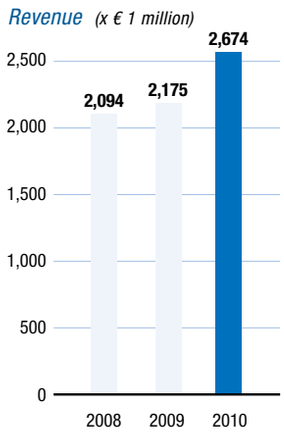
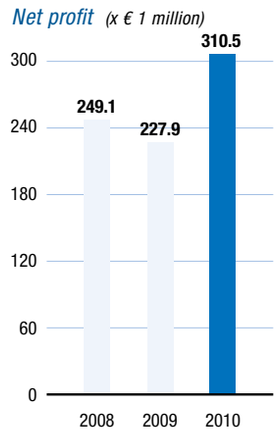
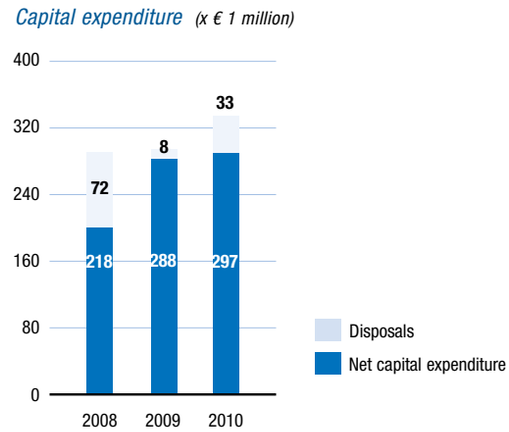
ANNUAL REPORT 2010

Royal Boskalis Westminster nv

Key figures





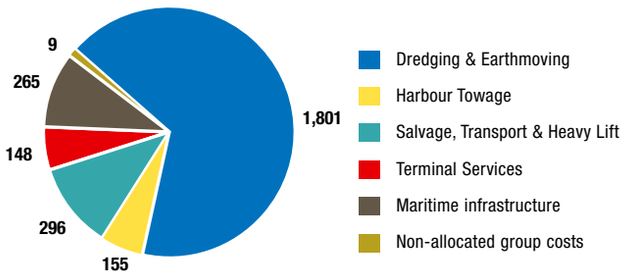


(amounts x € 1 million, unless stated otherwise)	**2010**	2009
Revenue (work done)	**2,674**	2,175
Order book (work to be done)	**3,248**	2,875
Operating profit	**401.9**	249.3
EBITDA*	**621.5**	445.0
Net profit	**310.5**	227.9
Net group profit*	**312.9**	229.2
Depreciation, amortization and impairment losses	**219.6**	195.7
Cash flow	**532.5**	424.8
Shareholders' equity	**1,565**	1,296
Personnel (headcount)	**13,832**	10,514
Ratios (percentages)		
Operating result as % of revenue	**15.0**	11.5
Return on capital employed*	**18.1**	20.2
Return on equity*	**21.7**	21.1
Solvency*	**37.1**	46.5
Figures per share (in €)		
Profit	**3.11**	2.58
Dividend	**1.24**	1.19
Cash flow*	**5.30**	4.81

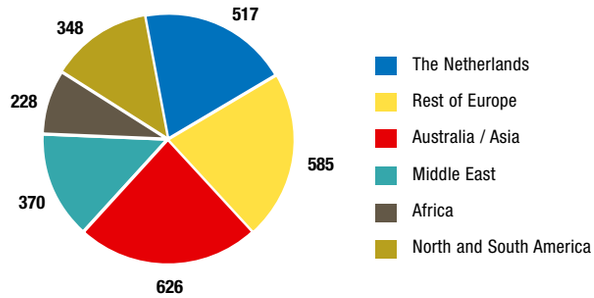
** Refer to glossary for definitions and abbreviations*

Revenue segmentation

Revenue by segment *(x € 1 million)*

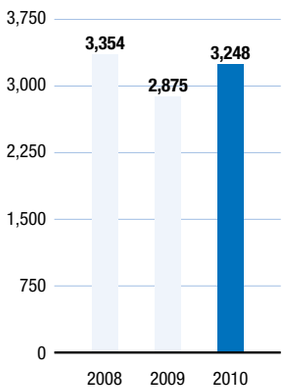


Revenue by geographical area *(x € 1 million)*

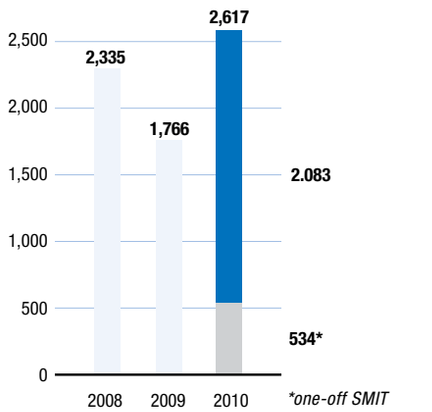


Order book development

Order book *(x € 1 million)*



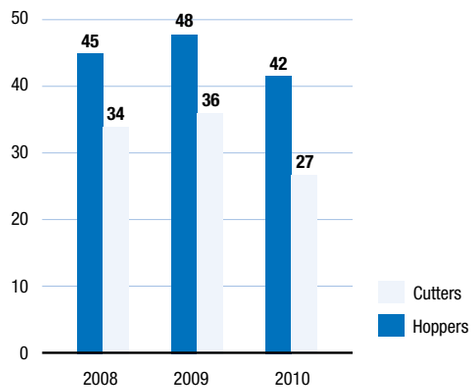
Acquired orders *(x € 1 million)*



**one-off SMIT consolidation effect*

Operational information

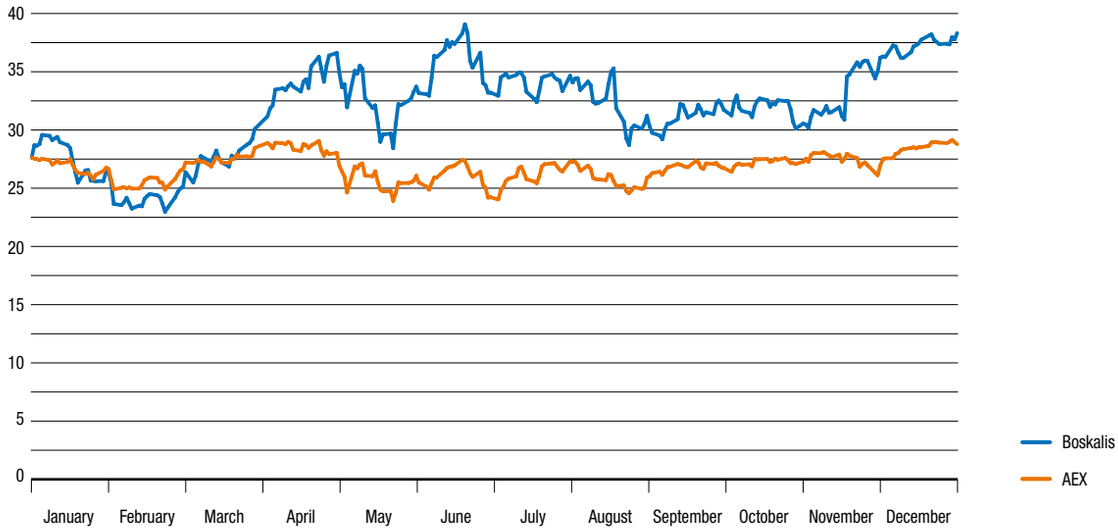
Fleet utilization *(in weeks per year)*



Share information

	2010	2009
Stock price (in €)		
High	**36.58**	28.45
Low	**23.16**	13.25
Close	**35.7**	27.05
Average daily trading volume	**485,549**	518,277
Number of issued ordinary shares (x 1,000)	**100,974**	98,651
Average number of outstanding shares (x 1,000)	**99,962**	88,372
Stock market capitalization (in € billions)	**3.605**	2.669
Profit per share (in €)	**3.11**	2.58
Dividend per share (in €)	**1.24**	1.19

Development Boskalis share price 2010, AEX index rebased to Boskalis (in euros)



Looking back on 100 years of Boskalis

The year 2010 marked 100 years of Boskalis history. To celebrate this unique anniversary Boskalis commissioned the book ‘Verdiept Verleden. Een eeuw Koninklijke Boskalis Westminster en de Nederlandse baggerindustrie’ (‘Deepening the past; a century of Royal Boskalis Westminster and the Dutch dredging industry’) (in Dutch). Researched and written by (corporate) historians at Utrecht University, the book describes how our company was able to grow into the leading maritime services provider it is today. The cover picture has been borrowed from the book.

Annual Report 2010

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 is under 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 report were carried out in cooperation with other companies.

This is an English translation of the official Annual Report in the Dutch language. In the event of discrepancies between the two, the Dutch version shall prevail.

This report was produced carbon-free and printed on 100% reclycled FSC paper.

Mega trailing suction hopper dredger the Queen of the Netherlands at work in the Maldives. In 2010 work to raise four islands to protect the local population was successfully completed.

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Chairman's statement

Dear shareholders,

2010 was a special and memorable year for Boskalis in many ways. Not just because it was the year in which we celebrated our centenary, but definitely also because it was a year in which we continued to develop the foundations for the future of our company.

Record revenue and profit

Above all, 2010 was a special year because of the record level of revenue and net profit we achieved. Revenue rose by 23% to € 2.7 billion and net profit was up 36% at 311 million, whilst the order book remained at a respectable level of € 3.2 billion. Operating results of truly historic proportions.

The merger with Smit Internationale N.V., which we completed with effect from 27 March 2010, made a major contribution to the growth figures we achieved in 2010.
The combination of Boskalis and SMIT has created a world-class maritime player:

- 14,000 employees;
- 1,100 vessels;
- active in 65 countries.

As soon as the offer had succeeded we got down to work together on exploring the potential synergies - in terms of costs but in particular in the market. And the opportunities are plentiful. For example, we are working together increasingly closely to cut procurement costs, leverage each other's knowledge and people, and more importantly: to piggy back on each other in the market.
Over € 10 million in actual cost and other synergies have been identified in 2010 and will be realized over the next two years.

However, last year we also achieved great success in our core activity of Dredging & Earthmoving, once again reaping the benefits of our contracting policy of recent years which enabled us to start 2010 with a well-filled order book.
And so we made an excellent start with the integration process, with business continuing very much as usual.

The organization had to pull out all the stops - on the projects, on the vessels, at the wharves and in the offices. Everybody worked hard - both on the integration and on our normal business.

In the Oil & Gas segment we worked on the Nord Stream pipeline linking Russia and northern Germany. We also made a start on the sizable Gorgon LNG project in Australia - a big challenge for the organization due to both its nature and in particular the unique environment.
In addition we started work on the second phase of the LNG port at Cuyutlán in Mexico as well as the expansion of the Soyo LNG port in Angola.

In our Ports segment construction work on the Maasvlakte 2 in Rotterdam - a project which will continue through to mid-2012 - kept us very busy in the Netherlands in 2010. Most of the volume of sand that needs to be delivered from the sea has been deposited and we are now hard at work on the sea wall in particular.
In addition we, together with Archirodon, successfully completed the construction of the new Khalifa Port in Abu Dhabi.
And in the Caribbean we worked on deepening and expanding cruise ship terminals, in the Bahamas and in Jamaica.

In the Land Reclamation & Coastal Protection segment work in the Netherlands was once again concentrated on tackling the sections of coastline known as the 'Zwakke Schakels' (Weak Links). Just before the end of the year we won the contract to create a 'sand motor' off the coast of the province of Zuid-Holland.
In the Maldives the reconstruction of another four islands was completed in order to protect the local population from rising sea levels.
In Louisiana in the United States our American trailing suction hopper dredger Stuyvesant successfully helped to build sand berms to protect the ecosystem against the oil spill resulting from the disaster with the Deepwater Horizon rig.

Key developments in 2010

Record revenue € 2.7 billion and result € 311 million, earnings per share 3.11

Well-filled order book € 3.2 billion with projects across all segments and broad geographical spread

Merger with Smit Internationale N.V. completed

Financing of SMIT takeover completed with successful € 354 million mln USPP

Launch of new NINA safety program

New 2011-2013 Corporate Business Plan

Safety

Despite the high level of operational activity and the additional workload from the merger we once again managed to further improve safety on our vessels and projects, as evidenced by the fact that we managed to again reduce the Lost Time Injury Frequency rate, our leading safety indicator, from 0.74 to 0.67. In our Corporate Social Responsibility Report we account for our economic, social and environmental performance and in which, amongst others, Safety is a prominent aspect.

A major initiative in the area of safety in 2010 was the introduction of our new safety program, NINA (No Injuries No Accidents). Focused on the necessary culture changes, the entire safety program was developed in-house and its roll-out across the Boskalis organization has been ongoing since the summer of 2010. The aim is for NINA to become part and parcel of our everyday business. The core of NINA consists of five safety values, which mainly relate to awareness, responsibility and open communication about safety.
The NINA program enjoys the proactive support of our senior management and will make a major contribution to the further improvement of safety within our company.

Financing

In order to finance the acquisition of SMIT, Boskalis already successfully completed a € 230 million equity offering of over nine million new shares in 2009. In addition, a € 650 million credit facility was taken out, as well as a € 400 million bridge loan.

In 2010 we completed the overall financing with a € 354 million private placement loan in the United States and the United Kingdom. The interest was so intense that demand was three times greater than our required financing level.

Even after the acquisition of SMIT our balance sheet remains solid, with a solvency level of 37.1%. At end-2010 net debt totalled € 450 million. The net debt/EBITDA ratio is around 0.9, well below the ceiling of 3.0 which applies under the financing agreements.

Our strong balance sheet combined with the cash flows that we will generate over the next few years will enable us to pursue further targeted growth of our business through investments and acquisitions.

Corporate Business Plan 2011-2013

A new Corporate Business Plan has been compiled in order to bring focus to the new group in terms of its composition and cohesion, and to prioritize the various investment opportunities.

To this end we took measures including a global market survey of the relevant trends and developments in our markets. We also visited dozens of our clients and end-users of our services around the world in order to question them about their views on the market and their specific product requirements.
The study showed that the long-term drivers for our industry, and in particular the growth in energy consumption and global trade, remain positive.

The main market segments that we will continue to concentrate on are:

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

We have refined our geographical focus. We have identified six regions in the world where there is expected to be a high level of activity for our business in the coming years and on which we will concentrate our focus. These 'focal regions' are:

- Northwest Europe;
- South and West Africa;
- Brazil;
- Middle East;
- Southeast Asia;
- Australia.

Although the long-term drivers are positive, we expect volumes and prices to be under pressure in the near term, particularly at the lower end of the market. We shall therefore intensify our focus on cost leadership.

Conversely, at the top end of the market we are seeing opportunities for combined services with considerable added value. This applies in particular to the combination of SMIT and Boskalis services. In order to maximize our ability to leverage these opportunities we will continue to further integrate the organizations.

In the coming years we will use our strategic framework to further put our house in order, on the one hand by fine-tuning both our portfolio of activities and our organization.
On the other, we will take targeted action to further strengthen ourselves – within the organization, with our fleet, and, where possible, through acquisitions. And so it is with a sense of great expectation and confidence that we cross the threshold into the next century of our history.

Shortly after the date of this report the sad news reached us of the sudden passing away of our esteemed chairman of the Supervisory Board, Mr. H. Heemskerk.
After his appointment to the Supervisory Board in 2006 Mr. Heemskerk made a major contribution to the development of our company through his broad managerial experience, great interest and enthusiastic involvement. As chairman of the Supervisory Board Mr. Heemskerk played an important, binding role in renewing, reinforcing and leading the Supervisory Board. We will remember him as a committed, inspiring and passionate person.

On behalf of the Board of Management

dr. P.A.M. Berdowski

Maasvlakte 2 project, the Netherlands

The Blockbuster has been deployed to place the blocks in the hard sea wall. Thanks to its unique construction this ‘E-crane’ is able to lift blocks weighing 50 tonnes and move them across a distance of 63 meters. Both the technical adjustments needed to achieve this and the advanced operating system were developed in-house by Boskalis.

PUMA
BLOCKBUSTER
Boskalis

CAT
CATERPILLAR

Boskalis at a glance

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Company profile

Royal Boskalis Westminster N.V. (Boskalis) is a leading global services provider operating in the dredging, maritime infrastructure and maritime and terminal services sectors. The activities of Boskalis comprise Dredging & Earthmoving, Harbour Towage (through SMIT), Salvage, Transport & Heavy Lift (through SMIT), Terminal Services (through SMIT and our 50% share in Lamnalco) and Martime Infrastructure (through our 40% stake in Archirodon).

Boskalis concentrates on the oil and gas, ports, and land reclamation and coastal protection market segments. This spread gives us both a solid foundation and the flexibility to be able to take on a wide range of projects and means we have excellent prospects for balanced growth. Demand for our services is driven by growing energy consumption, growth in global trade, growth in world population, and climate change.

Our main clients are oil companies, port operators, governments, shipping companies, international project developers, insurance companies and mining firms. We provide its clients with a broad range of services within the chain comprising design, project management, execution and continuous services.

Boskalis has around 14,000 employees, including our share in partner companies Lamnalco and Archirodon, and is active in over 65 countries across six continents. Our versatile fleet consists of over 1,100 vessels. Boskalis is based in the Dutch city of Papendrecht. Royal Boskalis Westminster N.V. shares have been listed on the Amsterdam stock exchange since 1971 and are currently included in the AEX index of NYSE Euronext Amsterdam.

Trailing suction hopper dredger the Prins der Nederlanden dredging a container terminal in Cape Town, South Africa.

Activities

Dredging & Earthmoving

All manner of activities relating to wet and dry earthmoving traditionally form Boskalis' most important business and include port construction and waterway maintenance, land reclamation and coastal defense and riverbank protection. We also provide a range of specialist services including offshore services, dry earthmoving and soil improvement, underwater rock fragmentation, environmental contracting and engineering. Our multidisciplinary approach allows us to take on and execute large-scale, complex projects. Thanks to our global spread, high professional standards, versatile state-of-the-art fleet and our conscious focus on costs we are a world leader in Dredging & Earthmoving. We are reknown for our innovative approach and specialist knowledge of environmentally friendly dredging techniques.

Harbour Towage

We provide assistance to incoming and outgoing seagoing vessels - including ro-ro ships, oil and chemical tankers, container ships, reefers and mixed cargo ships - in some of the world's biggest ports. With a versatile fleet of over 200 tugs, SMIT has built up an excellent reputation in this area. SMIT operates tug services in countries including the Netherlands, Argentina, Belgium, Canada, Brazil, Indonesia, Malaysia, Panama, Singapore and the United Kingdom.

Salvage, Transport & Heavy Lift

The specialist activities we offer through SMIT include salvage, wreck clearance, transport of heavy loads and heavy lifting work using floating cranes. Because SMIT operates out of four strategic locations - Houston, Cape Town, Rotterdam and Singapore - it is able to provide emergency response assistance to ships in distress anywhere in the world and at any time.

SMIT has the advanced technology and expertise needed to remove hazardous substances such as fuel from wrecks in order to prevent environmental pollution.

SMIT operates a varied fleet of transport barges for the transportation of civil engineering constructions, cranes, offshore constructions and other heavy loads. SMIT also leases out large and small work vessels, in particular to the offshore industry.

SMIT also carries out heavy lifting work in selected regions using floating cranes with a lifting capacity ranging from 400 to 3,200 tons.

Terminal Services

Through SMIT and Lamnalco (in which we hold a 50% stake) we offer a full range of services for the operation and management of onshore and offshore terminals. Providing support for the berthing and unberthing of oil and gas tankers is the core activity in this segment. Additional support services include piloting services, subsea inspection and maintenance, coupling and uncoupling of terminal connections, firefighting, escort services, transportation of crews and goods and operating bunker vessels. We also assist with the operational marine management of terminals. The instruction and training of local staff often forms an integral component of these activities.

Maritime Infrastructure

Archirodon, in which we hold a 40% stake, is our strategic partner in the field of maritime infrastructure. As a maritime contractor Archirodon has extensive experience in designing and constructing quay walls, jetties, breakwaters and oil and gas terminals. In addition, the company is an all-rounder in the civil infrastructure and industrial installations markets, building for example water purification plants, sewer systems, dams, bridges, power stations, desalination plants and pumping stations, particularly in the Middle East and North Africa. The company has an excellent track record when it comes to executing multidisciplinary projects.

