.

For comparative purposes the data regarding the number of shares and figures per share of all the periods has been recalculated to the situation after the split of the ordinary Boskalis shares in 2007.



## Disclosures required by Article 10 of the EU Directive on takeover bids

Under article 10 of the EU Directive on takeover bids companies whose securities are admitted to trading on a regulated market must disclose information in their annual reports on matters including their capital structure and the existence of any shareholders with special rights. In accordance with these requirements, Boskalis hereby makes the following disclosures:

- a. For information on the capital structure of the company, the issued capital and the existence of various types of shares, please refer to page 95 of the notes to the consolidated financial statements in this annual report.  
For information on the rights attached to these shares, please refer to the company's Articles of Association which can be found on the company website. To summarize, the rights attached to ordinary shares comprise pre-emptive subscription rights upon the issue of ordinary shares, the entitlement to attend the General Meeting of Shareholders, and to speak and vote at that meeting, and the right to distribution of such amount of the company's profit as remains after allocation to reserves. As at December 31, 2009 the entire issued capital consisted of ordinary shares (registered and bearer shares). These are only issued against payment in full.
- b. The company has imposed no limitations on the transfer of shares. The company is not aware of any shares having been exchanged for depositary receipts.
- c. For information on equity stakes in the company to which a notification requirement applies (pursuant to Sections 5:34, 5:35 and 5:43 of the Financial Supervision Act), please refer to the section 'Investor Relations' on page 30 of this annual report. Under the heading 'Shareholders' you will find a list of shareholders whom the company knows to have holdings of 5% or more at the stated date.
- d. There are no special control rights or other rights associated with shares in the company.
- e. The company does not operate a scheme granting employees rights to acquire or obtain shares in the capital of the company or any of its subsidiaries.
- f. No restrictions apply to voting rights associated with the company's shares, nor are there any deadlines for exercising voting rights.
- g. No agreements with shareholders exist which may result in restrictions on the transfer of shares.
- h. The rules governing the appointment and dismissal of members of the Board of Management and the Supervisory Board and amendment of the Articles of Association are stated in the company's Articles of Association. To summarize, members of the Board of Management are appointed and dismissed by the Supervisory Board, with the proviso that the General Meeting of Shareholders must be consulted prior to the dismissal of any member of the Board of Management. Supervisory Board members are nominated by the Supervisory Board and appointed by the General Meeting of Shareholders. The meeting of shareholders can declare a vote of no confidence in the Supervisory Board by an absolute majority of votes cast, representing at least one-third of issued capital. Such a vote of no confidence shall result in the immediate dismissal of the Supervisory Board members. Amendment of the company's Articles of Association requires a decision by a meeting of shareholders in response to a proposal made by the Board of Management with the approval of the Supervisory Board.

- i. The powers of the Board of Management in respect of the issuance of shares in the company are set out in article 4 of the company's Articles of Association. To summarize, the General Meeting of Shareholders - or the Board of Management authorized by the general meeting - takes the decision, subject to prior approval by the Supervisory Board, to issue shares, whereby the issue price and other conditions relating to the issue are determined by the general meeting. In the event the Board of Management is authorized to take decisions with respect to the issue of shares, the number of shares that may be issued as well as the term of the authorization must also be determined. Rules governing the acquisition and disposal by the company of shares in its own capital are set out in article 7 of the Articles of Association. To summarize (briefly), the Board of Management may decide, subject to authorization by the meeting of shareholders and to prior approval by the Supervisory Board, for the company to buy back fully paid-up shares up to a maximum of 10% of issued capital. Decisions regarding the disposal of shares acquired by the company are taken by the Board of Management, subject to prior approval by the Supervisory Board.
- j. With the exception of the option agreement with Stichting Continuïteit KBW concerning the placement of cumulative protective preference shares as set out in section 25.4 of the financial statements, the company is not a party to any significant agreements which take effect or are altered or terminated upon a change of control of the company as a result of a public offer within the meaning of Section 5:70 of the Financial Supervision Act. The General Meeting of Shareholders of May 9, 2001 decided to grant Stichting Continuïteit KBW the right to acquire protective preference shares as a preventative measure against a potential hostile bid for the company's shares or a significant proportion thereof.
- k. The company has not entered into any agreements with either members of the Board of Management or employees which provide for a pay-out on termination of their employment as a result of a public offer within the meaning of Section 5:70 of the Financial Supervision Act.