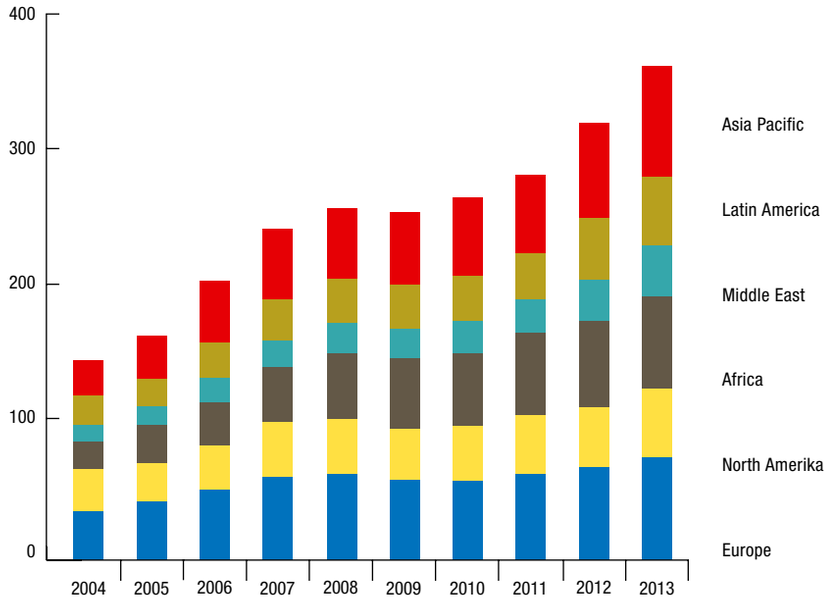
Strategy Focus, Optimize, Reinforce, Expand

The merger of Boskalis and SMIT has created one of the biggest international maritime companies in the world. A new Corporate Business Plan has been drafted for 2011-2013 to give direction and cohesion to the company in this new composition, and to enable us to set the right priorities with regard to the various investment opportunities. We will use a considerable part of the period covered by the plan to optimize the organization's new structure, both internally and in the market. We wish to focus our joint activities, to optimize and reinforce our combined knowledge, strength and expertise. We will also pursue further growth and expand our activities when opportunities present themselves in the market.

Market developments

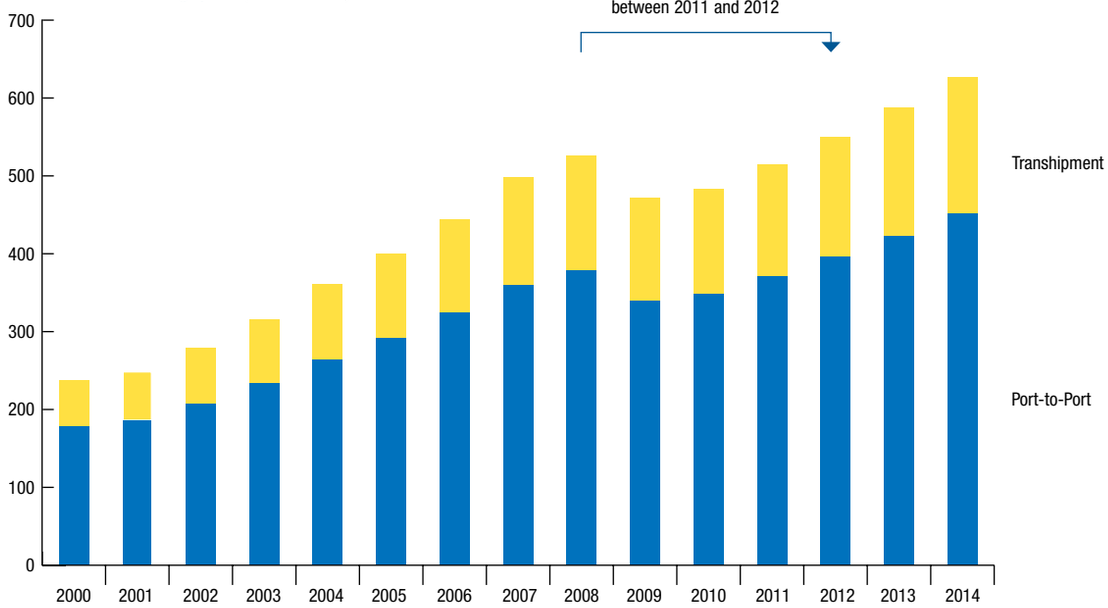
Structural growth in the markets where Boskalis is active continues to be driven by long-term global economic and geographic trends. For the purpose of our new Business Plan we carried out a global review of the relevant trends and developments in our markets. We also visited dozens of clients and end-users around the world to sound them out about their vision on the market and their specific needs. This led to the following conclusions.
The most important underlying drivers of growth for the markets in which we operate are the growing demand for energy and growth in global trade. Over the past few years we were faced with stagnating demand as a result of the cyclical downturn in 2008. At the same time we saw new production capacity coming onto the market. This put pressure on both volumes and margins. The market outlook for the longer term is more positive. Our analyses show favorable growth perspectives for the coming years in the markets related to Oil & Gas and Ports.

Offshore Oil & Gas CapEx & OpEx (US$ bn)



Source: Douglas Westwood & Energy

Container throughput (million TEU)*



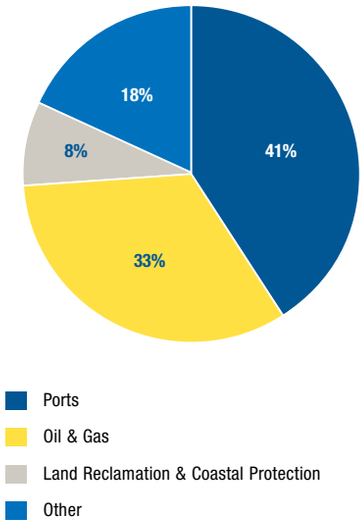
Source: Drewry 2009/10

In addition in specific regions there is growing demand for land reclamation and coastal protection.

The main market segments we will continue to concentrate on are:

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

Boskalis revenue breakdown by market segment



We see strong differences in client needs within and between the various market segments. At the lower end of the market we find clients who are looking for one fairly simple product, such as standard dredging work, equipment hire or transport. As these clients are strongly focused on costs, cost leadership is a major (pre)condition for success in this segment. Boskalis wants to be active in this segment with specific equipment because it allows us to realize stable volumes and optimize our fleet utilization.

At the top end of the market we find clients who look to us to deliver integrated services or turnkey solutions. To be able to meet these high-end client demands we need to operate as a contract partner, while additional competencies such as engineering, environmental and soil knowledge, expertise in coastal and maritime engineering and project management experience are key success factors. We wish to position ourselves emphatically in this segment which is characterized by relatively low volumes and the potential for higher margins.

The group's success is determined by its ability to leverage the diversity of our equipment to serve both these client groups in a balanced way.

Strategic framework

There are four cornerstones to the new plan: Focus, Optimize, Reinforce and Expand.

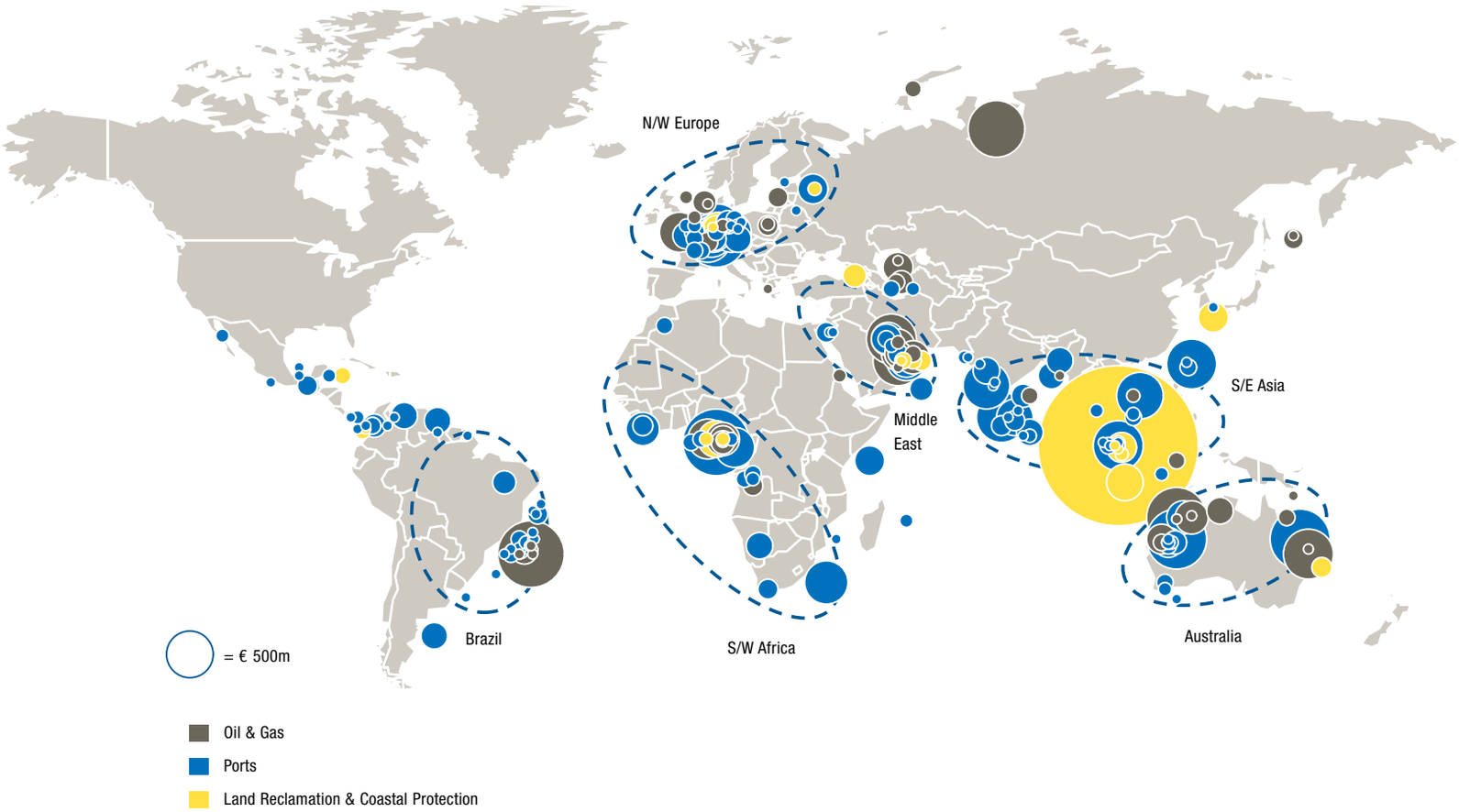
To be the leading services provider of creative, innovative and complete solutions for infrastructural challenges in the maritime, coastal and delta areas of the world.

- Focus
- Optimize
- Reinforce
- Expand

Focus

- On market segments
- On geographic regions
- On Value-Adding Assets

The Focus principle relates to three aspects. In addition to the focus on our three market segments, we will especially target our activities on certain geographic regions. The choice for these regions is based on our market analysis which shows where the main Oil & Gas developments are likely to take place in the coming period and where the opportunities lie for our combined activities.



In the next few years we will concentrate our activities on six geographic regions, without however losing sight of other areas:

1. North-West Europe
2. South and West Africa
3. Brazil
4. Middle East
5. Southeast Asia
6. Australia

Finally, we will focus on Value-Adding Assets through a combination of activities and equipment which enables us both to operate cost-effectively at the lower end of the market and to be successful in the complex turnkey/multidisciplinary integrated projects at the top end of the market.

Optimize

- Cost leadership
- Further integration of activities
- Invest in developing competencies

With the new composition of the group and the focus areas we have defined we plan to optimize the cohesion between the various activities. On the cost side we will do this by making better use of the potential of our organizations and by investing in developing the competencies which strengthen our position as a high-end contractor.

1. Cost leadership - We want to strengthen our cost leadership by taking maximum advantage of the group's economies of scale, for example by leveraging our purchasing power with suppliers. We want to reduce costs through benchmarking and exchanging best practices. Moreover, we will set priorities within the business, prioritizing activities and assets with value-added contracting potential and focusing on the six geographic regions.
2. Integration & centralization of resources – We are working on enhancing the organization's efficiency by further integrating various support activities and physically housing them under the same roof. The principal internal synergy opportunities lie in central management of the equipment (fleet management), purchasing, crewing and training. Furthermore, by acting in concert in the market we will be able to take advantage of new commercial opportunities that arise, with both new and existing clients.
3. Invest in developing competencies - In order to provide our joint activities in the higher segment we plan to combine and reinforce the necessary competencies - primarily engineering, costing, work preparation, risk management, project management and innovation. In the past few years Boskalis has strongly developed these competencies with regard to large, complex dredging projects. We want to further develop this knowledge and expertise and use it to scale up the group's other activities towards turnkey projects. For example, we see opportunities in the market for providing complex oil and gas dredging work combined with SMIT activities.

Reinforce:

- Invest in the dredging fleet
- Invest in other equipment
- Combine terminal services

We are going to reinforce our existing activities.

1. Invest in the dredging fleet - over the past few years Boskalis has had various 'winning vessels' built in the medium, large and jumbo hopper segments. We see ample opportunities for further selective investment in the market for dredging activities, particularly in the largest and smallest segments of the fleet.
   At the top end we want to recommission the mega hopper the W.D. Fairway. In addition we plan to have three competitive, smaller hoppers built.
   Given that a few of our jumbo cutters are ageing, we also plan to invest in this segment over the next three years. In 2011 the self-propelled cutter Taurus II will be upgraded to a mega cutter. This investment will considerably increase the vessel's total installed power and discharge pump power capacity with 60% to respectively 24,600 kW and 16,000 kW and extend its lifespan. We will also replace one of the elder jumbocutters by a new self-propelled cutter. This state of the art megacutter will get a total installed power and discharge pump power capacity of respectively about 24,000 kW and 16,000 kW.

   Subject to the resumption of large-scale land reclamation projects in Singapore, we plan to invest in several self-propelled mega sand carriers; this will involve single-hull tankers being converted to enable them to transport large quantities of sand over long distances at a competitive cost.

2. Invest in other equipment - In response to developments we are seeing in the energy market (both in Oil & Gas and offshore wind parks), we are investing in a fallpipe vessel and a hybrid rock dumping/cable laying vessel. The fallpipe vessel is currently under construction and will be commissioned in early 2012.

   With the completion of new LNG import and export terminals we expect to see a considerable number of new terminal contracts from 2012/2013. We plan to build new tugs to service new terminal contracts.

   For our Asian Lift Singapore joint venture we want to have a large floating crane built which can be deployed for heavy lifting work in for example the oil and gas sector in the Southeast Asia region.

   We want to achieve further expansion in the Brazilian growth market by investing in new tugboats for our Harbour Towage and Terminal Services segments.

   Furthermore, we are investing in high-pressure diving equipment (saturation diving) to enable us to extend our existing diving activities to other regions.

3. Reinforce Terminal Services - In 2011 we will further explore a possible merger of SMIT Terminals and Lamnalco, in which Boskalis intends to keep a 50% stake.

Expand:

- Strengthen regional position
- Expand regional position
- Add global activities

1. Strengthen regional position using existing activities - We want to strengthen our position in the six geographic focus areas. The leveraging of our market presence and strong client relationships will enable us to offer a wider range of activities. For example, our dredging activities hold a strong position in Australia and we see opportunities to also offer Terminal Services and Heavy Lift services in this market. In Brazil, where we are well-

positioned with Harbour Towage, we also see good opportunities for our Dredging, Transport and Heavy Lift activities. In West Africa, where we have successfully been providing Dredging and Terminal Services for many decades, we see opportunities for growth in Transport and Heavy Lift. By using an existing market position to pass the ball from one activity to another, we see opportunities for strengthening our regional positions.

2. Expand regional position with new or related activities - As well as strengthening our regional position using our existing activities, we also see opportunities for starting up new, related activities. This demand for new activities stems primarily from developments in the energy market (both Oil & Gas and offshore wind parks) and the integration of the electricity and gas markets.
For example, we want to be involved in the realization of cabling infrastructures and the dismantling of oil platforms. Furthermore, in large-scale projects we want to be able to play a part in creating civil engineering constructions. We already provide these activities on a regional scale in the Middle East, where our associate company Archirodon is very successful in these areas. Given their complementarity with the dredging activities we see further opportunities for expanding these activities to North-West Europe and, selectively, to other regions as well.

3. Add global activities - In addition to strengthening our combined activities at a regional level through organic growth and/or acquisitions, we keep an eye out for acquisitions which provide a global niche position, on condition that they are a good fit with the rest of the group in terms of activities, field of operation and core competencies. New activities have to be related, and must have the potential to contribute Value-Adding Assets and thus leverage the group's competencies.
Furthermore, we are open to any consolidation opportunities in the markets for Dredging, Harbour Towage and Terminal Services.

Conclusion

Boskalis is embarking on the 2011-2013 Business Plan with a sound balance sheet and healthy cash flow. This basis gives us sufficient scope for investment to renew and expand parts of the fleet with a total investment program of around € 1 billion.
The strategic framework for our Business Plan is based on current expectations with regard to global developments in the market segments relevant to us. Within this framework we believe in 2013 we should be able to match the historic annual result achieved in 2010.

SMIT activities

In 2010 SMIT Harbour Towage provided assistance to many ships, including the Berge Stahl, one of the biggest bulk carriers in the world, on its arrival at the Port of Rotterdam. SMIT Salvage performs salvage and wreck clearance work, including in 2010 the firefighting operation on the Lisco Gloria ferry. In addition, SMIT provides transport and heavy lift services. SMIT Terminals provides assistance to incoming and outgoing (LNG) tankers at onshore and offshore terminals.

BERGEBULK
RGE STAHL

Shareholder information

We are committed to open and transparent dialog with our financial stakeholders. We ensure that they are provided with accurate and timely information, to enable them to assess our performance in relation to developments and prospects in our markets.

Reclamation of land by mega trailing suction hopper dredger the Queen of the Netherlands on Velidhoo island in the Maldives.

Open dialog

We provide clear and accessible communications to our financial stakeholders, including existing and potential shareholders, institutional investors, financial analysts and the media. The Boskalis share is covered by all the major Dutch as well as a number of global brokers and their analysts. They play a key role in providing investors with information about our company and developments in the maritime markets which are relevant to us. We therefore make every effort to punctually provide our stakeholders with complete information about our corporate strategy and policy, and the resulting financial performance. Questions from stakeholders are answered candidly and wherever possible we take the initiative when it comes to raising important issues. We maintain regular contact with major investors and analysts, partly by organizing annual visits to project sites. Meetings with investors and analysts are held using publicly available presentations (www.boskalis.com) and price-sensitive information is only discussed if publicly available.

Website

The Boskalis corporate website provides a constantly updated source of information about our core activities and ongoing projects. The website underwent a complete overhaul at the start of 2011. Annual reports, starting with this Annual Report, will be made available as interactive HTML reports from now on to increase their accessibility.
The Investor Relations section offers information about our share and other information relevant to shareholders, as well as the latest and archived press releases and analyst and company presentations.

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 1 January 2010 consisted of 98.7 million ordinary shares. Nearly two-thirds of shareholders (62.4%) opted to have their dividend for 2009 distributed in the form of stock dividend, resulting in the issue of 2.3 million new ordinary shares in June 2010. On balance, the issued share capital at as 31 December 2010 consisted of 101.0 million ordinary shares.

Royal Boskalis Westminster N.V. shares are listed on NYSE Euronext Amsterdam, where they are included in the AEX leading index. The share is also included in the Euronext Next 150 index, FTSE All World Developed Europe Index and the Dow Jones STOXX 600 Index.
Tickers: Bloomberg: BOKA:NA, Reuters: BOSN.AS, Euronext Amsterdam: BOKA
In 2010, 125 million Boskalis shares were traded on NYSE Euronext Amsterdam (2009: 133 million). The average daily trading volume in 2010 was 485,549 shares, a decrease of 6% compared to 2009. In the course of 2010 the share price rose 32% from € 27.05 to € 35.70, comfortably outperforming the AEX index. The stock market capitalization increased 35% compared to the end of 2009 to € 3.6 billion.

Shareholders:

The following shareholders are known to have a holding of at least 5% in Boskalis as at 31 December 2010:
HAL Investments B.V.: 32.93%
Delta Lloyd Groep: 5.15%

Besides these large shareholders, an estimated 15% of the shares are held by shareholders in the United States and Canada, 25% in the United Kingdom and the remainder in mainly the Netherlands, France, Germany and Scandinavia.

Merger with SMIT

On 12 November 2009 Boskalis and SMIT jointly announced their intention to sign a full merger agreement. To partially finance the acquisition Boskalis successfully completed an equity issue in early December involving over 9 million new shares worth € 230 million. An offer for SMIT's shares was launched on 24 February 2010 and when the bid was declared unconditional on 27 March, 89.6% of all shares had been tendered. On 5 May 2010 SMIT shares were delisted from NYSE Euronext Amsterdam. Since 12 January 2011 Boskalis has been in possession of the full 100% of SMIT shares.

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. At the same time Boskalis aims to achieve a stable development of the dividend in the longer term. The choice of dividend (in cash and/or entirely or partly in shares) takes into account both the company's desired balance sheet structure and the interests of shareholders.

Financial agenda 2011

17 March	Publication of 2010 annual results
End-March	Publication of 2010 annual report
5 April	Capital Market Day
12 May	Trading update on first quarter of 2011
12 May	Annual General Meeting
16 May	Ex-dividend date
18 May	Record date for dividend entitlement (after market close)
27 May	Final date for stating of dividend preference
1 June	Determination and publication of conversion rate for dividend based on the average share price on 30, 31 May and 1 June (after market close)
8 June	Date of dividend payment and delivery of shares
18 August	Publication of 2011 half-year results
18 November	Trading update on third quarter of 2011

Cutter suction dredgers

Cutter suction dredgers are used to dredge hard soil and rock. A cutter head is used to cut away the soil which is usually pumped ashore using a pressure pipeline. Boskalis has a fleet of around 30 cutter suction dredgers, including four jumbo cutter suction dredgers. Jumbo cutter suction dredgers in action in 2010 included the Ursa on the construction of a cruise terminal in the Bahamas and the Taurus II on the Gorgon Project in Australia.

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 2010 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 131 of this report.

We recommend the following 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 managementactivities during 2010;
- The discharge of the members of the Supervisory Board for their supervision of management during 2010; and
- The distribution to shareholders of a dividend of € 1.24 per ordinary share to be paid in ordinary shares, unless the shareholder opts for a cash dividend.

Composition of the Board of Management

At the beginning of the year under review the Board of Management consisted of three members. On 17 March 2010 the Supervisory Board reappointed Mr. Kamps to the Board of Management in the position of Chief Financial Officer for a period of four years. Furthermore, in connection with the merger with Smit Internationale N.V., Mr. Vree was appointed to the Board of Management with effect from 1 April 2010, likewise for a period of four years. Once the integration of Royal Boskalis Westminster N.V. and Smit Internationale N.V. had been completed, Mr. Vree resigned from the Board of Management on 31 December 2010. There were no other changes to the composition of the Board of Management during the year under review.

Composition of the Supervisory Board

At the start of 2010 the Supervisory Board consisted of five members. In view of the merger with Smit Internationale N.V. the Supervisory Board decided to expand the Supervisory Board to six members. On 17 March 2010 the Extraordinary General Meeting of Shareholders, on the recommendation of the Supervisory Board and with the backing of the Works Council, appointed Mr. Hazewinkel to the Supervisory Board with effect from 27 March 2010 and for a period of four years.

Activities of the Supervisory Board

The Supervisory Board held six meetings with the Board of Management. All members of the Supervisory Board attended most of the meetings during the year under review.

Permanent items on the agenda of the Supervisory Board are: the development of the results, the balance sheet, and industry and market developments. With regard to the market developments the Board of Management discussed potential large projects as well as the progress on material projects contracted. During the year under review subjects discussed included the contracting of large projects such as Nordstream, Swinoujscie in Poland, the 'sand motor' in the Netherlands and the salvage of the MSC Chitra in India, as well as the progress of projects such as Maasvlakte 2 in the Netherlands and Gorgon in Australia.

Other topics under scrutiny in 2010 included the corporate budget, liquidity, acquisition and

investment proposals, organizational structure, the status of the pension funds, staffing policy as well as the remuneration policy of the Board of Management. Special attention was paid to the company's policy on safety, health and the environment, as illustrated in the CSR report. Also the company's new safety program, called NINA (No Injuries No Accidents), and the way in which this program is being implemented within the organization and by subcontractors, were extensively discussed.

The Supervisory Board examined the company's strategy and the risks associated with it, as well as the implementation of the 2009-2011 business plan. Another regular topic of discussion concerned the principal risks inherent to the management of the company, such as the risks associated with contracting. Further information about this can be found on pages 51 to 56 of this report. The structure and operation of the internal risk management and control systems were assessed regularly and discussed with the Supervisory Board. No significant changes were made to the internal risk management and control systems during the year under review. The meetings to discuss the annual and semi-annual results were held in the presence of the external auditor.

The merger with Smit Internationale N.V. was an important topic in 2010. The Supervisory Board considered the compatibility of the merger with the company's strategy, the likely market and cost synergies, the impact of the necessary financing, the merger protocol, the outcome of the due diligence, the recommendations of the respective works councils on the subject and the public offer procedures. On 17 March 2010 the Supervisory Board submitted the joint proposal from the Supervisory Board and the Board of Management for the acquisition of a stake equalling the entire outstanding share capital of Smit Internationale N.V. for approval by the Extraordinary General Meeting of Shareholders. The proposal was approved by that body on that same day. In the second half of the year under review the Supervisory Board studied the integration of the company with Smit Internationale N.V., the way in which the results of Smit Internationale N.V. have been recognized, as well as the negotiations regarding the sale of SMIT Terminals to Lamnalco.

Special attention was paid to the financial position of the pension funds with which Boskalis is associated, to the recovery plans drawn up in their regard and in particular to the voluntarily measures required to prevent a reduction in pension benefits at the SMIT pension fund.
The further settlement of the case involving the mega hopper W.D. Fairway, which was involved in a collision in 2007, was also discussed, as well as the principles applying to the method of calculating the remuneration of the Board of Management.

In the course of the year under review the Supervisory Board paid a working visit to the Fremantle and Gorgon projects in Australia. During the visit the Supervisory Board familiarized itself with the operational, environmental and safety aspects of this latest large-scale project. Extensive attention was also paid to the market trends in Australia with regard to the development of marine infrastructure.
Various members of the Supervisory Board discussed the results, the corporate strategy, the market developments, the current situation surrounding the pension funds as well as the merger and integration with Smit Internationale N.V. with the Works Council.

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.

Inventory of cutter heads on the Khalifa Port project in Abu Dhabi.

Activities during 2010

The Audit Committee met three times during 2010 to discuss matters including the 2009 annual accounts, (interim) financial reporting for the 2010 financial year, the offer for the remaining stake in Smit Internationale N.V., the recognition of the acquisition in the financial reporting, and in particular the purchase price allocation, the impact of the takeover on group profit, developments in IFRS, risk management, cost control, developments in the order book, insurance matters, the company's tax position, internal control procedures, and financial accounting and relevant legislation and regulations, including the Corporate Governance Code. The Management Letter issued by the auditor as part of the audit of the 2009 annual accounts was discussed, as was the follow-up of points from previously issued Management Letters.

In addition, the Audit Committee discussed the financing of the takeover of Smit Internationale N.V., as well as the development of the financial position of the pension funds with which Boskalis is associated. Special attention was paid to the coverage shortfall of the Boskalis pension fund and the proposed plan to remedy this, as well as the measures taken in connection with the SMIT pension fund.

The Audit Committee discussed once again the importance of an internal audit function and the associated duties and responsibilities, and documented these in an Internal Audit Charter. The activities of the internal auditor during 2010 were also discussed, as well the Internal Audit Plan for 2011.

The chairman of the Board of Management and the Chief Financial Officer were present at the meetings of the Audit Committee, along with the group controller and the external auditor. During the year under review meetings were also held with the

external auditor without the Board of Management being present. 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.

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 under the Corporate Governance section.

Activities during 2010

The Remuneration Committee met six times during 2010, with none of the members of the Remuneration Committee having been absent from the meetings. The committee also held regular consultations outside these meetings.

In the course of 2010 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 and in light of the merger with Smit Internationale N.V. completed in 2010 the Remuneration Committee advised the Supervisory Board to make a limited number of adjustments to the remuneration policy. These adjustments, which will be explained further on in this report, will help to further enhance the degree of transparency and accountability with regard to the policy. The Remuneration Committee will continue to closely monitor developments in the Dutch market during 2011 and beyond, and consider whether any internal or external developments occur which require the policy to be revised.

Amongst other activities the Remuneration Committee:

- kept itself up to date with the most recent developments in Corporate Governance, both in the Netherlands and internationally;
- conducted a remuneration survey to inform itself about developments with respect to executive remuneration policies in the Dutch and international markets (including amount, performance measures, composition of remuneration package);
- submitted an amendment proposal to simplify the structure and calculation of the quantitative measures for short-term and long-term bonuses;
- 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 on 8 May 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, clients, employees as well as the 'wider environment.'

On the advice of the Remuneration Committee the Supervisory Board proposed to the Extraordinary General Meeting of Shareholders on January 21 2011, that the remuneration policy adopted in 2006 be revised.

The reason for effecting a limited change to the current remuneration policy lay in the structure and calculation of the quantitative measures for the short-term and long-term bonuses. In practice these have proved to be unnecessarily complicated and based on insufficiently coherent valuation principles (Economic Value Added, hereinafter EVA). In addition, the change incorporated the latest amendments to both the law and the Dutch Corporate Governance Code, which are currently already applicable to Boskalis.

This proposal was adopted by the Extraordinary General Meeting of Shareholders on 21 January 2011.
The rest of the remuneration policy has been retained unchanged. The full text of the revised remuneration policy can be found on the Boskalis company website (www.boskalis.com).

Execution of the remuneration policy in 2010
In 2010 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 2010 the remuneration policy was executed in accordance with the policy as adopted.

The full remuneration report has been published on the Boskalis website (ww.boskalis.com).

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 during 2010
In 2010 the Selection and Appointment Committee met once and also consulted by telephone.
During the year under review the Selection and Appointment Committee discussed a balanced composition of the Board of Management, and also assessed the size and composition of the Supervisory Board, bearing in mind the description of the Board's Profile and its retirement rota.

In the year under review this involved the preparation of the following selections and reappointments:

In view of the expansion of the company with Smit Internationale N.V. the Supervisory Board decided to augment the Supervisory Board to six members. The Supervisory Board simultaneously informed both the shareholders and the Works Council of the resulting vacancy. When it emerged that the General Meeting of Shareholders did not have any recommendations with regard to filling the vacancy and the Supervisory Board's recommendation had the full backing of the Works Council, the Supervisory Board nominated Mr. Hazewinkel for appointment to the Supervisory Board. The selection of Mr. Hazewinkel was made in accordance with the Profile and was based on Mr. Hazewinkel's national and international experience as well as the specific knowledge he gained as chairman of the Supervisory Board of Smit Internationale N.V. The Extraordinary General Meeting of Shareholders of 17 March 2010 appointed Mr. Hazewinkel to the Supervisory Board

for a period of four years as per 27 March 2010. During the year under review Boskalis organized an introduction program to the company for Mr. Hazewinkel.

The Selection and Appointment Committee also discussed the reappointment of Mr. Kamps to the Board of Management in the position of Chief Financial Officer. Mr. Kamps was first appointed to the post in 2006. The Supervisory Board adopted the proposal to reappoint him and, having sought the opinion of the Extraordinary General Meeting of Shareholders on the matter, on 17 March 2010 reappointed Mr. Kamps to the Board of Management in the position of Chief Financial Officer for a four-year term.

On 17 March 2010 the Supervisory Board submitted the proposal to appoint Mr. Vree to the Board of Management to the Extraordinary General Meeting of Shareholders. In light of the merger with Smit Internationale N.V., it was considered that the addition of Mr. Vree to the Board of Management would strengthen the Board's expertise and experience. Following consultation with the shareholders, the Supervisory Board appointed Mr. Vree to the Board of Management for a period of four years with effect from 1 April 2010.

On 17 March the Supervisory Board decided to appoint Mr. M. van der Vorm vice-chairman of the Supervisory Board on the grounds of his extensive experience.

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 10 December 2009 declared the new Dutch Corporate Governance Code to be applicable to annual reports relating to financial years commencing on or after 1 January 2009.

During the year under review the Supervisory Board formulated the company's new Corporate Governance policy and updated the company's Corporate Governance documentation accordingly. The new Corporate Governance policy was put on the agenda as a separate item for discussion by the General Meeting of Shareholders on 12 May 2010. The principal points of the policy can be found on pages 58 to 59 of this 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. M. van der Vorm to be non-independent in the sense of the Code.

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 as measured against the Profile. 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 Board of Management.

The Supervisory Board wishes to thank the Board of Management and the company's employees for their efforts during 2010 and extends its compliments to them for the results achieved for the year.

Papendrecht / Sliedrecht, 16 March 2011

Supervisory Board
Mr. H. Heemskerk, chairman
Mr. M. van der Vorm
Mr. H.J. Hazewinkel
Mr. M.P. Kramer
Mr. M. Niggebrugge
Mr. C. van Woudenberg

Land reclamation

The site where the dredged material is brought ashore is called the landfill. To achieve sufficient power and bearing capacity and be able to use as much of the material as possible calls for maximum cooperation between human effort, equipment and technology. Continuous research at Boskalis on the best possible use of the material in the landfill cuts down the number of shipping movements required. This has a positive effect on both efficiency and CO_2 emissions.

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Boskalis
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Boskalis

Report of the Board of Management

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Market developments

The markets in which Boskalis operates are driven by factors such as growth in world trade, energy consumption, the global population and the effects of climate change.

Over the past few years we have been faced with stagnating demand as a result of the cyclical downturn at the end of 2008. At the same time we have seen new production capacity coming onto the market in the past few years. This puts pressure on both volumes and margins on new projects and in certain sections of the market. However, recent market studies confirmed yet again that structural growth factors for the medium term remain positive. In several regions of the world, clients in various market segments are developing numerous new initiatives for new and in many cases large maritime infrastructure projects. This applies in particular to energy and commodity-related projects in South America, West Africa and Australia. Many of these projects are expected to come onto the market in the next two years.

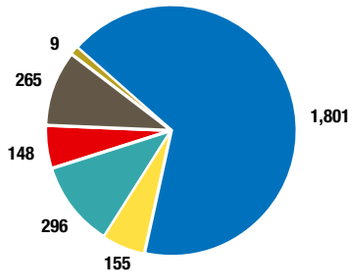
The demand for harbour towage services is developing positively. Freight volumes are picking up after dropping off in 2009. The further growth of the terminal activities is connected to the completion of new oil and LNG import and export terminals which are expected to come on stream from 2012. The development of the salvage market is difficult to predict, given the nature of the activities. Development at Transport & Heavy Lift is in particular dependent on an upturn in the spot market, especially the offshore spot market, which is not expected to occur before 2012.

Financial performance

Royal Boskalis Westminster N.V. achieved a record result in 2010, with net profit rising 36% to an all-time high of € 310.5 million (2009: € 227.9 million). Revenue growth of 23% to € 2.7 billion represented another new record (2009: € 2.2 billion). This exceptional performance was partly attributable to a very strong operational year as well as the contribution from Smit Internationale N.V. following the acquisition.
The operating result (EBIT) rose by 61% to € 401.9 million (2009: € 249.3 million). Our core Dredging & Earthmoving activities achieved an exceptionally strong result, partly thanks to the good quality of the projects in the order book, a successful operational year and the settlement of a number of projects. The result also included a pre-tax gain of € 33.6 million in connection with the settlement of a number of long-running insurance and other equipment-related claims. In addition, the operating result (EBIT) included a contribution from the SMIT business units of € 72.1 million, net of one-time acquisition-related expenses. The result from the SMIT activities was lower compared to the same period of last year.
The total order book, including the SMIT order book, stood at € 3,248 million at the end of 2010 (end-2009: € 2,875 million).

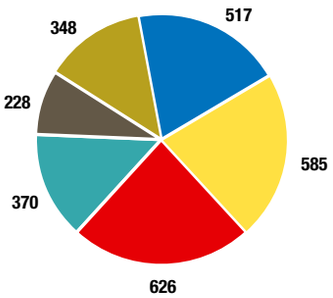
Operational and financial developments

In 2010 Boskalis successfully completed the acquisition of Smit Internationale N.V. by means of a public offer. The SMIT results over the first quarter were recognized as 'result of associated companies' based on the pro rata shareholding. From the second quarter onwards the activities of the SMIT group companies were fully, and those of the joint ventures proportionately, consolidated in the results.



Revenue by market
(in millions of euros)

	2010	2009
Dredging & Earthmoving	**1,801**	1,814
Harbour Towage	**155**	—
Salvage, Transport & Heavy Lift	**296**	—
Terminal Services	**148**	60
Maritime Infrastructure	**265**	301
Non-allocated group costs	**9**	
Group	**2,674**	2,175



Revenue by geographical area
(in millions of euros)

	2010	2009
The Netherlands	**517**	316
Rest of Europe	**585**	432
Australia / Asia	**626**	370
Middle East	**370**	662
Africa	**228**	164
North and South America	**348**	231
Group	**2,674**	2,175

Highlights of 2010

Record profit of € 311 million

Record revenue of € 2.7 billion

Order book steady at high level: € 3.2 billion

Earnings per share € 3.11; proposed dividend € 1.24 per share

Revenue

Revenue in the year under review rose by 23% to € 2.7 billion. SMIT contributed € 533 million to revenue; excluding the SMIT consolidation effect, revenue was € 2.1 billion (2009: € 2.2 billion).

EBITDA

Group earnings before the result of associated companies, interest, tax, depreciation, amortization and impairments (EBITDA) rose 40% to € 622 million (2009: € 445 million). The SMIT activities contributed € 152 million to the EBITDA result, excluding non-recurring merger costs.

Operating result (EBIT)

The operating result (EBIT) increased by 61% to € 402 million (2009: € 249 million). This result also includes several extraordinary items in the Dredging & Earthmoving segment.

Segment results *(in millions of euros)*	**2010**	2009
Dredging & Earthmoving	**320.5**	216.6
Harbour Towage	**23.2**	—
Salvage, Transport & Heavy Lift	**43.0**	—
Terminal Services	**22.3**	28.8
Maritime Infrastructure	**28.9**	12.9
Non-allocated group costs	**-36.0**	-9.0
Group	**401.9**	249.3

The generally good quality of the projects in the order book at the beginning of 2010 and the largely successful execution of those projects combined with optimum deployment of equipment, along with a positive settlement of a number of projects which had been technically concluded earlier all combined to propel the EBIT margin in the Dredging & Earthmoving segment to a high level. In addition the result includes a pre-tax amount of € 33.6 million arising from the settlement of a number of long-running insurance and other equipment-related claims. The SMIT activities contributed a total of € 72.1 million to the operating result, net of one-time acquisition-related expenses.

SMIT's contribution to the result can be divided into a number of operational and acquisition-related components:

- the contribution resulting from the operational activities of which € 3.6 million relating to the first quarter, recognized as 'result of associated companies', and
  € 72.1 million relating to the period from the second quarter onwards, recognized in the operating result. From the second quarter onwards the activities of SMIT were fully consolidated;
- non-recurring expenses of € 21.3 million chargeable to the operating result, accounted for as 'non-allocated group costs'. These costs, incurred by both SMIT and Boskalis, were connected to the acquisition and arrangement of the related financing, as well as the integration;
- a non-cash gain of € 17.3 million from the revaluation of the 29.98% stake in SMIT prior to the bid being declared unconditional. This revaluation gain, representing the difference between the valuation of the stake based

on the offer price and the book value, was recognized as 'result of associated companies'; and

- one-time financing charges of € 12.3 million.

Net profit

The operating result achieved amounted to € 402 million, including the aforementioned € 21.3 million in one-time items. Excluding overall financing charges of € 36.8 million (of which € 12.3 million were non-recurring) and a result of € 25.0 million from associated companies (of which € 20.9 million consisted of SMIT's share in the result for the first quarter and a one-time gain), profit before taxation equaled € 390 million. Net profit attributable to shareholders totaled € 311 million (2009: € 228 million).

Order book

Order intake in 2010 was € 2.1 billion, broadly spread around the world and across the various market segments. In addition, as a result of the acquisition of SMIT the contracts held by SMIT were valued and added to the order book. At end-2010 these contracts represented a (revenue) value of € 494 million.

The total order book was worth € 3,248 million at the end of 2010 (end-2009: € 2,875 million).

Order book *(in millions of euros)*	**31 Dec 10**	31 Dec 09
Dredging & Earthmoving	**1,923**	2,223
Harbour Towage	**—**	—
Salvage, Transport & Heavy Lift	**162**	—
Terminal Services	**677**	289
Maritime Infrastructure	**486**	363
Group	**3,248**	2,875

Dredging & Earthmoving

Construction and maintenance of ports and waterways, land reclamation, coastal defense and riverbank protection, dry earthmoving, offshore services to the oil and gas industry, soil improvement and underwater rock fragmentation.