## Legal structure

### Royal Boskalis Westminster N.V.

### Boskalis Westminster Dredging B.V.

### Holding and service companies

A selection of operating companies and participating interests

### Boskalis Holding B.V.

### Baggermaatschappij Boskalis B.V.

Aannemersbedrijf M. de Haan B.V.

Aannemingsmaatschappij Markus B.V.

A.H. Breijs & Zonen B.V.

Baggermaatschappij Holland B.V.

Boskalis B.V.

Boskalis Dolman B.V.

Boskalis Infra B.V.

Cofra B.V.

Hydronamic B.V.

J. van Vliet B.V.

Zinkcon Dekker B.V.

### Boskalis Westminster International B.V.

### Boskalis Westminster Ltd

Boskalis Zinkcon Ltd

Irish Dredging Company Ltd

Rock Fall Company Ltd

RW Aggregates Ltd (50%)

Westminster Gravels Ltd

### Boskalis International B.V.

Adreco Serviços de Dragagem LDA (49%)

Beijing Boskalis Dredging Technology Ltd

BKI Gabon SA

Boskalis Australia Pty Ltd

Boskalis International Egypt for Marine Contracting SAE

Boskalis International (M) Sdn Bhd (30%)

Boskalis International (S) Pte Ltd

Boskalis International Uruguay SA

Boskalis Guyana Inc.

Boskalis South Africa (Pty) Ltd

Boskalis Taiwan Ltd

Boskalis Zinkcon B.V.

Coastal and Inland Marine Services Inc.

Dragamex SA de CV

Dravensa CA

Koon Zinkcon Pte Ltd (50%)

P.T. Boskalis International Indonesia

Riovia SA

Zinkcon Marine Singapore Pte Ltd

### Others

Archirodon Group N.V. (40%)

Atlantique Dragage SARL

Beaver Dredging Company Ltd

BKW Dredging and Contracting Ltd

Boskalis Dredging India Pvt Ltd

Boskalis Italia S.r.l.

Boskalis Polska Sp. z o.o.

Boskalis Sweden AB

Dredging & Contracting Belgium NV

Heinrich Hirdes Kampfmittelräumung GmbH

Nigerian Westminster Dredging & Marine Ltd (60%)

OOO Bolmorstroy

OOO Mortechnika (50%)

Soc. Española de Dragados SA

Stuyvesant Dredging Company

Terramare Oy

**Others** (continued)

Boskalis Westminster Aannemers N.V.  
 Boskalis Westminster Cameroun SARL  
 Boskalis Westminster (Oman) LLC (49%)  
 Dragapor Dragagens de Portugal S.A.

UAB Boskalis Baltic  
 Westminster Dredging Company Ltd  
 Zinkcon Contractors B.V.  
 Zinkcon International B.V.

**Boskalis Offshore B.V.**

Sandpiper AS

Boskalis Offshore AS

**Boskalis Westminster Middle East Ltd**

Lamnalco Ltd (50%)  
 Lamnalco (Nigeria) Ltd (50%)  
 Lamnalco (Sharjah) Ltd (35%)

Boskalis Westminster Al-Rushaid Ltd (49%)

**BW Marine (Cyprus) Ltd****Boskalis Finance B.V.**

Boskalis Maritime Investments B.V.

**Smit Internationale N.V.** (29.98% as per February 24, 2010)

*Aerial photograph of the St. Petersburg project, taken in December 2009.*



## Stichting Continuïteit KBW

### Report

By decision of the General Meeting of Shareholders held on May 9, 2001 the foundation Stichting Continuïteit KBW (hereinafter: the Foundation) was granted the right to acquire cumulative protective preference shares in Royal Boskalis Westminster N.V. for a nominal amount not exceeding the nominal amount of ordinary shares outstanding at the time of issue of the shares concerned. The option of issuing such cumulative protective preference shares was not exercised during the period under review.