(in millions of euros)	**2010**	2009
Revenue	**1,801**	1,814
Operating result	**321**	217
Order book	**1,923**	2,223

Revenue

Revenue in the Dredging & Earthmoving segment amounted to € 1,801 million (2009: € 1,814 million).

Order book by market *(in millions of euros)*	**2010**	2009
Home markets in Europe	**572**	527
Home markets outside Europe	**118**	99
International projects	**873**	948
Specialist niche services	**238**	240
Total	**1,801**	1,814

Home markets

Revenue in the home markets totaled € 690 million (2009: € 626 million).

Revenue in the European home markets (the Netherlands, Germany, United Kingdom, Nordic countries) rose by 9% to € 572 million (2009: € 527 million). Projects contributing to this revenue included in the Netherlands Maasvlakte 2, dredging work connected with the construction of the Gate LNG Terminal and various coastal protection projects, as well as several maintenance projects on ports and waterways in the other home markets. The home markets of the Netherlands and Germany experienced a strong year, with Nordic also posting a strong second half after a difficult first half. In the United Kingdom the volume of work declined as a result of clients' reluctance to award new projects.

Revenue in the home markets outside of Europe (Nigeria and Mexico) rose 19% to € 118 million (2009: € 99 million), with the growth being attributable to the Cuyutlán project in Mexico. The project involves the construction of an LNG import terminal on the west coast of Mexico, including the deepening of an existing lagoon. The volume of work in Nigeria was slightly lower, a reflection of reluctance by major oil companies over the past year to engage in new investments in this region.

International project market

Revenue on the international project market declined by 8% to € 873 million (2009: € 948 million). After the completion of various large projects in the Middle East, the geographical focus of the projects shifted to Australasia, and Central and South America. For example, last year saw the completion of the Khalifa Port project in Abu Dhabi, while a lot of work was carried out on the Gorgon project in Western Australia and four islands in the Maldives were protected against the consequences of climate change. Overall, revenue remains geographically well spread and there is a balanced spread across the various market segments.

Specialist niche services

The specialist niche services generated revenue of € 238 million, virtually the same as in the previous year (2009: € 240 million). Revenue was generated by work including offshore (pipeline) projects in Europe and South America. In addition 2010 saw the Fox River project, involving the remediation of PCB-contaminated dredging spoil from the Fox River in Wisconsin (United States), enter its second year.

Fleet developments

The revenue was realized with good equipment utilization levels. The hopper fleet was expanded with the commissioning of the 12,000m³ Gateway in March, the 4,500m³ Shoalway in April and the 12,000m³ Willem van Oranje in September. In 2010 the hopper fleet achieved an annual utilization rate of 43 weeks (2009: 48 weeks).

The utilization rate of the cutter fleet fell back as a result of maintenance work and fewer deployment opportunities in comparison to previous years. The average utilization rate was 27 weeks, compared to 36 weeks in 2009.

Last December Boskalis and the insurers reached agreement on the repurchase by Boskalis of the trailing suction hopper dredger W.D. Fairway. Following payment of the 'constructive total loss' claim the insurance companies had acquired ownership of the vessel. Boskalis is currently conducting a thorough inspection of the ship and investigating the possibility of recommissioning it.

Segment Result

The operating result (EBIT) of the Dredging & Earthmoving segment totaled € 321 million (2009: € 217 million). This exceptionally strong result was attributable to the generally good quality of the projects in the order book at the beginning of 2010 and the largely successful execution of those projects combined with optimum deployment of equipment, along with a positive settlement of a number of projects which had been technically concluded earlier. In addition the result includes a pre-tax amount of € 33.6 million arising from the settlement of a number of long-running insurance and other equipment-related claims.

Order book

New order intake in 2010 amounted to € 1,501 million.

Order book by market *(in millions of euros)*	**31 Dec 10**	31 Dec 09
Home markets in Europe	**628**	843
Home markets outside Europe	**133**	77
International projects	**965**	1,132
Specialist niche services	**197**	171
Total	**1,923**	2,223

In the oil and gas market additional work was contracted on the Nord Stream project for the protection of sections of the gas pipelines to be laid between Russia and northern Germany as well as extra trenching work in the Bay of Pomerania. Boskalis was also awarded the contracts for the second phase of the dredging work for the construction of the LNG import terminal in Cuyutlán (Mexico), the construction of an LNG import port in Swinoujscie (Poland) and the expansion of the Soyo LNG port in Angola. Significant additional work was also contracted on the Gorgon project (Australia), where work started in early 2010. At the end of August Boskalis was asked to assist in protecting the coast of Louisiana (United States) against the oil slick caused by the disaster with the Deepwater Horizon rig. The Boskalis trailer hopper suction dredger Stuyvesant, which sails under the American flag, was the first American trailer hopper suction dredger to be deployed and helped to construct a long sand berm to protect vulnerable swamps around New Orleans from oil pollution. Finally, just before the end of the year, the company was awarded the 'sand motor' project in the Netherlands. This project involves creating a sand motor consisting of 21.5 million cubic meters of sand, deposited in the shape of a hook attached to the coast. Wind, waves and sea currents will gradually distribute the sand along the coast of the province of Zuid-Holland. In this way the sand motor contributes in a natural way to coastal safety, whilst at the same time creating more space for both nature and recreational purposes.

At the end of 2010 there was an order backlog of € 1,923 million (end-2009: 2,223 million).

Harbour Towage

Berthing and unberthing of oceangoing ships, providing assistance to special objects and port services

(in millions of euros)	**2010***
Revenue	**155**
Operating result	**23.2**

** SMIT activities included from the second quarter onwards*

Revenue

Boskalis is active in this segment through SMIT Harbour Towage (consolidated from the second quarter of 2010). In 2010 Harbour Towage saw a recovery from the recession with an increase in activities at its most important locations: Rotterdam, Belgium, Panama and Canada. Container line shipping in particular posted an increase activities at various locations. In Belgium this recovery was clearly visible in the ports of Ghent and Zeebrugge, although revenue development in the port of Antwerp lagged behind as a result of a less rapid recovery of volumes and increased local competition. Revenue in the final three quarters of 2010, including the pro rata consolidation of joint ventures, was € 155 million.

Segment result

The operating result was € 23.2 million, with good results being achieved once again by the joint ventures in Singapore (Keppel SMIT Towage and Maju). Rebras, the joint venture in Brazil, also posted a good result. In mid-2010 we announced that Boskalis SMIT had reached an agreement in principle to acquire the remaining 50% stake in Rebras (Rebocadores do Brasil SA). This transaction was completed recently.

Salvage, Transport & Heavy Lift

Salvage: emergency response, wreck clearance, environmental care and consultancy
Transport: chartering, hiring out work vessels, heavy transport and (ocean) towage services
Heavy Lift: lifting work, maritime projects, marine support and subsea activities

(in millions of euros)	**2010***
Revenue	**296**
Operating result	**43.0**
Order book	**162**

** SMIT activities included from the second quarter onwards*

Revenue

Boskalis is active in this segment through the relevant SMIT activities. Revenue in the final three quarters of 2010, including the pro rata consolidation of joint ventures, was € 296 million. Despite a quiet second quarter, by the end of 2010 Salvage was able to look back on a busy year. The workload for emergency response was relatively low during the past year. By contrast, there was a lot of work in wreck clearance. In the Gulf of Mexico the salvage of a sunken oil platform was successfully completed, whilst work got underway off the coast of Indonesia to salvage the sunken car carrier Hyundai 105. The wreck is being sawn into sections which are subsequently removed. Finally, in India work started on salvaging a container ship which started listing heavily after a collision and eventually ran aground in shallow waters off the coast. Very recently the SMIT salvage team succeeded in refloating the ship and the project is expected to be completed within the next few weeks.

Traditionally the Transport and Heavy Lift activities operate largely on spot contracts for the oil and gas industry. Due to restricted maintenance budgets and delayed investments in new activities by oil and gas companies both the workload and in particular price levels came under pressure in 2010. The activities in the North Sea were affected most, while the level of activity in and around Singapore and South Africa held up reasonably well thanks to medium- and long-term contracts.

Segment result

The operating result, including the pro rata consolidation of joint ventures, was € 43.0 million.

Order book

The order book in this segment declined in the second half to € 162 million (half year 2010: € 191 million).

Terminal Services

Towage and mooring services, surface and subsurface maintenance and associated maritime and management services for onshore and offshore oil and gas terminals

(in millions of euros)	**2010***	2009
Revenue	**148**	60
Operating result	**22.3**	12.9
Order book	**677**	289

** SMIT activities included from the second quarter onwards*

Revenue

In 2010 Boskalis was active in Terminal Services via SMIT Terminals (consolidated from the second quarter of 2010) and through its 50% stake in strategic partner Lamnalco. In 2010 the revenue from Terminal Services rose to € 148 million. Excluding the contribution from SMIT Terminals revenue in 2010 amounted to € 75.8 million (2009: € 60.0 million).
About one-third of the revenue growth at Lamnalco was attributable to currency effects, but the growth also reflected an increase in activities. For example, in 2010 a start was made on the new contract for CPC in the Russian Black Sea nearby Novorossiysk.
At SMIT Terminals two contracts were not extended in 2010 (in Nigeria and Pakistan), but the performance on the other (long-term) contracts was good.

Segment result

The operating result rose to € 22.3 million. Excluding the contribution from SMIT Terminals the result increased to € 16.4 million (2009: € 12.9 million). Due to continued weakness in the spot market for terminal services certain regions are experiencing temporary underutilization of tugs.

Order book

The volume of the order book rose substantially compared to the end of 2009 as a result of the addition of SMIT Terminals. At the end of 2010 the order book

stood at € 677 million. Excluding the recently added order book of SMIT Terminals the Terminals Services order book (50% stake in Lamnalco) rose to € 345 million (end-2009: € 289 million).

Maritime Infrastructure

Maritime infrastructure-related facilities, including the construction of quay walls, berths, breakwaters, water purification plants, sewer systems, dams and bridges. Industrial construction including power stations and desalination plants

(in millions of euros)	**2010**	2009
Revenue	**265**	301
Operating result	**28.9**	28.8
Order book	**486**	363

Revenue

Revenue in the Maritime Infrastructure segment is generated through our strategic partner Archirodon, in which we hold a 40% stake. Our share in Archirodon's revenue amounted to € 265 million in 2010 (2009: € 301 million). As a result of the changed market conditions in the Middle East, where there has been a sharp rise in competition, combined with Archirodon's selective contracting policy, revenue in 2010 was somewhat lower than the record levels achieved in 2009. In 2010 Archirodon completed the architecturally impressive Sheik Zayed bridge in Abu Dhabi (UAE), as well as Abu Dhabi's new offshore Khalifa Port, which was realized in conjunction with Boskalis and Hyundai.

Segment result

Archirodon's contribution to the operating result remained stable at € 28.9 million (2009: € 28.8 million).

Order book

The order book rose compared with end-2009 levels as a result of new contracts in the Middle East as well as currency effects. The value of the order book at the end of the reporting period was € 486 million (end-2009: € 363 million).

Holding

Non-allocated head office activities

(in millions of euros)	**2010***	2009
Revenue	**9.1**	—
Operating result	**-36.0**	-9.0

** SMIT activities included from the second quarter onwards*

Segment result

The operating result for the period under review comprises the customary non-allocated costs of the Boskalis and SMIT head offices. It also includes one-off expenses equalling € 21.3 million connected with the acquisition and integration of SMIT. No further material merger-related costs are expected in the period after 2010.

Other financial information

In 2010 total depreciation, amortization and impairments came to € 220 million (2009: € 196 million, including a € 48.6 million impairment charge relating to the fleet rationalization program). The increase is wholly attributable to the consolidation of SMIT.

The result from associated companies equaled € 25.0 million and consisted mainly of the pro rata share (28%) in the result of Smit Internationale N.V. for the first quarter of 2010 (€ 3.6 million) and an exceptional gain of € 17.3 million relating to the revaluation of the stake in SMIT immediately prior to the offer being declared unconditional. This revaluation result represents the difference between the valuation of the stake based on the offer price and the book value. In 2009 the result from associated companies totaled € 58.3 million, and consisted mainly of an

extraordinary gain on the stake in SMIT and Boskalis' share in SMIT's full-year result.

The tax burden rose to € 77.1 million (2009: € 66.0 million), while the effective tax rate fell to 19.8% (2009: 22.4%).

Return on equity in 2010 amounted to 21.7% (2009: 21.1%).

Capital expenditure and balance sheet

A total amount of € 330 million was invested in 2010. Major investments included the construction of two 12,000m^3 hoppers (Gateway and Willem van Oranje), a 4,500m^3 hopper (Shoalway), a new backhoe (Baldur), the construction of a fallpipe vessel and the repurchase of the W.D. Fairway (35,500m^3 hopper). The Gateway, Willem van Oranje, Shoalway and Baldur were all taken into service during the year under review. In addition, some adjustments were made to the Taurus (self-propelled cutter), ahead of further modifications to the ship. The group invested in 25 new vessels for SMIT's terminal services and harbour towage activities. Furthermore, one of the Taklift floating sheerlegs belonging to the heavy lift activities was upgraded, with a life extension program being carried out at the same time.
At € 93 million, capital expenditure commitments at 31 December 2010 were lower than a year earlier (end-2009: € 182 million).

Cash flow increased to € 532.5 million (2009: € 424.9 million).

The cash position at the end of 2010 stood at € 358 million, of which € 203 million was freely available and € 155 million was tied up in associated companies and projects being executed in conjunction with third parties.

The company's solvency ratio was 37.1% at 31 December 2010. At the end of 2009 the solvency ratio was 46.5% as a result of the equity that had been raised to partly finance the acquisition of SMIT.

Interest-bearing debt totaled € 808 million at 31 December 2010 and the net debt position stood at € 450 million. The majority of the debt position consists of long-term USPP loans and drawings on the three- and five-year bank facility taken out, partly in connection with the financing of the SMIT acquisition. Boskalis must comply with various covenants agreed with the syndicate of banks and the USPP investors. At 31 December 2010 it comfortably met these agreements. The main covenants relate to the net debt / EBITDA ratio, with a limit of 3, and the EBITDA / net interest ratio, with a minimum of 4. At 31 December 2010 the net debt / EBITDA ratio stood at 0.9 and the EBITDA / net interest ratio at 17.5.

US Private Placement

In July 2010 Boskalis placed a US Private Placement loan amounting to USD 450 million with 26 institutional investors in the United States and the United Kingdom. The substantially oversubscribed placement consisted of three tranches, with maturities of 7, 10 and 12 years. The proceeds in US dollars and pounds sterling were swapped to euros for a total amount of € 354 million. The weighted average annual interest rate is 4.76%. The proceeds of the private placement were used to repay the existing bridge facility taken out for the partial financing of the acquisition of Smit Internationale N.V.

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 as well as the interests of shareholders.

In light of this, Boskalis will propose to the Annual General Meeting of Shareholders on 12 May 2011 that a dividend of € 1.24 per share be distributed in the form of ordinary shares, unless the shareholder opts to receive a cash dividend. The dividend will be payable from 8 June 2011.

Other developments

Integration of SMIT

On 27 March 2010 the merger with SMIT was a fact. Right from the start a lot of work has gone into shaping and substantiating the cooperation. Shortly after the merger a Steering Committee was set up comprising the senior management of Boskalis and SMIT, including the Board of Management. The Steering Committee heads up 10 working groups of Boskalis and SMIT employees who have analyzed where the joint synergy opportunities lie, both in the market and on the cost side, and how these can be realized. They have exchanged best practices and established which corporate staff activities and functions will be integrated. This analysis provides the basis for the integration plan which will be further implemented during 2011 and 2012.
The two companies are already turning to each other, for example when it comes to hiring each other's equipment, which results in cost synergies on the projects. This is happening for example on the Maasvlakte 2 project in the Netherlands, where SMIT equipment is being deployed by the PUMA consortium. In addition Boskalis survey equipment is in use on SMIT salvage projects in both Indonesia and India.

On releasing our half-year results we expected to realize annual synergies of € 15-20 million, mainly in the form of cost savings, in the period 2011-2013. However, the synergies achieved to date are greater than expected. The combined purchasing power of Boskalis and SMIT is creating more favorable conditions in procurement relating to the primary processes, such as engine parts, lubricants, hired services, as well as in non-technical categories such as insurance, office space, travel expenses and such like. The first synergy effects already became visible in 2010 with savings of around € 10 million. We have therefore decided to raise our synergy target. Based on the synergies achieved to date we now expect the annual level to reach around € 25 million in the next two years.

New Corporate Business Plan

A new Corporate Business Plan has been drafted to create focus and cohesion within the group in its new composition, and to enable us to set the right priorities with regard to the various investment opportunities. On Tuesday 5 April 2011 Boskalis will present this strategy update at the Boskalis Capital Market Day and information regarding the new strategy will be made available on the website.

Event after the balance sheet date

Rebras: At the publication of our semi-annual results we announced that a conditional agreement had been reached to increase the stake in the Brazilian Harbour Towage joint venture Rebras (Rebocadores do Brasil SA) from 50% to 100%. This transaction was completed recently.
SMIT has been active in Brazil since 2006 when the joint venture with Rebras was first established. The volume of sea trade has grown significantly in Brazil and the country has substantial offshore investment plans that will further drive the demand for towage services.
Rebras currently provides services at the following six locations in Brazil: Santos, Paranaguá, Sepetiba (Itaguaí), Angra dos Reis, São Luis (Itaqui & Ponta da Madeira) and Vitória (Tubarão & Praia Mole). The company operates a fleet of 18 state-of-the-art ASD (azimuth stern drive) tugs of 50-70 tons bollard pull, with another three tugs having been hired out. Almost all the 200 crew and staff members are of Brazilian nationality, thus giving Boskalis a truly local footprint in the Brazilian growth market.

Operational performance

In 2010 much attention was focused on preparing for the integration of the SMIT activities. Our CSR report deals with this in more detail. Our CSR report also provides a detailed account of all aspects of our SHE-Q and HR policy as well as the environmental measures being taking to lower emissions and the energy consumption by our fleet. Furthermore you can read how we seek to prevent or mitigate the environmental impact of our activities through innovative developments and the dissemination of knowledge and expertise.

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

In July 2010 Boskalis launched its new safety program amongst its staff. The name of the program reveals its objective: No Injuries, No Accidents - or 'NINA' for short. Whilst our safety performance has improved sharply over the past 10 years, Boskalis wants to take another leap forward. An international culture survey amongst employees, interviews with clients and a large number of in-house workshops revealed which areas offer scope for further improvement by Boskalis. The opportunities lie mainly in the area of building a shared safety culture that is based on values. The Boskalis safety culture rests on five values and five rules which are communicated both internally and externally. With a strong personal element, the values appeal directly to the employees' sense of responsibility for both their own behavior and that of others. The rules are mainly there to back up the values and are aimed at the prevention of incidents, primarily through risk management.

NINA training courses allow management and staff to familiarize themselves with the new values and rules. Boskalis' senior management, which broadly supports NINA, attended the first course in the summer of 2010. Between September and the end of the year around 1,000 employees attended a NINA course or workshop at various locations around the world. Following the training courses, start-up meetings were held on projects and on board our vessels in order to translate the 'values and rules' into everyday practice.

LTIF

Reporting, recording and following up on incidents form an integral part of the safety systems within Boskalis. The SHE-Q department coordinates this process and maintains contact on the subject with the management concerned. Following an incident or an analysis of incidents the department may issue an advice on possible measures to correct or improve the situation. The incident reports are conveyed as 'Lost Time Injury Frequency' (LTIF). The LTIF figure expresses the number of incidents resulting in sick leave for every 200,000 hours worked. Boskalis is one of the few market parties to include incident reports from its subcontractors in its LTIF counts. In 2010 LTIF at Boskalis was 0.67 (2009: 0.74). For a detailed analysis of LTIF in 2010 and historical figures for the past five years, please refer to the 2010 CSR Report.

Personnel & Organization

Over the last few years RBW's training programs have been strongly focused on developing the skills and competencies appropriate to achieving the quality that RBW wants to deliver. A full summary can be found in our CSR report.

One of the first joint HR initiatives by Boskalis and SMIT was the design of a new *Boskalis/SMIT Leadership Development Program*. The program was launched for 20 talented senior-managers from both companies on 1 January 2011.

In 2010 Boskalis added a few more new courses to the program.
September 2010 saw the launch of the *Maritime Leadership Course* at Boskalis. Specially developed for an international group of first officers, chief engineers and recently appointed captains, this international program focuses on personal effectiveness on board, leadership, communications

and cooperation. The 12 participants are mainly from the Baltic states and Russia.
The *Boskalis Homemarket Development Program* was developed for project workers and managers involved in projects led from Boskalis' European offices. As well as leadership skills and putting them into practice, key areas covered in the program include commercial skills and contract management. By bringing together people from different countries Boskalis hopes to bridge cultural differences and to strengthen mutual synergies and internal networks. *Shipbuilding for Dredgers* is another new course launched in 2010. Boskalis technical staff who are involved in designing, building or rebuilding or the technical aspects of operating a ship are introduced to a wide range of shipbuilding aspects relevant to the fleet.
In the spring of 2010 the new *International Dredging Academy* was launched for Boskalis engineers and deck officers.

SMIT makes targeted investments in the instruction and training of both its crews and members of the onshore organization. Examples include the *Tugmaster Training Program* it has developed in-house to train crew members from around the world to become tugboat captains, and the training course in *Contracting* organized for onshore staff in 2010 aimed at further improving the quality of contracts entered into.

Workforce

At the end of 2010, the total number of people employed by the Group was 13,832. Excluding SMIT, Lamnalco and Archirodon we employed 4,674 (2009: 4,858). This is a decline of 4%.

Works Councils

Communications with the Works Councils of Boskalis and SMIT were intensive in 2010. At the end of September both works councils issued a positive advice on the integration plan.
The Works Councils' approach and the way in which they fulfilled their duties are very much appreciated.

Equipment

The modernization of the Boskalis fleet is proceeding according to plan. In 2010 the trailing suction hopper dredgers Gateway, Shoalway and Willem van Oranje were taken into service, along with the backhoe Baldur. The Willem van Oranje was named and launched by Her Majesty Queen Beatrix on 10 February 2010 in a ceremony which commemorated the 100th anniversary of the company. In 2010 progress was made with the construction of the new fall pipe vessel. The self-propelled jumbo cutter Taurus was modified and the mega hopper W.D. Fairway was repurchased from the insurance companies. As part of the fleet rationalization program announced in 2009 the W.D. Medway II, a trailing suction hopper dredger with a capacity of 3,513 cubic meters, was taken out of service and dismantled using an environmentally friendly procedure which is described in our 2009 CSR report.
In 2010 the new version of the Maximo maintenance system was further rolled out across the Boskalis fleet. The system is one of the cornerstones of Value Driven Maintenance, our maintenance control tool that allows us to arrange the maintenance process more accurately and to optimize the availability of our vessels.

During 2010 a total of 25 new SMIT units were delivered, mainly as part of a fleet renewal drive and expansion in the Harbour Towage, Terminal Services and Transport & Heavy Lift activities. The company took delivery of new build comprising 20 tugboats with a bollard pull ranging from 45 to 80 tonnes, two multipurpose work vessels (95 tbp), a smaller work vessel (28 tbp) and two transport pontoons.
Six of the tugboats taken delivery of were destined for the 50%-owned venture Keppel SMIT Towage in Singapore.

Research and development

Boskalis makes targeted investments in the research and development of new and innovative working methods and information technology. This enables the company to meet the challenges associated with complex large-scale projects.

- *Echoscope*
  On several projects Boskalis uses an Echoscope, a camera which can take acoustic underwater images. This new technology allows accurate pictures of the seabed to be taken, even when turbidity is high. The camera is used for example on projects which require the removal or accurate placing of large blocks of stone. Boskalis uses the camera on the Maasvlakte 2 project when removing blocks from the existing sea wall; the images are integrated into the automated dredging process, enabling the lifting work to be carried out quickly and efficiently and without mistakes.

- *Blockbuster operating software*
  We use the Blockbuster to place the blocks in the hard sea wall of Maasvlakte 2. Thanks to its unique construction this 'E-crane' is able to lift blocks weighing 50 tonnes and move them across a distance of up to 63 meters. The technical adjustments needed to achieve this were the brainchild of an employee in the Dredging Development Department, which is responsible for technology development at Boskalis. Another in-house development by Boskalis is the advanced operating system which enables the Blockbuster to place the blocks in the new sea wall with great precision. The software factors in the size of the rocks and ensures that the crane is able to place them quickly and efficiently by presenting them in the correct position.

In 2010 SMIT was involved in various projects focused on three different areas: Environment, Safety and Equipment. In the area of Environment the E3 Tug (hybrid and diesel-electric tugboat), H3T/Green Tug (hydrogen-fuelled hybrid tugboat) and the LNG Tug projects involve researching solutions aimed at finding more environmentally friendly ways of powering tugboats.
Other studies are aimed at the development and use of simulation programs in order to enhance safety, assess feasibility more accurately and deploy equipment more efficiently. More detailed information on these projects can be found in the CSR report.

SMIT Heavy Lift installing a 220 meter long section for the Brandangersund Bridge in Norway. Taklift 4 and Taklift 7 used a tandem lift to successfully place the 1,860 ton section of the arch bridge.

Corporate Social Responsibility

Sustainable and responsible enterprise is an integral part of the way in which we conduct our business. In our Corporate Social Responsibility (CSR) report we provide details of our economic, social and environmental performance in line with the international guidelines set out in the Global Reporting Initiative (version G3). After publishing our first CSR report in 2010, we have broadened the scope of the 2010 report in line with our ambitions. In addition to the Boskalis activity Dredging & Earthmoving this report includes the activities of our 50%-owned associate company Lamnalco (Terminal Operations). The CSR report can be found on the corporate website www.boskalis.com.

Artist impression of Sand Motor

At the end of 2010 the contract to realize the Sand Motor and further elaborate the design was awarded to a group of contractors including Boskalis. The Sand Motor is a new, innovative form of coastal defense, which uses natural forces such as tide, currents and waves to deposit sand for coastal replenishment.

Risk management

Strategic and market risks

Boskalis' strategy is aimed at being prepared for both opportunities and challenges in the market. The strategy is focused on profitable growth in attractive market segments as well as expanding and 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 such as port authorities or private port operators, major international oil and gas companies and other large private clients such as container shipping companies and mining companies. Our markets are mainly driven by long-term economic factors, such as growth of 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 include general or regional geopolitical developments, such as political unrest, regime changes, government-imposed trade barriers, financial markets turmoil or crises in the financial sector, and similar developments. Such developments may negatively affect our activities in certain regions or even globally if they have major negative consequences for the global economy or for exploration and exploitation activities in the energy products and commodities markets. Boskalis aims to respond as effectively as possible to both positive and negative developments in individual market segments through a global spread of its activities, an extensive, versatile and internationally based fleet, and strong positions in the home markets. Moreover, our activities are largely focused on the maintenance and development of infrastructure, which means that longer-term developments will generally outweigh short-term economic fluctuations.

Boskalis does not include contracts in the order book until agreement has been reached with the client. Although historically speaking cancellations or substantial reductions in the size of contracts after agreement has been reached have 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. As part of implementing its strategy, Boskalis acquires other companies. In order to be able to realize the anticipated results, Boskalis attaches great importance to integrating such acquisitions with care. Creating value for our stakeholders and retaining key personnel are an important part of this process.

Boskalis deals with large, internationally operating competitors as well as more regional or local competitors with activities restricted to one or several submarkets. In most cases, projects and service contracts are brought to the market using public or private tender procedures. With the 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, including qualitative ones, into consideration when awarding contracts. Boskalis' activities are capital-intensive, with dredging in particular being a capital-intensive business with high entry and exit barriers, especially for companies operating in the international arena. Because of the capital-intensive nature of the activities, market prices are to a great extent influenced by the relation between the demand for dredging services and the available capacity or utilization levels of the equipment. This means that a broad international spread of market positions, and a leadership position in terms of equipment, costs and standardization of equipment, such as tugs, are key success factors. Boskalis places a great deal of emphasis on these, both as a critical focal point in operational management and in terms of investment strategy. Our solid financial position also provides a strong basis for the absorption of risks.

Operational risks

The operational risks faced by Boskalis are varied in nature, particularly as the group operates in various activity segments around the world. This means that the activities are exposed to economic, legal and political risks in the countries where the company operates.

The main operational risks for Boskalis concern the acceptance and execution of projects from clients, as outlined above. For most of our activities, particularly in the Dredging & Earthmoving and Maritime Infrastructure segments as well as several activities in the other segments, such as salvaging sunken or stranded vessels, the most common type of contract is 'fixed price/lump sum'. With this type of contract, the contractor must include nearly all the operating and (procurement) cost risks in the price. Opportunities to claim payment from the client for any unexpected costs arising during the course of a project tend to be scarce or non-existent. Furthermore, many contracts include 'milestones' - as well as penalty clauses if they are not achieved. Which is why considerable emphasis is placed on identifying, analyzing and quantifying operating, cost and delay risks of this kind when calculating the cost price and during the tendering procedure. Operating risks mainly concern unexpected soil and settlement conditions, variable weather or working conditions, technical suitability of the equipment, wear and tear due to the processing of dredged materials, and damage to equipment and property of third parties. Boskalis focuses on controlling such risks, first of all by adopting a structured approach in the tender phase to identify risks and their possible consequences. Each tender is assigned to a particular risk category based on its size and risk profile. Procedures exist for each risk category prescribing how the tenders should be processed, and which management level is entitled to authorize the tender and set the relevant price and conditions. During preparations for the tender, and depending on the risk classification and nature of the projects, we use resources such as soil investigations, readily accessible databases containing historical data, and extensive risk analysis techniques. The results of the risk analysis are then used as a factor in determining the cost price and/or selling price, and in setting the tender and/or contract conditions. When a contract is awarded, an updated risk analysis is part of the thorough project preparation process, leading to concrete actions being taken where necessary. In addition, there is a strong focus on instruction and training of staff, a certified quality and safety program, and optimal equipment maintenance. Where possible, certain risks are insured.

Risks related to price developments on the procurement side, such as increased wage costs, costs of materials, sub-contracting costs and fuel, are also taken into account in cost-price calculations. Wherever possible and especially on projects with a long completion time, cost indexation clauses are included in the contract, particularly with regard to labor and fuel costs.

Material fuel costs are hedged in a number of different ways. Where possible, fuel cost variation clauses are included in the contract. Some contracts may also require fuel to be supplied by the client. In other cases, where substantial fuel risks exist, these are usually hedged with financial instruments such as forward contracts or futures. The ability to manage operating risks effectively and responsibly is key to the company's professionalism and expertise.

Within SMIT's Salvage activities related to shipping accidents, contracts with insurance companies concerning vessels in distress are often concluded based on a standardized 'Lloyd's Open Form' (LOF). In that case compensation is based on a valuation mechanism related to various factors including the salvage value of the ship and its cargo, the technical complexity of the salvage operation, environmental risks and the use of own equipment and subcontractors. This valuation produces a lump

sum, which is finalized through negotiations with the client or an arbitration process. Should it transpire in the course of a salvage operation that the final salvage fee will not be sufficient to cover the costs involved, then the LOF (contract) can be converted to a contract based on a daily hire fee. This limits the financial risks.

The other major operating risks at the Harbour Towage division are characterized by a broad geographical spread of the activities, with towage contracts often being carried out under long-term contracts with fees being reviewed each year. This allows for changes in local wage cost developments, fuel price developments and the available capacity of the equipment involved - for example tugboats - to be reflected.
Terminal services are usually performed under long-term contracts with a fixed price for the contract period, corresponding to the wishes and specifications of the client. Most contracts include some form of price indexation.

Within the Transport and Heavy Lift segment equipment often tends to be leased for relatively short periods (spot markets), meaning that the operational risks in general, certainly as compared to the other activities, are relatively limited.
Local management on projects and operations is expected to have a grasp of the complexity of working under the specific local circumstances. The scale of local operations is often too small to warrant a fully fledged organization, complete with extensive support services and staff departments. Regular visits by responsible managers and employees from the relevant business units and support from highly qualified central staff departments at head office make up for this.

In 2010 SMIT Salvage started work on salvaging the container ship MSC Chitra in India. As a result of a collision the ship started listing heavily before eventually running aground just outside the port of Mumbai.

Financial risks

When executing projects Boskalis is exposed to financial as well as operating risks. The main 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. Except where first-class clients with an excellent credit rating are involved, these risks are in principle covered by measures such as credit insurance, bank guarantees and advance payments. Revenue and profits are only accounted for once realization is sufficiently certain.

A large proportion of projects, particularly dredging projects, are not contracted in euros. Generally, positions in non-euro currencies are fully hedged as soon as they occur, usually with forward exchange 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. Within the dredging industry most of our major international competitors also have a cost structure largely based on the euro. This means that exchange rate fluctuations have no major impact on our relative 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 these market segments. However, on balance, exchange-rate fluctuations only have a limited impact on the company's competitive position.

Several important affiliated companies of Boskalis (Archirodon, Lamnalco, Keppel Smit Towage, Asian Lift) are largely or entirely based on the US dollar or Singapore dollar. However, both the revenue structure and the cost structure of these companies are also largely or entirely based on these same currencies. 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 and developments in interest rates 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 where 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 customary 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 clients. Given that the availability of adequate credit and in particular bank guarantee facilities is essential to the uninterrupted conduct of business, Boskalis' funding policy is aimed at maintaining a solid financial position. The company has ample credit and bank guarantee facilities at its disposal.
Boskalis has taken out a satisfactory package of insurance facilities to cover its tangible fixed assets and potential third-party liability.

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 which are defined unambiguously. Both competitively and in project implementation speed, knowledge, and decisiveness are of the essence. 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.

Satellite picture of the new offshore Khalifa port in Abu Dhabi. Boskalis was involved in designing and building the port. Preservation of the nearby coral reef was an essential aspect of the project, which was completed successfully in 2010 and won the 'Environment Protection Award'.

Risks with regard to financial reporting

Structure of the 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 - or '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 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 divisions and ending with group consolidated reports. Project and contract managers are responsible for budgets, income statements and balance sheets for their projects or contracts, which are drawn up in accordance with applicable guidelines and instructions. In turn, business unit managers are responsible for the financial reports of their business units.

Part of the equity consists of investments in associated companies. Boskalis is represented on the board of those associated companies in which it holds a significant participating interest, and as a result has access to (interim) reporting. The figures of significant holdings are verified by an external auditor.

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, all of which are available electronically. 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, who report on it.

Statement regarding the risks relating to financial reporting

In spite of the risk management and control systems that Boskalis has put in place, there can 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 material 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 control systems at Boskalis, the Board of Management is of the opinion that:

- the internal risk management and control systems provide a reasonable degree of assurance that the financial reporting does not contain any errors of material importance; and

- the risk management and control systems worked properly during the year under review.

Trailing suction hopper dredger Seaway in Rio de Janeiro, Brazil.

Corporate Governance

Boskalis operates a two-tier board model, which means that management and supervision are segregated.

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 the resulting performance.
The Board of Management is accountable to the Supervisory Board and the General Meeting of Shareholders. In performing its tasks, the Board of Management is guided by the interests of the company and its activities, 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. The Supervisory Board is supported in its work by three so-called core committees: the Audit Committee, the Remuneration Committee and the Selection and Appointment Committee. For a summary of the committees' activities in 2010 please refer to pages 28 to 31 of this report.

At Boskalis there is close collaboration between the Supervisory Board and its committees, the Board of Management and the stakeholders. The Board of Management and the Supervisory Board are jointly responsible for looking after the interests of our stakeholders, which includes creating shareholder value in the long term.

Our stakeholders are those groups and individuals that directly or indirectly influence the company's activities, or are influenced by them. They include the employees, shareholders and other financiers, suppliers, clients, government bodies and the communities in which Boskalis operates.

At least one General Meeting of Shareholders takes place every year. Its tasks include the adoption of financial statements and it holds authority with regard to the appointment and dismissal of Supervisory Board members.

The interests of employees are promoted by the Works Council, which provides ongoing employee representation as required under the Works Councils Act. It is the task of the Works Council to ensure that management objectives are aligned with those of the employees.

The general standards and values relating to our business activities are set out in the 'Statement of General Business Principles' which can be found on the company's website. In addition, the core values and rules for safety at work are set out in our safety program, NINA (No Injuries, No Accidents). The Board of Management regularly stresses the importance of complying with the general business principles and the NINA principles. The Board of Management also provides employees with the opportunity to report any alleged irregularities of a general, operational or financial nature to an independent confidential counsellor, without jeopardizing their legal position.

Compliance

Boskalis shares are listed and traded on NYSE Euronext Amsterdam N.V.

The Dutch Corporate Governance Code (the 'Code') 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 their proper supervision.

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

The cutter suction dredger Taurus II on the Gorgon project in Australia.

are the cornerstones of good management and entrepreneurship.

As required since the introduction of the 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 website and copies can also be requested from the company. In light of the changes to the Corporate Governance Code which came into effect on 1 January 2010 Boskalis revised its 'Apply or Explain' report as well as all its other corporate governance documentation, and tabled this under Corporate Governance as a separate item on the agenda for discussion at the Annual General Meeting of Shareholders on 12 May 2010.

Boskalis subscribes to and applies all the principles and best practice provisions contained in the Corporate Governance Code, with the exception of the following provisions:

- In deviation of best practice II.1.1., the chairman of the Board of Management has been appointed for an indefinite period of time. This appointment predates the introduction of the Corporate Governance Code. The contract of employment of this member of the Board of Management was also entered into prior to the introduction of the Corporate Governance Code and applies for an indefinite period of time. Boskalis does apply 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 does apply this best practice provision to 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.

The Corporate Governance Declaration can be found on the corporate website www.boskalis.com.

Outlook

Outlook

Market prospects positive for the medium term

2011 to be year of transition

The financial position of Boskalis remains very solid, even after the acquisition of SMIT. Capital expenditure in 2011 is expected to total around € 350 million and can be funded from our cash flow.

Given the current market conditions and the project-based nature of a large part of our activities we are unable to provide a specific forecast for the current year at this time. We do, however, anticipate that we will be unable to match the record result of 2010 in 2011. Based on current information we see 2011 as a year of transition, from challenging market conditions to more positive prospects in the medium term.

SMIT divers provided assistance on the Magellan project in Argentina.

Statement of Directors' responsibilities

The Board of Management of Royal Boskalis Westminster N.V. hereby declares, in accordance with article 5:25c of the Financial Supervision Act, 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 included on pages 65 to 129 of the Annual Report, provide a true and fair view of the assets, liabilities and financial position as at 31 December 2010 as well as the profit or loss for the 2010 financial year of Royal Boskalis Westminster N.V. and all the business undertakings included in the consolidation;
2. the annual report provides a true and fair view of the condition, the business situation during the financial year of Royal Boskalis Westminster N.V. and the companies associated with it whose details are included in the financial statements, as at the balance sheet date of 31 December 2010;
3. the annual report provides a description of the material risks faced by the company.

Papendrecht / Sliedrecht, 16 March 2011

Board of Management
dr. P.A.M. Berdowski, chairman
T.L. Baartmans
J.H. Kamps, CFO

Jumbo cutter suction dredger Phoenix in the port of Fremantle, Australia.

Trailing suction hopper dredgers

Trailing suction hopper dredgers fill their own holds by sucking up material from the seabed using a trailing suction head while the ship sails. The dredged material can be transported over large distances. Dumping methods include rainbowing, as shown in the large photograph. Boskalis has a fleet of around 30 trailing suction hopper dredgers, including one of the world's largest, the Queen of the Netherlands, whose assignments in 2010 included the four islands project in the Maldives.

ORANE

Financial statements 2010

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Consolidated income statement

(in € 1,000)	*Note*	**2010**	2009
Operating income			
Revenue	*[5]*	**2,674,439**	2,175,179
Other income	*[6]*	**38,289**	7,417
		2,712,728	2,182,596
Operating expenses			
Raw materials, consumables and services	*[7]*	**- 1,594,802**	- 1,454,344
Personnel expenses	*[8]*	**- 496,452**	- 283,304
Depreciation, amortization and impairment losses	*[13/14]*	**- 219,604**	- 195,677
		- 2,310,858	- 1,933,325
Operating result		**401,870**	249,271
Finance income and expenses			
Finance income	*[9]*	**23,238**	1,195
Finance expenses	*[9]*	**- 60,074**	- 13,664
		- 36,836	- 12,469
Share in result of associated companies (after taxation)	*[15]*	**24,973**	58,344
Profit before taxation		**390,007**	295,146
Taxation	*[10]*	**- 77,125**	- 65,981
Net group profit		**312,882**	229,165
Net group profit attributable to:			
Shareholders		**310,517**	227,852
Non-controlling interests		**2,365**	1,313
		312,882	229,165
Average number of shares	*[21.4]*	**99,962,337**	88,371,852
Earnings per share	*[21.4]*	**€ 3.11**	€ 2.58
Diluted earnings per share	*[21.4]*	**€ 3.11**	€ 2.58

The notes on pages 74 to 122 are an integral part of these consolidated financial statements.