The Board of the Foundation consists of three members:

J.A. Dekker  
J.F. van Duyne  
P.N. Wakkie

### Declaration of independence

The Board of Stichting Continuïteit KBW and the Board of Management of Royal Boskalis Westminster N.V. hereby declare that in their opinion Stichting Continuïteit KBW is an independent legal entity, separate from Royal Boskalis Westminster N.V., as defined in Section 5:71, first paragraph under c of the Financial Supervision Act.

Papendrecht / Slidrecht, March 17, 2010  
Royal Boskalis Westminster N.V.  
Board of Management

's-Gravenland, March 17, 2010  
Stichting Continuïteit KBW  
The Board



*In 2009 Boskalis worked on expanding the cruise terminal at Nassau in the Bahamas.*



## Organization

### Group management

dr. P.A.M. Berdowski, chairman Board of Management  
 T.L. Baartmans, member Board of Management, group director International  
 J.H. Kamps, member Board of Management, Chief Financial Officer  
 F.A. Verhoeven, group director Offshore  
 P. van der Linde, group director European Home markets

### International projects

Area Europe	C. van den Heuvel, J.M.L.D. Dieteren
Area Middle	P.G.R. Devinck, B. Fresel, J.H. Wiersma
Area Middle East	J. Boender, W.B. Vogelaar, K.A. Vakanas
Area East	L. Slinger, M. Siebinga
Area West	H.P.M. Sanders

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United Kingdom	
Westminster Dredging Company Ltd	N.A. Haworth, A. van de Adel
Germany	
Heinrich Hirdes GmbH	H.H.G. Peistrup
Nordic (Finland and Sweden)	
Terramare Oy and Boskalis Sweden AB	J.K. Yletyinen, H. Lindström
Mexico	
Dragamex S.A. de C.V.	P.M. de Jong
Nigeria	
Nigerian Westminster Dredging & Marine Ltd	P.G.R. Devinck
United States of America	
(no dredging activities in 2009)	
Stuyvesant Dredging Company	H.P.M. Sanders, J. Bogaards

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Environmental contracting	
Boskalis Dolman B.V.	J.A. Dolman
Soil-improvement techniques	
Cofra B.V.	J.K. van Eijk
Underwater rock fragmentation	
Rock Fall Company Ltd	G. Steel

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Treasury & Insurance	F.A.J. Rousseau
Legal	F.E. Buijs
Information & Communication Technology	M.J. Krijger
Safety, Health, Environment & Quality (SHE-Q)	W. Haaijer
Corporate Strategy & Business Development	T.R. Bennema