Consolidated statement of recognized and unrecognized income and expenses

(in € 1,000)	*Note*	**2010**	2009
Net group profit for the period		**312,882**	229,165
Unrecognized income and expenses for the period			
Currency translation differences on foreign operations	*[21.5]*	**37,864**	- 5,800
Actuarial gains and losses and asset limitation on defined benefit pension schemes	*[23.1]*	**- 28,593**	21,826
Movement in fair value of cash flow hedges	*[26.2]*	**- 11,554**	1,473
Income tax on unrecognized income and expenses	*[12]*	**6,624**	- 472
Unrecognized income and expenses for the period, net of income tax		**4,341**	17,027
Total recognized and unrecognized income and expenses for the period		**317,223**	246,192
Attributable to:			
Shareholders		**313,340**	244,270
Non-controlling interests		**3,883**	1,922
Total recognized and unrecognized income and expenses for the period		**317,223**	246,192

The notes on pages 74 to 122 are an integral part of these consolidated financial statements.

Consolidated balance sheet

(in € 1,000)	Note	December 31 2010	2009
Assets			
Non-current assets			
Intangible assets	[13]	**593,677**	13,595
Property, plant and equipment	[14]	**2,178,625**	1,059,788
Investments in associated companies	[15]	**20,617**	298,674
Non-current receivables	[16]	**40,373**	6,019
Derivatives	[26]	**106**	354
Deferred income tax assets	[12]	**18,706**	6,713
		2,852,104	1,385,143
Current assets			
Inventories	[17]	**86,906**	69,671
Due from customers	[18]	**197,170**	140,086
Trade and other receivables	[19]	**793,339**	601,636
Derivatives	[26]	**4,930**	3,279
Income tax receivable	[11]	**23,060**	8,899
Cash and cash equivalents	[20]	**357,744**	594,836
		1,463,149	1,418,407
Total assets		**4,315,253**	2,803,550
Group equity			
Issued capital	[21]	**80,779**	78,921
Share premium	[21]	**231,335**	232,076
Other reserves	[21]	**150,803**	77,181
Retained earnings	[21]	**1,102,053**	907,589
Shareholders' equity		**1,564,970**	1,295,767
Non-controlling interests		**34,324**	9,154
Total group equity	[21]	**1,599,294**	1,304,921
Liabilities			
Non-current liabilities			
Interest-bearing borrowings	[22]	**705,003**	57,438
Employee benefits	[23]	**35,896**	13,740
Deferred income tax liabilities	[12]	**104,135**	29,232
Provisions	[24]	**42,986**	6,384
Derivatives	[26]	**21,496**	6,959
		909,516	113,753
Current liabilities			
Due to customers	[18]	**479,264**	507,213
Interest-bearing borrowings	[22]	**102,766**	22,645
Bank overdrafts	[20]	**1,475**	1,347
Income tax payable	[11]	**163,107**	105,324
Trade and other payables	[25]	**1,022,113**	727,668
Derivatives	[26]	**23,211**	18,915
Provisions	[24]	**14,507**	1,764
		1,806,443	1,384,876
Total liabilities		**2,715,959**	1,498,629
Total group equity and liabilities		**4,315,253**	2,803,550

The notes on pages 74 to 122 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

(in € 1,000)	*Note*	**2010**	2009
Cash flows from operating activities			
Net group profit		**312,882**	229,165
Depreciation, amortization and impairment losses		**219,604**	195,677
Cash flow		**532,486**	424,842
Adjustments for:			
Finance income and expenses		**36,836**	12,469
Taxation		**77,125**	65,981
Results from disposals of property, plant and equipment		**- 4,710**	- 7,417
(Reversal of) impairment losses on associated companies		**—**	- 35,268
Movement non-current receivables		**- 21,924**	2,508
Movement provisions (including direct equity movements)		**- 15,556**	- 2,333
Movement in inventories		**2,028**	5,869
Movement trade and other receivables		**- 28,394**	82,456
Movement trade and other payables		**89,227**	- 41,268
Movement due from and due to customers		**- 43,206**	139,917
Result of associated companies		**- 24,973**	- 23,076
Cash generated from operating activities		**598,939**	624,680
Dividends received		**17,611**	1,500
Interest received		**5,094**	1,195
Interest paid		**- 29,975**	- 10,864
Income taxes paid		**- 64,210**	- 83,818
Net cash from operating activities		**527,459**	532,693
Cash flows from investing activities			
Purchases of intangible assets and property, plant and equipment, excluding recognized borrowing costs		**- 329,205**	- 293,371
Proceeds from disposals of property, plant and equipment		**38,173**	15,739
Net investment in group companies, net of cash acquired		**- 675,146**	—
Net investments in associated companies		**- 50,383**	- 17,574
Net cash used in investing activities		**- 1,016,561**	- 295,206
Cash flows from financing activities			
Proceeds from loans		**2,194,756**	181,078
Repayment of loans		**- 1,869,500**	- 412,134
Transaction costs relating to the arrangement of credit facilities		**- 17,179**	- 5,133
Proceeds from share issue		**—**	227,351
Dividends paid to the company's shareholders		**- 44,137**	- 35,972
Dividends paid to non-controlling interests		**- 2,031**	- 348
Net cash used in / from financing activities		**261,909**	- 45,158
Net (decrease) / increase in cash and cash equivalents		**- 227,193**	192,329
Net cash and cash equivalents as at January 1	*[20]*	**593,489**	402,097
Net (decrease) / increase in cash and cash equivalents		**- 227,193**	192,329
Currency translation differences		**- 10,027**	- 937
Movement in net cash and cash equivalents		**- 237,220**	191,392
Net cash and cash equivalents as at December 31	*[20]*	**356,269**	593,489

The notes on pages 74 to 122 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

(in € 1,000)	Issued capital	Share premium	Other reserves	Retained earnings	Total	Non-controlling interest	Total equity
Note	*[21.1]*	*[21.1]*	*[21.5]*	*[21.2]*			
Balance as at January 1, 2010	78,921	232,076	77,181	907,589	1,295,767	9,154	1,304,921
Total recognized and unrecognized income and expenses for the period							
Net group profit for the period	—	—	—	310,517	310,517	2,365	312,882
Unrecognized income and expenses for the period							
Foreign currency translation differences for foreign operations	—	—	36,909	—	36,909	1,518	38,427
Effective cash flow hedges, after taxation	—	—	- 10,616	—	- 10,616	—	- 10,616
Defined benefit plan actuarial gains (losses) and asset limitation, after taxation	—	—	- 23,470	—	- 23,470	—	- 23,470
Movement other legal reserve	—	—	70,799	- 70,799	—	—	—
Total unrecognized income and expenses for the period	—	—	73,622	- 70,799	2,823	1,518	4,341
Total recognized and unrecognized income and expenses for the period	—	—	73,622	239,718	313,340	3,883	317,223
Transactions with shareholders							
Distributions to shareholders							
Cash dividend	—	—	—	- 44,137	- 44,137	- 2,031	- 46,168
Stock dividend	1,858	- 741	—	- 1,117	—	—	—
Movements in interests in subsidiaries							
New in consolidation	—	—	—	—	—	2,750	2,750
Non-controlling interest in Smit Internationale N.V.	—	—	—	—	—	20,568	20,568
Total transactions with shareholders	1,858	- 741	—	- 45,254	- 44,137	21,287	- 22,850
Balance as at December 31, 2010	80,779	231,335	150,803	1,102,053	1,564,970	34,324	1,599,294

The notes on pages 74 to 122 are an integral part of these consolidated financial statements.

(in € 1,000)	Issued capital	Share premium	Other reserves	Retained earnings	Total	Non-controlling interest	Total equity
Note	*[21.1]*	*[21.1]*	*[21.5]*	*[21.2]*			
Balance as at January 1, 2009	68,639	13,261	35,389	742,829	860,118	7,580	867,698
Total recognized and unrecognized income and expenses for the period							
Net group profit for the period	—	—	—	227,852	227,852	1,313	229,165
Unrecognized income and expenses for the period							
Foreign currency translation differences for foreign operations	—	—	- 4,665	—	- 4,665	609	- 4,056
Effective 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	—	—	—
Total unrecognized income and expenses for the period	—	—	41,792	- 25,374	16,418	609	17,027
Total recognized and unrecognized income and expenses for the period	—	—	41,792	202,478	244,270	1,922	246,192
Transactions with shareholders							
Issue of ordinary shares	7,216	220,135	—	—	227,351	—	227,351
Distributions to shareholders							
Cash dividend	—	—	—	- 35,972	- 35,972	- 348	- 36,320
Stock dividend	3,066	- 1,320	—	- 1,746	—	—	—
Total transactions with shareholders	10,282	218,815	—	- 37,718	191,379	- 348	191,031
Balance as at December 31, 2009	78,921	232,076	77,181	907,589	1,295,767	9,154	1,304,921

The notes on pages 74 to 122 are an integral part of these consolidated financial statements.

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 2010 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.

The consolidated financial statements were prepared by the Board of Management and have been signed on March 16, 2011. The 2010 financial statements will be submitted for approval to the Annual General Meeting of Shareholders of May 12, 2011.

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, 2010 the Group has amended the principles of financial reporting in the following areas:

- Accounting for business combinations
- Accounting for acquisitions of non-controlling interests;

Accounting for business combinations

From 1 January 2010 the Group has applied IFRS 3 Business Combinations (revised) in accounting for business combinations. The change in accounting policy has been applied prospectively and has had an effect of € 0.1 million negative on net group profit (see also note 4).

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of preexisting relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred. Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Acquisitions between 1 January 2004 and 1 January 2010

For acquisitions between 1 January 2004 and 1 January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of

the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisitions prior to 1 January 2004 (date of transition to IFRSs)
As part of its transition to IFRSs, the Group elected not to restate business combinations that occurred on or after 1 January 2004. In respect of acquisitions prior to 1 January 2004, goodwill represents the amount recognised under the Group's previous accounting framework.

Accounting for acquisitions of non-controlling interests
From 1 January 2010 the Group has applied IAS 27 Consolidated and Separate Financial Statements (2008) in accounting for acquisitions of non-controlling interests. The change in accounting policy has been applied prospectively and has had no impact on earnings per share.

Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

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 effective for annual periods beginning after 1 January 2010, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except for IFRS 9 Financial Instruments, which becomes mandatory for the Group's 2013 consolidated financial statements and could change the classification and measurement of financial assets. The Group does not plan to adopt this standard early and the extent of the impact has not been determined.

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 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 material 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 explanantory 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 Business combinations

The Group has changed its accounting policy with respect to accounting for business combinations. See note 2.2 for further details.

3.2.2 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.

3.2.3 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 should be 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.

3.2.4 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.

3.2.5 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 entity.

3.2.6 Change in consolidation base

In 2010 the composition of the consolidated Group changed as a result of the increased interest in Smit Internationale N.V. (hereinafter referred to as "SMIT") from 26.76% at the end of 2009 to 98.19% at the end of 2010. The Group gained a controlling interest in SMIT at the start of the second quarter of 2010 and ever since SMIT has been recognized as such in the consolidation of the Group. A non-controlling interest has been recognized in the balance sheet for the interest in SMIT not yet acquired by the Group.

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 date. 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. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year. 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 can be 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 forecast 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. The purchase or sale of financial instruments is generally recorded at transaction rate. Derivatives are stated 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

The book value of the assets of the Group, excluding inventories, assets arising from employee benefits and deferred income tax assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, an estimate of the realizable amount of the asset is made. For goodwill, assets with an indefinite useful life and intangible assets not yet ready for use, the realizable amount is estimated annually. An impairment loss is recognized when the book value of an asset or its cash-generating unit to which it belongs exceeds its realizable amount.

Impairment losses are recognized in the income statement. Impairment losses recognized in respect of cash generating units are allocated first to reduce the book value of any cash-generating units (or groups of units) goodwill and then proportionally deducted from the book value of the assets of the unit (or group of units).

The realizable amount of receivables accounted for at amortized cost is calculated as the present value of expected future cash flows, discounted at the effective interest rate. For the other assets or cash-generating units, the realizable amount equals the fair value less costs to sell or value in use, whichever is higher. In determining the value in use, the present value of estimated future cash flows is calculated using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For floating and other construction material the discount rate takes into account risks to the extent they have not already been included in the estimated future cash flows.

Indications of impairment of floating and other construction material are based on long-term expectations for the utilization of equipment or 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 present value of the estimated future cash flows over the remaining useful life of the equipment from the utilization of the relevant equipment or group of interchangeable equipment.

In respect of goodwill no impairment losses are reversed. An impairment loss in respect of an receivable account for at amortized cost is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recorded. For other assets, impairment losses are reversed if the estimates used to determine the realizable amount give cause to do so, but only to the extent that the book value of the asset does not exceed the book value net of depreciation or amortization that would have applied if no impairment loss had been recognized.

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. In respect of associated companies, the book value of goodwill is included in the book value of the investment.

Other intangible assets are capitalized only when it is probable that future economic benefits embodied in an asset, will flow to the Group and the cost of the asset can be reliably measured. Other intangible assets with a finite useful life are stated at cost less accumulated amortization and accumulated impairment losses. Amortization of trademarks valued at acquisition takes place over four years, the amortization of customer portfolios and contracts valued at acquisition takes place over 7 to 13 years.

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 Property, plant and equipment

Property, plant and equipment are stated at cost price less accumulated depreciation calculated from the date of commissioning and accumulated impairment losses. The cost price is based on the purchase price and / or internally generated cost based on directly attributable expenses. The depreciation, allowing for an assumed residual value, is calculated over the estimated remaining useful lives assigned to the various categories

of assets. Modifications and capacity enhancing investments are also capitalized at cost and amortized over the remaining life of the asset. Property, plant and equipment under construction are included in the balance sheet on the basis of installments paid, including interest during construction. Where property, plant and equipment consist of components with different useful lives, they are accounted for as separate items.

Buildings are depreciated over periods ranging from ten to fifty years. The depreciation periods of the majority of floating and other construction material ranges from ten to twenty years. Furniture and other fixed assets are depreciated over a period between three and ten years. Land is not depreciated.

The wear of dredging equipment is highly dependent on unpredictable project-specific combinations of soil conditions, materials to be processed, maritime circumstances and the intensity of the deployment of the equipment. As a result of this erratic and time-independent patterns, the maintenance and repair expenses for upkeep the assets are predominantly charged to the income statement. In exceptional cases, maintenance and repair expenses are eligible for capitalization and linear 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.

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's consolidated balance sheet.

3.8 Associated companies

Associated companies, in which the Group has a significant influence on the financial and operating policy, are initially recognized at cost including the goodwill determined at acquisition date. 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.

3.9 Non-current receivables

The non-current receivables 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.

3.10 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.

3.11 Due from and due to customers

Due from and due to 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 (hereinafter: "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 project

costs, consisting of payroll costs, materials, costs of subcontracted work, rates for 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 for work in progress" and "due to customers".

Salvage work that is completed at the balance sheet date, but for which the proceeds are not yet finally determined between parties, is recognized at expected proceeds taking into accoutn the estimation uncertainty. If the revenue of a completed salvage contract cannot be estimated reliably, revenue is recognized to the extent of contract cost recognized.

3.12 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.

3.13 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.

3.14 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.

3.15 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 with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

3.16 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 of 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 pension scheme payable more than twelve months after the period during which the employee rendered the services, are discounted.

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.

3.17 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 2010.
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 an liability.

3.18 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 onerous 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 form 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.

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

3.20 Revenue

Revenue of the operational segments Dredging & Earthmoving and Maritime Infrastructure 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. The revenue from services relates in particular to hire personnel and equipment and is recognized in the income statement in proportion to the stage of completion of the work performed at the reporting date. The stage of completion is determined based on assessments of the work performed.

Revenue from salvage work that is completed at the balance sheet date, but for which the proceeds are not finally determined between parties, is recognized at expected proceeds taking into account the estimation uncertainty.

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.

3.21 Other income

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

3.22 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, amortization and depreciation. Raw materials, consumables and services also include equipment utilization costs, cost of operational leases, 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.

3.23 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.

3.24 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3.25 Finance income and expenses

Finance income comprises interest received and receivable from third parties, positive changes in fair value of financial assets at fair value with fair value adjustments through the income statement and gains on financial instruments to hedge interest rate risks through the income statement. Interest income is recognized in the income statement as it accrues, using the effective interest rate method.

Finance costs include interest paid and payable to third parties, which are allocated to reporting using the effective interest rate method, negative changes in fair value of financial assets at fair value with fair value adjustments through the income statement, arrangement fees and losses on financial instruments to hedge interest rate risks through the income statement.
Borrowing costs not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the income statement using the effective interest rate method.

The interest component of finance lease payments is recognized in the income statement using the effective interest rate method.

3.26 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.

3.27 Taxation / deferred income tax assets and liabilities

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. Deferred income tax assets and liabilities are recognized at nominal value. 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.

3.28 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 dilluted 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.

3.29 Dividends

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

3.30 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 en 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.

3.31 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.

3.32 Segment reporting

Following the acquisition of SMIT in the first half of 2010 the Group recognizes five 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 by the Board of Management based on internal management reporting at least once every quarter. The following is 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 around the world and can be divided into home markets (inside and outside Europe), international projects and specialist niche services.

- Harbour Towage
  The second operational segment in which Royal Boskalis Westminster N.V. operates is Harbour Towage. The activities concern assisting incoming and departing seagoing vessels and other vessels including large container ships, roll-on roll-off ships, tankers carrying oil or chemicals, other bulk carriers and cargo ships, as well as offshore oil and gas drilling platforms.

- Salvage, Transport & Heavy Lift
  This segment provides transport services with an array of different seaworthy transport vessels, some of which are self-propelled. With its specialist technical know-how, Heavy Lift carries out specialist activities around the world using floating sheerlegs. Marine project operations are included in this segment (including various types of transport, hoisting and installation activities carried out offshore) and subsea (underwater activities with divers and remote control equipment). Finally, this segment also includes the salvage activities, consisting of providing wreck removal and emergency response services.

- Terminal services
  The fourth operational segment in which Royal Boskalis Westminster N.V. operates is Terminal services. There is a strategic partnership with Lamnalco, one of the world's leading suppliers of maritime and terminal services to the oil and gas industry. The terminal services acquired from SMIT are a key strategic addition to the existing activities in this segment.

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

The operational segments are monitored based on the segment result before interest 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.

In 2010 there were no changes to the bases of segmentation or to the method of determining profit or loss for the segments, other than the aforementioned recognition of operational segments.

4. Business combination

The Group gained control of SMIT with effect from 1 April 2010 after acquiring nearly all outstanding SMIT shares and voting rights (98.10%). This involved an increase in the stake in SMIT from 26.76% at the start of 2010 to 98.19% at year-end 2010.

SMIT is a global provider of services to the maritime sector. Its main client groups are active in shipping, oil and gas production, (offshore) construction, the insurance sector and shipyards. The business combination creates a world-class maritime services provider that offers a platform for further growth.

By acquiring control over SMIT, the Group is able to accelerate the realization of its corporate strategy. The Group also expects synergy effects to result in cost savings.

It is expected that the Group's potential will be strengthened further through economies of scale, the use of best practices, the optimization of the regional branch office network and joint purchasing opportunities.

During 2010 SMIT contributed € 532.8 million to Group revenue and € 46.4 million to the net group profit. This does not include costs related to the acquisition and the result arising from the fair value revaluation of the Group's existing stake in SMIT at the date of acquisition. If the acquisition had taken place at the start of 2010, revenue for the reporting period would have totaled € 2,823 million and consolidated net group profit would have been € 322 million. In determining these amounts the same fair value adjustments as at the date of acquisition were assumed.

The following main categories of considerations paid and amounts of acquired assets and liabilities were recognized at the date of acquisition:

Considerations paid

After previously building up stakes SMIT in 2008 and 2009, Boskalis acquired SMIT through stock market purchases and a public offer for all remaining SMIT shares. In 2010 a total amount of € 788.1 million was involved in these purchases plus associated costs, of which € 56.0 million up to the moment that control over SMIT was acquired.

Identifiable assets and liabilities acquired

(in € 1,000)	
Intangible assets	128,091
Property, plant & equipment	982,416
Investments in associated companies	17,843
Deferred income tax assets	12,594
Non-current receivables	10,990
Stocks	18,403
Trade and other receivables	206,940
Cash, cash equivalents and bank overdrafts	56,930
Loans and other financial obligations	- 417,686
Provisions	- 45,423
Employee benefits	- 4,877
Deferred tax liabilities	- 85,541
Trade and other payables	- 224,098
Non-controlling interests	- 2,750
Balance of identifiable assets	**653,832**

Review in the 12 months following the date of acquisition may lead to an adjustment of the fair value applied and the goodwill referred to below.

Trade accounts and other receivables consisted of a gross amount of contractual obligations of € 222.5 million, of which an amount of € 15.6 million was deemed irrecoverable at the date of acquisition.

Goodwill
Goodwill arising from the acquisition:

(in € 1,000)	
Total considerations paid	732,076
Fair value of existing shareholding in SMIT	349,571
Non-controlling interest	20,568
	1,102,215
Minus: balance of identifiable assets	- 653,832
Goodwill	**448,383**

The value of the non-controlling interest is based on the fair value of the SMIT share at the date of acquisition, i.e. € 60.00 plus acquisitions costs.

Revaluation to fair value of the Group's existing stake in SMIT resulted in a recognized gain of € 17.3 million which is included in the item Share in result of associated companies. This item is included in 'Holding & eliminations' in the table 'Operational segments' in note 5.1.

Goodwill recognized as a result of the acquisition is mainly related to the expertise and technical skills of SMIT's employees and the synergies which are expected to ensue from the integration of the company into the Group's existing activities. The goodwill recognized is not expected to be tax deductible.

Transactions related to the acquisition
The Group incurred acquisition-related expenses of € 21.3 million in connection with the costs of external advisors, due diligence, fees paid to the institutions involved and other integration costs. These costs are recognized in the income statement in the item Raw materials, consumables and services. This item is included in 'Holding & eliminations' in the table 'Operational segments' in note 5.1.

5. Segment reporting

5.1 Operational segments

2010	Dredging and earthmoving	Harbour Towage	Salvage, Transport & Heavy Lift	Terminal services	Maritime infrastructure	Holding & eliminations	Group
Revenue	**1,801,082**	**155,451**	**296,533**	**147,543**	**264,690**	**9,140**	**2,674,439**
Segment result	**320,468**	**23,177**	**42,986**	**22,340**	**28,851**	**- 35,952**	**401,870**
Operating result							**401,870**
Share in result of associated companies	**3,475**	**74**	**323**	**227**	**—**	**20,874**	**24,973**
Non-allocated finance income and expenses							**- 36,836**
Non-allocated taxation							**- 77,125**
Net group profit							**312,882**
Segment assets	**2,145,717**	**765,090**	**790,357**	**533,891**	**220,623**	**- 207,842**	**4,247,836**
Investments in associated companies	**8,002**	**8,121**	**1,851**	**2,187**	**—**	**456**	**20,617**
Non-allocated assets							**46,800**
Total assets							**4,315,253**
Segment liabilities	**972,255**	**359,246**	**207,923**	**65,881**	**114,774**	**- 125,313**	**1,594,766**
Non-allocated liabilities							**1,121,193**
Total liabilities							**2,715,959**
Investments in property, plant and equipment	**183,856**	**20,906**	**46,902**	**41,616**	**6,684**	**30,383**	**330,347**
Depreciation on property, plant and equipment	**103,371**	**27,608**	**31,964**	**22,861**	**18,006**	**915**	**204,725**
Amortisation of intangible assets	**—**	**2,296**	**1,138**	**2,238**	**—**	**478**	**6,150**
Impairment losses on property, plant and equipment	**8,729**	**—**	**—**	**—**	**—**	**—**	**8,729**
							219,604

2009	Dredging and earthmoving	Harbour Towage	Salvage, Transport & Heavy Lift	Terminal services	Maritime infrastructure	Holding & eliminations	Group
Revenue	1,813,909	—	—	60,022	301,248	—	2,175,179
Segment result	216,566	—	—	12,955	28,758	- 9,008	249,271
Operating result							249,271
Share in result of associated companies, including reversal of impairment loss	- 3,006	—	—	- 473	—	61,823	58,344
Non-allocated finance income and expenses							- 12,469
Non-allocated taxation							- 65,981
Net group profit							229,165
Segment assets	2,039,460	—	—	161,822	287,982	—	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	—	—	27,752	172,468	—	1,282,643
Non-allocated liabilities							215,986
Total liabilities							1,498,629
Investments in property, plant and equipment	253,522	—	—	26,517	15,665	—	295,704
Depreciation on property, plant and equipment	115,890	—	—	6,980	24,174	—	147,044
Impairment losses on property, plant and equipment	48,633	—	—	—	—	—	48,633
							195,677

The non-allocated assets comprise deferred tax assets, income tax receivable and derivatives. The non-allocated liabilities comprise deferred tax liabilities, income tax payable, derivatives and interest-bearing borrowings.

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 remaining operational segments.
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.

5.2 Revenue by region

	Netto-omzet	
	2010	2009
Netherlands	**517,238**	316,218
Rest of Europe	**585,283**	431,842
Australia / Asia	**625,566**	370,310
Middle East	**371,005**	662,236
Africa	**227,534**	163,828
North and South America	**347,813**	230,745
	2,674,439	2,175,179

5.3 Movement in work in progress

Revenue includes the movements in work in progress of € 102.5 million (2009: € 950.9 million).

6. Other income

Other income comprises insurance results amounting to € 29.4 million (2009: nil), the settlement of claims amounting to € 4.2 million (2009: nil) and book results on the disposal of equipment.

7. Raw materials, consumables and services

During 2010 € 6.7 million was recognized as an expense in the consolidated income statement of operating leases (2009: nil) through limited partnerships (Dutch: 'CV-contructions'). The Group has an option to purchase these vessels 8 years after the commencement of the lease period at a fixed price.
Raw materials, consumables and services include an amount of € 14.1 million (2009: nil) with regard to an onerous contract concerning a leased vessel.
In respect of other operational lease agreements € 45.3 million was recognized in the consolidated income statement (2009: € 19.7 million).

8. Personnel expenses

	2010	2009
Wages and salaries	**- 430,921**	- 242,002
Social security costs	**- 38,132**	- 20,001
Pension costs for defined benefit pension schemes	**- 11,456**	- 10,995
Pension costs for defined contribution pension schemes	**- 15,943**	- 10,306
	- 496,452	- 283,304

For the costs of remuneration of the Board of Management and the Supervisory Board reference is made to note 29.2.

9. Finance income and expenses

	2010	2009
Interest income on short-term bank deposits	**5,005**	1,195
Other finance income	**18,233**	—
Finance income	**23,238**	1,195
Interest expenses	**- 28,833**	- 8,531
Other finance expenses	**- 31,241**	- 5,133
Finance expenses	**- 60,074**	- 13,664
Net finance expense recognized in consolidated income statement	**- 36,836**	- 12,469

Other finance income of € 18.2 million relates to currency gains on loans denominated in U.S. dollars and British pounds.
The other finance expenses concern in particular the fair value adjustments on hedging instruments on loans denominated in U.S. dollars and British pounds for € 18.2 million (2009: nil) and the settlement of a forward start interest rate swap for € 9.6 million (2009: nil). The remaining comprise mainly commitment fees.

10. Taxation

	2010	2009
Current tax expense		
Current year	**- 82,470**	- 67,789
Over / under(-) provided in prior years	**12,197**	2,045
Reclassification from deferred to current tax liabilities	**- 13,718**	11,029
	- 83,991	- 54,715
Deferred tax expense		
Origination and reversal of temporary differences	**- 5,124**	- 454
Reduction in tax rate	**- 38**	—
Reclassification to current tax expense	**13,718**	- 11,029
Movement of recognized tax losses carried forward	**- 1,690**	217
	6,866	- 11,266
Taxation in the consolidated income statement	**- 77,125**	- 65,981

The operational activities of Royal Boskalis Westminster N.V. are subject to various tax regimes with tax rates varying from 0% to 40% (2009: 0% to 40%). 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 19.8% (2009: 22.4%). 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:

	2010	2009
Nominal tax rate in the Netherlands	**25.5%**	25.5%
Application of local nominal tax rates	**- 4.7%**	5.2%
Non-deductible expenses	**3.0%**	2.7%
Effect of previously non-balancing and unrecognized tax losses	**0.7%**	1.2%
Effect of previously non-recognized tax losses	**- 0.3%**	- 1.4%
Special taxation regimes	**- 3.3%**	- 4.8%
Effect of share in result of associated companies	**- 1.1%**	- 6.0%
Effective tax rate	**19.8%**	22.4%

11. 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.

12. Deferred income tax assets and liabilities

	Balance as at January 1, 2010		Movement in temporary differences during the year				Balance as at December 31, 2010	
	Asset	Liability	Charged (-)/ added to net profit	Charged to equity	Business combination	Currency translation differences	Asset	Liability
Intangible assets	—	—	980	—	- 27,082	- 788	—	- 26,890
Property, plant and equipment	1,832	- 13,073	9,869	—	- 57,053	709	7,508	- 65,224
Due from and due to customers	—	- 6,298	- 146	—	- 815	- 492	—	- 7,751
Trade and other receivables	67	—	- 197	—	211	5	239	- 153
Hedging reserve	—	- 2,282	- 2,708	938	3,808	2	645	- 887
Actuarial gains and losses and asset limitation on defined benefit pension schemes	5,234	—	- 305	5,358	—	—	10,287	—
Employee benefits	982	- 5,230	- 2,564	- 235	1,448	- 155	950	- 6,704
Provisions	1,929	- 568	310	—	5,164	169	7,648	- 644
Interest-bearing borrowings	—	—	23	—	- 1,212	- 101	550	- 1,840
Trade and other payables	914	- 4,775	5,761	—	—	207	2,237	- 130
Other assets and liabilities	3,446	- 878	- 3,983	563	2,852	- 3,531	476	- 2,007
Fiscal reserves	—	—	- 407	—	- 787	—	—	- 1,194
Foreign branch results	—	- 6,125	1,923	—	—	—	—	- 4,202
Tax losses carried forward	2,306	—	- 1,690	—	519	522	1,659	- 2
	16,710	- 39,229	6,866	6,624	- 72,947	- 3,453	32,199	- 117,628
Offsetting deferred tax assets and liabilities	- 9,997	9,997					- 13,493	13,493
Net in the consolidated balance sheet	6,713	- 29,232					18,706	- 104,135

	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

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:

	2010		
	Before tax	**Tax (expense) benefit**	**Net of tax**
Foreign currency translation differences for foreign operations	**37,864**	**563**	**38,427**
Cash flow hedges	**- 11,554**	**938**	**- 10,616**
Defined benefit plan actuarial gains (losses) and asset limitation	**- 28,593**	**5,123**	**- 23,470**
	- 2,283	**6,624**	**4,341**

	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

Unrecognized deferred income tax assets

Unrecognized deferred tax assets regarding tax losses carried forward of Group companies amount to € 58.4 million (2009: € 43.5 million), of which € 1.4 million (2009: € 0.0 million) expires within one year, € 17.3 million (2009: € 12.2 million) in between one and five years, and € 40.1 million (2009: € 31.3 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.

13. Intangible assets

	Goodwill	Other	Total
Balance as at January 1, 2010			
Cost	**13,595**	**—**	**13,595**
Accumulated depreciation	**—**	**—**	**—**
Book value	**13,595**	**—**	**13,595**
Movements			
Acquisitions through business combinations	**448,383**	**128,091**	**576,474**
Amortisation	**—**	**- 6,150**	**- 6,150**
Currency translation differences and other movements	**—**	**9,758**	**9,758**
	448,383	**131,699**	**580,082**
Balance as at December 31, 2010			
Cost	**461,978**	**137,849**	**599,827**
Accumulated depreciation	**—**	**- 6,150**	**- 6,150**
Book value	**461,978**	**131,699**	**593,677**

	Goodwill	Other	Totaal
Balance as at January 1, 2009			
Cost	13,595	5,800	19,395
Accumulated depreciation	—	—	—
Book value	13,595	5,800	19,395
Movements			
Currency translation differences and other movements	—	- 5,800	- 5,800
	—	- 5,800	- 5,800
Balance as at December 31, 2009			
Cost	13,595	—	13,595
Accumulated depreciation	—	—	—
Book value	13,595	—	13,595

13.1 Goodwill

The goodwill recognized in 2010 completly relates to the business combination with SMIT. The goodwill has been allocated to the cash generating unit representing the lowest level within the Group at which the goodwill is monitored for internal management purposes, which does not exceed the level of the Group's operating units. Goodwill already recognized at the end of 2009 which has been allocated to the Mexico home market and relates to the increased shareholdings in Dragamex SA de CV and Codramex SA de CV from 50% to 100% in 2008, was subject to impairment testing at the end of 2010.

The goodwill per cash generating unit amounts to:

	2010	2009
SMIT Harbour Towage	186,435	—
SMIT Salvage, Transport & Heavy Lift	178,965	—
SMIT Terminals	82,983	—
	448,383	—
Home market Mexico	13,595	13,595
Total	461,978	13,595

In the impairment testing of goodwill the value in use of the cash generating unit is determined by discounting expected future cash flows from continuing operations of the unit. Management has projected cash flows based on past trends and estimates of market developments. The calculation includes cash flow projections for a period of five years, after which the cash flows are extrapolated using an assumed growth rate for the revenue of 2% per year and an unchanged operating profit. This growth rate does not exceed the long-term average growth rate which may be expected for the activities of the cash generating unit. The average discount rate used reflects the risks specific to the cash generating units and is 8.0% for SMIT Harbour Towage, 10.0% for SMIT Salvage, Transport & Heavy Lift, 8.0% for SMIT Terminals and 11.1% for the Mexico home market.

After performing the assessment indicated that no impairment is necessary since the recoverable amount is higher than to the recognized goodwill and the carrying amount of the assets and liabilities attributable to the cash generating unit. Reasonable cause for change in the principles of calculating recoverable amount at year end as an increase in the discount rate by 1% or a decrease in growth rate by 1% does not give any indication for impairment.

13.2 Other intangible assets

Other intangible assets mainly comprise intangible assets which were recognized as a result of acquisitions. This balance item primarily relates to customer portfolios and trademarks recognized during the business combination with SMIT.

14. Property, plant and equipment

	Land and buildings	Floating and other construction equipment	Other fixed assets	Property, plant & equipment under construction	Total
Balance as at January 1, 2010					
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
Movements					
Additions	7,918	92,743	4,472	225,214	330,347
Acquisitions through business combinations	3,015	823,596	25,407	130,398	982,416
Put into operation	279	482,210	- 7,456	- 475,033	—
Impairment losses recognised	—	- 8,393	- 336	—	- 8,729
Depreciation	- 3,477	- 194,952	- 6,296	—	- 204,725
Disposals and other movements	- 2,656	- 27,462	242	1,032	- 28,844
Currency translation differences	196	40,094	408	7,674	48,372
	5,275	1,207,836	16,441	- 110,715	1,118,837
Balance as at December 31, 2010					
Cost	71,611	3,205,416	57,504	147,252	3,481,783
Accumulated depreciation and impairment losses	- 22,798	- 1,236,089	- 32,689	- 11,582	- 1,303,158
Book value	48,813	1,969,327	24,815	135,670	2,178,625

	Land and buildings	Floating and other construction equipment	Other fixed assets	Property, plant & equipment under construction	Total
Balance as at January 1, 2009					
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
Movements					
Additions	2,348	38,218	5,000	250,138	295,704
Put into operation	387	214,943	105	- 215,435	—
Impairment losses recognised	—	- 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
Balance as at December 31, 2009					
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

As a result of radically changed market conditions ensuing from the global recession, a study into rationalization of the dredging fleet was performed in 2009 and the realizable value of the floating equipment and other construction equipment was further assessed. The resulting impairment loss was recognized in the 2009 income statement.

The Group leases various assets through financial lease agreements. The book value of the leased vessels was € 5.5 million at the end of 2010 (2009: nil).

The securities provided for financing granted by means of mortgage rights on property, plant and equipment are disclosed in note 22.

15. Associated companies

	2010		2009	
Balance as at January 1		**298,674**		218,366
New in consolidation		**17,843**		—
Dividends received		**- 17,611**		- 1,500
Investment in Smit Internationale N.V.		**56,061**		17,425
Other net investments		**- 5,678**		149
Share in result of associated companies	**7,657**		23,076	
Revaluation of existing participation prior to business combination	**17,316**		—	
Reversal of impairment losses	**—**		35,268	
	24,973		58,344	
Share in direct equity movements	**—**		1,177	
		24,973		59,521
Reduction due to expansion of participation resulting in acquiring control over the associated company		**- 349,571**		—
Currency translation and other differences		**- 4,074**		4,713
Balance as at December 31		**20,617**		298,674

The key associated companies of the Group are:

Company	Country of incorporation	Ownership interest 2010	Ownership interest 2009
IRSHAD	Abu Dhabi, United Arab Emirates	**20%**	20%
RW Aggregates Ltd	United Kingdom	**50%**	50%
Dafeng Smit Towage Company Ltd	China	**40%**	—
Taizhou Smit Towage Services Co Ltd	China	**40%**	—
Damietta for Maritime Services Company S.A.E.	Egypt	**31%**	—
Fleetcare Services Pte Ltd	Singapore	**45%**	—
Smit Internationale N.V.	The Netherlands	**—**	27%

At year-end 2009 the Group has a 26.76% shareholding in SMIT. In the course of 2010 this interest was increased to 98.19%, with the Group gaining control of SMIT on April 1, 2010. Ever since, SMIT has been included in the Group consolidation.

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:

	2010	2009
Assets	**26,932**	338,431
Liabilities	**- 18,153**	- 160,419
Equity	**8,779**	178,012
Revenues	**53,963**	156,443
Share in result	**7,657**	23,076

16. Other non-current receivables

	2010	2009
Balance as at January 1	**6,019**	8,527
New in consolidation	**10,990**	—
Movements	**23,022**	- 3,146
Movement in measurement at amortized cost	**—**	781
Currency translation differences	**342**	- 143
Balance as at December 31	**40,373**	6,019

The other non-current receivables comprise loans to associated companies, long-term advance payments to suppliers and long-term retentions from customers, which are due in agreed time periods.

17. Inventories

	2010	2009
Fuel and materials	**29,686**	24,539
Spare parts	**54,585**	42,726
Other inventories	**2,635**	2,406
	86,906	69,671

During 2010 € 96.0 million (2009: € 64.3 million) of inventories was recognized as an expense and € 4.5 million (2009: € 4.5 million) was written off through the income statement, while € 0.4 million was reversed through the income statement (2009: € 1.6 million).

18. Due from and due to customers

	2010	2009
Cumulative incurred costs plus profit in proportion to progress less provisions for losses	**3,781,111**	3,635,811
Progress billings	**3,984,425**	3,849,483
Advances received	**78,780**	153,455
Progress billings and advances received	**4,063,205**	4,002,938
Balance	**- 282,094**	- 367,127
Due from customers	**197,170**	140,086
Due to customers	**- 479,264**	- 507,213
Balance	**- 282,094**	- 367,127

As at year-end 2010 the items related to payments due from customers amounted to a total of € 11.6 million (2009: € 23.0 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.

19. Trade and other receivables

	2010	2009
Trade receivables	**550,080**	427,505
Amounts due from associated companies	**9,672**	2,623
Other receivables and prepayments	**233,587**	171,508
	793,339	601,636

20. Cash and cash equivalents

	2010	2009
Bank balances and cash	**200,018**	199,254
Short-term bank deposits	**157,726**	395,582
Cash and cash equivalents	**357,744**	594,836
Bank overdrafts	**- 1,475**	- 1,347
Net cash and cash equivalents in the consolidated statement of cash flows	**356,269**	593,489

Cash and cash equivalents include € 59.2 million (2009: € 72.5 million) held by project-driven construction consortiums and € 93.8 million (2009: € 89.5 million) held by strategic alliances, which are subject to joint control. The remaining funds were freely disposable at year-end 2010.

21. Group equity

21.1 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 2,322,974 ordinary shares in the course of 2010 as a result of the distribution of stock dividend. The movement in issued share capital is as follows:

(in number of shares)	**2010**	2009
On issue and fully paid at January 1	**98,651,289**	85,799,361
Optional dividend	**2,322,974**	3,832,322
Issue of ordinary shares	**—**	9,019,606
On issue and fully paid at December 31	**100,974,263**	98,651,289

The issued capital as at December 31, 2010 consists of 100,974,263 ordinary shares with a par value of € 0.80 each and consequently amounts to € 80.8 million (2009: € 78.9 million).

Of the issued capital as at December 31, 2010, 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 Continuiteit KBW.

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

21.2 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 28 relating to subsequent events.