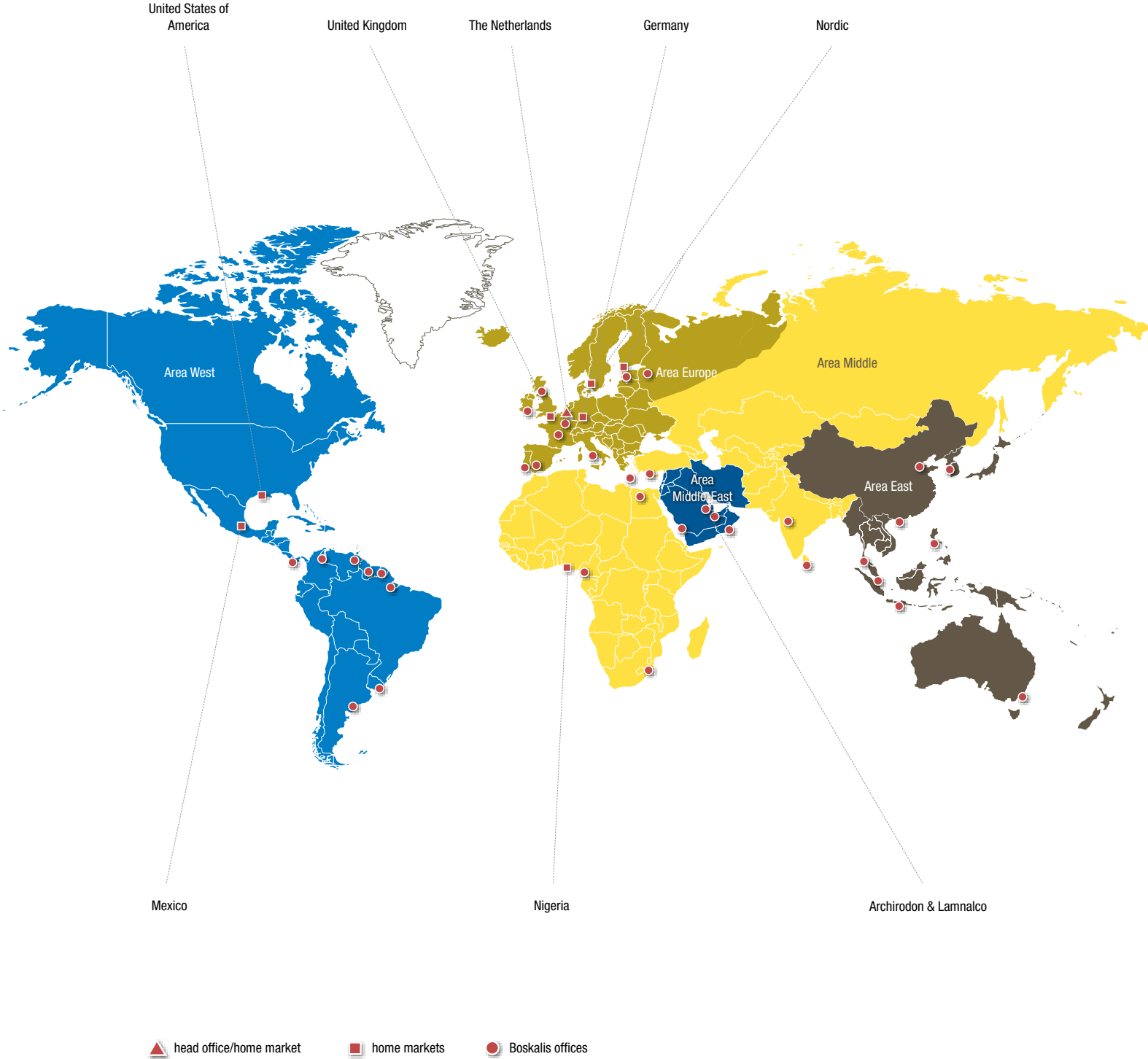
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Central Technical Department	E.C. Holman
Rock Department	J. de Reus, S.G. van Keulen

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M. Treffers, vice-chairman
D.A. van Uitert
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The world of Boskalis



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*The jumbo cutter suction dredger Phoenix on the Khalifa Port project in Abu Dhabi.*

## Glossary

### Acquired orders

The contract value of acquired assignments.

### Backhoe

A large hydraulic excavating machine positioned on the end of a pontoon. The pontoon is held firmly in place using spuds. Backhoes can dredge in a range of soil types with extreme precision.

### Barge unloading dredger

A ship for discharging and pumping dredged material from barges lying alongside.

### Booster station

Pumping station for the transportation of sediment through pipelines over longer distances.

### Bucket dredger

The standard, anchored dredger with a revolving chain and buckets that dig into the bed and are discharged. This type of equipment is now mainly used for environmental dredging and other jobs requiring extreme precision, such as dredging tunnel trenches.

### Cash flow/profit per share

Weighted average number of outstanding shares less the number of shares owned by the company. In case of profit based on year end the profit is based on the number of outstanding shares owned by the company as at December 31.

### Competence management program

Program targeting the systematic development of the workforce in accordance with their talents and competences.

### Completed contracts

Contract value of completed work.

### Cost leadership

Achieving lowest cost price.

### Cutter/cutter dredger

See cutter suction dredger.

### Cutter suction dredger

A vessel that dredges while being held into place using spuds and anchors. This technique combines powerful cutting with suction dredging. Cutter suction dredgers are mainly used where the bed is hard and compact. The dredged material is loaded into hoppers but is generally pumped to land through a pressure pipeline.

### EBITDA

Result before share in result of associated companies, finance income and expenses, taxation and depreciation, amortization and impairment losses.

### Environmental disc cutter

The environmental disc cutter is a cutter suction dredger with an enclosed cutter head, an adjustable vistor and controllable suction flow. A process control system controls the various parameters so that high-density mixture concentrations can be achieved without turbidity and with high levels of precision. This type of cutter suction dredger is pre-eminently suited for environmental projects.

### EU-IFRS

International Financial Reporting Standards: rules for financial reporting drafted and promulgated by the IASB (International Accounting Standards Board). They are compulsory in the European Union from 2005 onwards for all listed companies.

### Fallpipe vessel

Vessel that moves over the area to be covered, while dumping the stone on board through a fallpipe. The vessel is kept in place by a dynamic positioning system in which the propellers and rudders are controlled by an automatic system. The end of the pipe is located just a few meters above the level of the surface to be covered. The fallpipe is controlled using a precise positioning system. The fallpipe vessel Seahorse can also be equipped with an A-frame on the aftship and a grab controlled by an ROV (Remotely Operated Vehicle). This makes it possible to dredge down to depths of 1,000 meters.

**FPSO/FSO**

Floating Production Storage and Offloading system/  
Floating Storage and Offloading system.  
Floating production, storage and transshipment  
systems that often operate a long way offshore.  
The systems separate the incoming liquids into oil,  
gas and water and temporarily store the crude oil.  
Tankers are used to transport the oil.

**GDP**

The gross domestic product (GDP) is the total  
value of all final goods and services produced in a  
particular economy in a given year.

**Grab crane**

A stationary pontoon with a crane that uses a crane  
shovel or grab. Dredged material is deposited in  
barges that operate independently. Grabs can  
manage both sludge and hard objects and this  
makes them suitable for, among other things,  
clearing up waters that are difficult to access,  
for gravel winning and maintenance dredging on  
uneven beds.

**Greenfield project**

Project to create new infrastructure.

**Home market**

Boskalis distinguishes itself from its competitors  
by the use of a home market strategy. The home  
market organizations have local marketing profiles,  
as well as their own fleets and infrastructures.  
They can rely on the support of the financial  
and technical resources of the global Boskalis  
organization.  
Home markets provide a stable flow of assignments  
and opportunities to generate additional margins  
through associated activities.

**Hopper/hopper dredger**

See trailing suction hopper dredger.

**IMCA**

Quality standard for offshore operations of the  
International Marine Contractors Association.

**International projects market**

Market that focuses primarily on larger capital  
expenditure projects for new buildings and/or  
extensions. In addition, there are projects that  
regularly involve cooperation with third parties.  
This makes it possible to provide clients with  
optimal services and to share risks.

**ISM code**

International Safety Management Code for the Safe  
Operation of Ships and for Pollution Prevention:  
an international standard for compliance with safety  
regulations and the prevention of pollution on  
sea-going vessels. The ISM-code requires ship  
managers to implement and maintain a safety  
management system for both office and individual  
vessels.

This code is applicable to seagoing, self-propelled  
vessels larger than 500 Gross Tonnage and involved  
in international trade.

**ISO standards**

Standards of the International Organization  
for Standardization; the global federation of  
national normalization organizations that issues  
standard requirements for, among other things,  
quality management systems (ISO-9001) and  
environmental management systems (ISO-14001).

**ISPS code**

International Ship & Port Facility Security Code of  
the International Maritime Organization regulating  
precautions relating to security threats to shipping  
(e.g. terrorist attacks and piracy). This code is  
applicable to seagoing, self-propelled vessels  
larger than 500 Gross Tonnage and involved in  
international trade.

**Jack up platform**

Platforms that can be jacked up above the sea  
using legs which can be lowered like jacks. These  
platforms are typically used in water depths up to  
150 m. This type of rig is almost always used in  
connection with oil and/or natural gas drilling.

**LNG**

Liquefied Natural Gas.

**LPG**

Liquefied Petroleum Gas.

**LTI**

Lost Time Injury. Expresses the number of workplace accidents serious enough to result in absence from work.

**LTIF**

Lost Time Injury Frequency. Expresses the number of workplace accidents serious enough to result in absence from work, per million hours worked.

**Net group profit**

Net result + net profit attributable to minority interests.

**OHSAS-18001**

Occupational Health & Safety Management System Specification. Standard for a safety management system drawn up by, among others, the classification society Bureau Veritas.

**Order book**

The turnover accounted for by parts of orders as yet uncompleted.

**Return on capital employed**

Net result + interest paid on long-term loans as % of the average capital employed (shareholders' equity + long-term loans).

**Return on equity**

Net result as % of the average shareholders' equity.

**SHE-Q (Safety, Health, Environment & Quality)**

Former QA/HSE (Quality Assurance, Health, Safety and Environment).

**Solvency**

Group equity as % of the balance sheet total (fixed assets + current assets).

**SPM**

Single Point Mooring

**Stone-placing vessel**

A stone-placing vessel is a ship with a deck on which stone can be loaded. Using a dynamic positioning system and slides, the stones are pushed over the edge of the ship into the right position in the water.

**Suction dredger**

Stationary, hydraulic vessel that sucks up the sediment/water mixture through a suction pipe. Suction dredgers are generally used for sand winning.

**Trailing suction hopper dredger**

A self-propelled unit that loads its well or hopper using centrifugal pumps and pipes that trail over the bed as the ship sails. Trailing suction hopper dredgers can operate independently of other equipment and can transport material over long distances. The dredged material is dumped through flaps or bottom doors, by rainbowing, or pumped onto land using a pipeline.

**Turnover work done**

Volumes produced in a given period. The work may not yet be completed.

**Work in progress**

Projects that have not been completed on the balance sheet date but that have been finished in part.



## Equipment

### 8 Trailing suction hopper dredgers

Hopper capacity >6,000 m<sup>3</sup>



### 71 + 32\* Hopper and transportation barges

Hopper capacity from 300 to 2,336 m<sup>3</sup>



### 18 + 1\* Trailing suction hopper dredgers

Hopper capacity <6,000 m<sup>3</sup>



### 19 Backhoes

bucket capacity from 1.4 to 22 m<sup>3</sup>



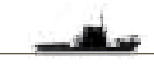
### 4 (Self-propelled) seagoing cutter suction dredgers

Total installed power from 12,904 to 15,871 kW



### 73 + 207\* Launches, tugs, supply and house boats

Propulsion power from 30 to 4,412 kW



### 21 + 10\* Cutter suction dredgers

Total installed power from 257 to 9,262 kW



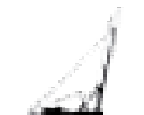
### 14 + 4\* Floating grab cranes ('grab dredgers')

Grab capacities from 1.2 to 9.2 m<sup>3</sup>



### 6 + 27\* Floating hoisting pontoons

Hoisting capacities from 10 to 270 t



### 2 Barge unloading dredgers

Total installed power from 1,650 to 4,300 kW



### 1 Bucket dredger

Bucket capacity of 900 liters



### 6 Suction dredgers

Total installed power from 656 to 4,050 kW



### 19 + 2\* Booster stations

Total installed power from 390 to 6,150 kW



### 2 Stone placing vessels

Capacity from 700 to 1,400 t



### 5 + 1\* Screeder pontoons

For waterbed protection (clay and stone)



### 16 + 37\* Work boats

Propulsion power from 133 to 918 kW



### 1 Environmental disc cutter



### 5 + 3\* Drill Barges



### 6 + 38\* Stone transportation barges

Capacity from 120 to 2,000 t



### 1 + 1\* Dynamically positioned fallpipe vessel

Capacity from 17,000 to 18,500 t



*\*Owned by (non-controlled) associated companies.*

*In addition to the equipment shown here, the group also owns a range of auxiliary equipment such as floating pipelines, winches, pumps, draglines, hydraulic excavators, wheel loaders, dumpers, bulldozers, mobile cranes, crawler drill rigs, sand pillers, filling installations for shore protection mattresses, fixed land pipelines and various pontoons.*

## Colophon

### **Compiled and coordinated by Royal Boskalis Westminster N.V.**

Corporate Communications Department

Group Reporting Department

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