21.3 Dividends

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

	2010	2009
Dividends previous year € 1.19 respectively € 1.19 per ordinary share	**117,395**	102,101
Total announced and distributed dividend	**117,395**	102,101
Stock dividend	**73,258**	66,129
Cash dividend	**44,137**	35,972
Total distributed dividend	**117,395**	102,101

21.4 Earnings per share

Earnings per share over 2010 amount to € 3.11 (2009: € 2.58). Because there are no dilution effects, the diluted earnings per share also amount to € 3.11 (2009: € 2.58). The calculation of earnings per share is based on the profit attributable to shareholders of € 310.5 million (2009: € 227.9 million) and the weighted average number of ordinary shares for the year 2010, 99,962,337 (2009: 88,371,852). This number is calculated as follows:

(in number of shares)	**2010**	2009
Issued ordinary shares as at January 1	**98,651,289**	85,799,361
Weighted effect of ordinary shares issued due to optional dividend	**1,311,048**	2,152,400
Weighted effect of ordinary shares issued	**—**	420,091
Weighted average number of ordinary shares during the fiscal year	**99,962,337**	88,371,852

21.5 Other reserves

Movement in other reserves:

	Legal reserves					
(in € 1,000)	**Other legal reserve**	**Hedging reserve**	**Revaluation reserve**	**Currency translation reserve**	**Actuarial reserve**	**Total other reserves**
Note	*[21.5.1]*	*[21.5.2]*	*[21.5.3]*	*[21.5.4]*	*[21.5.5]*	
Balance as at January 1, 2010	**132,725**	**8,262**	**3,834**	**- 37,542**	**- 30,098**	**77,181**
Foreign currency translation differences for foreign operations	**—**	**—**	**—**	**36,909**	**—**	**36,909**
Cash flow hedges, after taxation	**—**	**- 10,616**	**—**	**—**	**—**	**- 10,616**
Defined benefit plan actuarial gains (losses) and asset limitation, after taxation	**—**	**—**	**—**	**—**	**- 23,470**	**- 23,470**
Movement legal reserve	**70,799**	**—**	**—**	**—**	**—**	**70,799**
Total movement	**70,799**	**- 10,616**	**—**	**36,909**	**- 23,470**	**73,622**
Balance as at December 31, 2010	**203,524**	**- 2,354**	**3,834**	**- 633**	**- 53,568**	**150,803**

	Legal reserves					
(in € 1.000)	Other legal reserve	Hedging reserve	Revaluation reserve	Currency translation reserve	Actuarial reserve	Total other reserves
Note	*[21.5.1]*	*[21.5.2]*	*[21.5.3]*	*[21.5.4]*	*[21.5.5]*	
Balance as at January 1, 2009	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
Total movement	25,374	2,527	—	- 4,665	18,556	41,792
Balance as at December 31, 2009	132,725	8,262	3,834	- 37,542	- 30,098	77,181

21.5.1 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.

21.5.2 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 26.2.

21.5.3 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 shareholding in Dragamex SA de CV and Codramex SA de CV were raised from 50% to 100%.

21.5.4 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.

21.5.5 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.

22. Interest-bearing borrowings

	2010	2009
Non-current liabilities		
Mortgage loans	**181,451**	4,538
Other bank loans	**523,552**	52,900
	705,003	57,438
Current liabilities		
Mortgage loans (current portion)	**35,173**	1,263
Other bank loans (current portion)	**67,593**	21,382
	102,766	22,645
Total interest-bearing borrowings	**807,769**	80,083

To finance the acquisition of SMIT and the refinancing or replacement of existing bank facilities provided to SMIT and the Group, in March 2010 the Group arranged a combination of a three-year and five-year bank facility (€ 350 million and € 300 million, respectively) and a temporary bridge facility (€ 400 million) with a consortium of banks. In July 2010 the temporary bridge facility was repaid and terminated.

In July 2010 the Group closed an inaugural US$ 433 million and GBP 11 million US private placement with 26 institutional investors in the United States and the United Kingdom. The placement consists of three tranches with maturities of 7, 10 and 12 years, respectively. The US dollar and sterling proceeds have been swapped by means of a cross currency swap into euros, for a total amount of € 354 million.

As security for the mortgage loans, mortgage rights are vested on property, plant and equipment, mainly vessels, with a book value of € 333.6 million (2009: € 47.0 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.

If applicable, financial ratio and negative pledge clause requirements are met as at December 31, 2010.

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, 2010, the average interest rate for the non-current portion of mortgage loans and other bank loans was 5.04% (2009: 4.13%) and 3.65% (2009: 5.14%) respectively. The non-current portions of mortgage loans and other bank loans due over more than five years amount to € 53.8 million (2009: € 0.0 million) and € 348.7 million (2009: € 3.3 million) respectively.

23. 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:

	Toelichting	**2010**	2009
Defined benefit pension schemes	*[23.1]*	**26,861**	8,378
Other liabilities on account of employee benefits		**9,035**	5,362
Employee benefits		**35,896**	13,740

The other liabilities on account of employee benefits changed during 2010 mainly due to the liabilities new in consolidation amounting to € 3.7 million.

23.1 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
Balance as at January 1, 2010	**327,872**	**327,935**	**63**	**- 8,288**	**- 8,225**		
Current service cost	**10,318**	**—**	**- 10,318**	**- 790**	**- 11,108**	**11,108**	**—**
Interest cost on obligation	**24,289**	**—**	**- 24,289**	**- 431**	**- 24,720**	**24,720**	**—**
Contributions received	**—**	**22,576**	**22,576**	**—**	**22,576**	**—**	**—**
Expected return on plan assets	**—**	**24,372**	**24,372**	**—**	**24,372**	**- 24,372**	**—**
Net actuarial gains / losses	**35,936**	**18,770**	**- 17,166**	**- 289**	**- 17,455**	**—**	**17,455**
Benefits paid	**- 25,170**	**- 25,170**	**—**	**969**	**969**	**—**	**—**
Other movements	**1,084**	**—**	**- 1,084**	**—**	**- 1,084**	**—**	**—**
New in consolidation	**209,740**	**209,155**	**- 585**	**- 44**	**- 629**	**—**	**—**
Foreign currency exchange rate changes	**2,501**	**2,519**	**18**	**- 284**	**- 266**	**—**	**—**
Total movement	**258,698**	**252,222**	**- 6,476**	**- 869**	**- 7,345**	**11,456**	**17,455**
Balance as at December 31, 2010	**586,570**	**580,157**	**- 6,413**	**- 9,157**	**- 15,570**	**11,456**	**17,455**
Limitation on net plan assets as at January 1					**- 153**		
Movement in limit on net plan assets					**- 11,138**	**—**	**11,138**
Limitation on net plan assets as at December 31					**- 11,291**		
Balance as at December 31, 2010 after limitation on net plan assets					**- 26,861**		
Total result defined benefit pension schemes					**40,049**	**11,456**	**28,593**

	Defined benefit obligation	Fair value plan assets	Surplus/ deficit (-)	Unfunded pension liabilities	Total	Charged to consolidated income statement	Recognized directly in equity
Balance as at January 1, 2009	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	—	—
Total movement	26,019	40,928	14,909	- 690	14,219	10,995	- 13,199
Balance as at December 31, 2009	327,872	327,935	63	- 8,288	- 8,225	10,995	- 13,199
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		
Balance as at December 31, 2009 after limitation on net plan assets					- 8,378		
Total result defined benefit pension schemes					- 10,831	10,995	- 21,826

Some of the Dutch staff participate in three multi-employer pension funds, i.e. “Stichting Bedrijfstakpensioenfonds voor de Waterbouw”, "Stichting Bedrijfspensioenfonds voor de Koopvaardij" and “Stichting Bedrijfspensioenfonds voor de Rijn- en binnenvaart”. These pension funds qualify under IFRS as defined benefit pension schemes. However, the funds have indicated they are 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 these pension funds. Therefore these pension schemes are treated as defined contribution schemes. On the basis of the information that is available, including the 2009 financial statements and the 2010 preliminary financial information of the funds, 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 these funds as at December 31, 2010 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, Belgium, the United Kingdom, United States of America, Canada and South Africa. 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:

	2010	2009
Equities	**140,104**	73,488
Bonds	**419,317**	197,015
Real estate	**21,237**	15,981
Cash (non-interest-bearing)	**3,628**	44,777
Other receivables and payables	**- 4,129**	- 3,326
	580,157	327,935

As per December 31, 2010 and December 31, 2009 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:

	2010	2009
Total result defined benefit schemes	**40,049**	- 10,831
Pension costs for defined benefit pension schemes charged to the consolidated income statement	**- 11,456**	- 10,995
Actuarial gains and losses and asset limitation recognized directly in equity	**28,593**	- 21,826
Taxation	**- 5,123**	3,270
Actuarial gains and losses and asset limitation recognized directly in equity net of tax	**23,470**	- 18,556
Actual return on plan assets	**43,142**	41,487

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

	2010	2009
Accumulated actuarial gains and losses as per December 31	**- 52,564**	- 35,109
Asset limitation on net plan assets as per December 31	**- 11,291**	- 153
	- 63,855	- 35,262

The Group expects € 24.4 million in contributions to be paid to the funded defined benefit pension schemes and € 0.9 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:

	2010	2009
Discount rate	**4.70% - 6.75%**	5.12% - 5.70%
Expected return on plan assets past year	**4.70% - 5.70%**	5.25% - 5.70%
Expected future salary increases (excluding individual merit)	**0.50% - 2.00%**	1.00% - 2.00%
Expected future inflation	**1.00% - 3.40%**	2.00% - 2.75%
Expected future pension increases active participants	**0.20% - 3.50%**	1.50% - 2.00%
Expected future pension increases inactive participants	**0.20% - 3.50%**	1.50% - 2.75%

Historical information:

	2010	2009	2008	2007	2006
Defined benefit obligation	**- 586,570**	- 327,872	- 301,853	- 314,186	- 317,821
Fair value of plan assets	**580,157**	327,935	287,007	345,014	351,183
Surplus / deficit (-)	**- 6,413**	63	- 14,846	30,828	33,362
Unfunded pension liabilities	**- 9,157**	- 8,288	- 7,598	- 6,931	- 6,979
Total surplus / deficit (-)	**- 15,570**	- 8,225	- 22,444	23,897	26,383
Experience adjustments arising on plan liabilities	**- 16,512**	- 1,264	7,929	- 25,747	- 25,235
Experience adjustments arising on plan assets	**18,770**	27,081	- 56,011	- 10,165	- 908

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

24. Provisions

	Onerous contract	**Claims**	**Guarantee obligations**	**Soil decontamination**	**Other**	**Total**
Balance as at January 1	**—**	**—**	**3,824**	**4,063**	**261**	**8,148**
New in consolidation	**28,490**	**9,606**	**—**	**—**	**7,327**	**45,423**
Provisions made during the year	**14,109**	**711**	**3,268**	**23**	**1,886**	**19,997**
Provisions used during the year	**- 10,646**	**- 8**	**- 1,712**	**—**	**- 1,382**	**- 13,748**
Provisions reversed during the year	**- 1,900**	**—**	**—**	**—**	**- 604**	**- 2,504**
Exchange rate differences	**328**	**—**	**265**	**—**	**- 389**	**204**
Discount to present value	**—**	**—**	**- 27**	**—**	**—**	**- 27**
Balance as at December 31	**30,381**	**10,309**	**5,618**	**4,086**	**7,099**	**57,493**
Non-current	**20,205**	**10,309**	**2,911**	**4,086**	**5,475**	**42,986**
Current	**10,176**	**—**	**2,707**	**—**	**1,624**	**14,507**
Balance as at December 31	**30,381**	**10,309**	**5,618**	**4,086**	**7,099**	**57,493**

The provisions relate mainly to warranty liabilities, expected costs for cleaning up soil contamination and in the year and in previous years received claims for completed projects. The Group disputes these claims and has made an assessment of the projected costs resulting from these claims. The results of the claims are uncertain and may differ from the above listed provisions. in the context of the business combination in 2010 provisions are made by measuring at fair value projects which classified as onerous. Also, a provison was made for an onerous contract regarding a leased vessel.

25. Trade and other payables

	2010	2009
Trade payables	**214,182**	188,168
Taxes and social security payables	**69,418**	46,750
Amounts due to associated companies	**343**	2,372
Other creditors and accruals	**738,170**	490,378
	1,022,113	727,668

Trade and other payables are generally not interest-bearing.

26. 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.

26.1 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

26.1.1 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 within the operational segments Dredging & Earthmoving and Maritime Infrastructure is directly or indirectly with state controlled authorities in various countries and geographical areas. Activities relating to harbor towage activities are often performed for major ship owing companies and harbor agents. Receivables relating to transport, terminal services and heavy lift activities are generally outstanding with oil and gas producers, therefore a significant portion of the receivables relates to clients from these industries. Salvage receivables are mainly outstanding with shipping companies and their Protection & Indemnity Associations, or “P&I Clubs”. In general there is healthy diversification of receivables with different customers in

several countries in which the Group is performing its activities. 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	
	2010	2009
Other financial fixed assets	**40,373**	6,019
Trade receivables	**550,080**	427,505
Amounts due from associated companies	**9,672**	2,623
Other receivables and prepayments	**233,587**	171,508
Derivatives (receivable)	**5,036**	3,633
Income tax receivable	**23,060**	8,899
Cash and cash equivalents	**357,744**	594,836
	1,219,552	1,215,023

The maximum credit risk on trade debtors at reporting date by operational segment was as follows:

	2010	2009
Dredging & Earthmoving	**398,082**	340,858
Harbour Towage	**26,926**	—
Salvage, Transport & Heavy Lift	**65,340**	—
Terminal Services	**41,781**	22,335
Maritime Infrastructure	**21,613**	64,312
Holding	**- 3,662**	—
	550,080	427,505

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

	2010		2009	
	Gross	**Impairment**	Gross	Impairment
Not past due	**323,935**	**—**	260,191	—
Past due 0-90 days	**148,690**	**2,806**	51,786	484
Past due 90-180 days	**23,577**	**4,504**	39,829	104
Past due 180-360 days	**13,382**	**2,416**	67,573	260
More than 360 days	**60,884**	**10,662**	12,561	3,587
	570,468	**20,388**	431,940	4,435
Impairment	**- 20,388**		- 4,435	
Trade receivables at book value	**550,080**		427,505	

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:

	2010	2009
Balance at January 1	**4,435**	7,094
Movements		
New in consolidation	**15,555**	—
Provisions made during the year	**3,738**	1,984
Provisions used during the year	**- 4,058**	- 1,759
Provisions released during the year	**- 88**	- 2,591
Exchange rate differences	**806**	- 293
	15,953	- 2,659
Balance at December 31	**20,388**	4,435

Concentration of credit risk.
As at reporting date there is no concentration of credit risk with certain customers.

26.1.2 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 (implied) investment grade 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, 2010								
Mortgage loans	**- 216,624**	**- 265,515**	**- 46,030**	**- 55,107**	**- 36,278**	**- 39,444**	**- 22,102**	**- 66,554**
Other bank loans	**- 591,145**	**- 738,900**	**- 89,211**	**- 19,667**	**- 190,548**	**- 14,193**	**- 14,162**	**- 411,119**
Bank overdrafts	**- 1,475**	**- 1,564**	**- 1,564**	**—**	**—**	**—**	**—**	**—**
Trade and other payables	**- 1,022,113**	**- 1,022,113**	**- 1,022,113**	**—**	**—**	**—**	**—**	**—**
Current tax payable	**- 163,107**	**- 163,107**	**- 163,107**	**—**	**—**	**—**	**—**	**—**
Derivatives	**- 44,707**	**- 44,707**	**- 23,213**	**- 1,168**	**- 216**	**121**	**28**	**- 20,259**
	- 2,039,171	**- 2,235,906**	**- 1,345,238**	**- 75,942**	**- 227,042**	**- 53,516**	**- 36,236**	**- 497,932**

	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	—	—	—
	- 940,296	- 952,230	- 880,216	- 23,335	- 17,606	- 12,156	- 15,441	- 3,476

26.1.3 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 significant proportion 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 2010 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	
Euro	**2010**	2009	**2010**	2009
US dollar	**1.334**	1.391	**1.342**	1.435
Arab Emirates Dirham	**4.901**	5.109	**4.928**	5.270
Singapore dollar	**1.814**	2.022	**1.720**	2.010
South African Rand	**9.716**	11.827	**8.880**	10.570
Australian dollar	**1.450**	1.800	**1.310**	1.650

Currency translation risk

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

Euro	**2010**	2009
Expected cash flows in US Dollars	**139,626**	161,914
Expected cash flows in Australian Dollars	**39,061**	30,625
Expected cash flows in Singapore Dollars	**55,573**	36,836
Expected cash flows in Arab Emirates Dirhams	**—**	130,384
Expected cash flows in other currencies	**97,243**	27,850
Expected cash flows in foreign currencies	**331,503**	387,609
Cash flow hedges	**325,970**	382,296
Net position	**5,533**	5,313

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.

Currency translation risk
The currency translation risk arises mainly from the net asset position of subsidiaries, associated companies and joint ventures, whose functional currency is different from the presentation currency of the Group. These investments are viewed from a long term perspective. Currency risk associated with investments in these affiliated companies are not hedged , under the assumption that currency fluctuations and interest and inflation developments balance out in the long run. Items in the income statements of these subsidiaries are translated at average exchange rates. Currency translation differences are charged or credited directly to equity.

At reporting date the net asset positions of the main subsidiaries, associated companies and joint ventures in main functional currencies other than the Euro were as follows:

Euro	**2010**	2009
US dollar	**215,395**	164,525
Singapore dollar	**243,250**	—
South African rand	**39,644**	—
Total net equity	**498,289**	164,525

Sensitivity analysis
For the year 2010, profit before taxation, excluding the effect of non-effective cash flow hedges, would have been € 2.6 million higher (2009: € 1.8 million higher) if the corresponding functional currency had strengthened by 5% against the Euro with all other variables, in particular interest rates, held constant. The total effect on the currency translation reserve amounts to about € 25 million (2009: about € 8 million).

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

Interest rate risk
The Group has both fixed and variable interest rate liabilities. In respect of controlling interest rate 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, 2010								
Cash and cash equivalents	**0.41%**	**200,018**	**—**	**—**	**—**	**—**	**—**	**200,018**
Short-term deposits	**0.60%**	**157,726**	**—**	**—**	**—**	**—**	**—**	**157,726**
Mortgage loans (euro)	**4.47%**	**- 8,167**	**- 7,649**	**- 7,648**	**- 7,648**	**- 6,514**	**- 18,522**	**- 56,148**
Mortgage loans (US$)	**4.80%**	**- 25,480**	**- 36,615**	**- 20,028**	**- 24,638**	**- 10,096**	**- 25,216**	**- 142,073**
Mortgage loans (other)	**8.30%**	**- 1,526**	**- 1,700**	**- 1,700**	**- 1,700**	**- 1,700**	**- 10,077**	**- 18,403**
Other bank loans (euro)	**3.72%**	**- 66,071**	**- 236**	**- 170,236**	**- 236**	**- 236**	**- 333,969**	**- 570,984**
Other bank loans (US$)	**1.87%**	**- 1,522**	**- 299**	**- 1,195**	**- 1,195**	**- 1,195**	**- 14,755**	**- 20,161**
Bank overdrafts (other)	**6.00%**	**- 1,475**	**—**	**—**	**—**	**—**	**—**	**- 1,475**
		253,503	**- 46,499**	**- 200,807**	**- 35,417**	**- 19,741**	**- 402,539**	**- 451,500**

	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
		570,844	- 14,294	- 14,594	- 10,704	- 14,533	- 3,313	513,406

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 2010.

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, taking into account the corresponding effective hedge instruments, was:

	2010	2009
Fixed rate instruments		
Financial assets	**88,343**	186,917
Financial liabilities	**- 661,778**	- 58,283
	- 573,435	128,634
Variable rate instruments		
Financial assets	**269,401**	407,919
Financial liabilities	**- 147,466**	- 23,147
	121,935	384,772

A drop of 100 basis points in interest rates at December 31, 2010 would have decreased the Group's profit before income tax by approximately € 1.2 million (2009: € 3.8 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).

26.2 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 supposted 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.

	2010		2009	
	Book value	**Fair value**	Book value	Fair value
Other financial fixed assets	**40,373**	**40,373**	6,019	6,019
Trade and other receivables	**793,339**	**793,339**	601,636	601,636
Derivatives (receivable)	**5,036**	**5,036**	3,633	3,633
Income tax receivable	**23,060**	**23,060**	8,899	8,899
Cash and cash equivalents	**357,744**	**357,744**	594,836	594,836
Interest-bearing loans and borrowings (non-current)	**- 705,003**	**- 711,670**	- 57,438	- 57,438
Interest-bearing loans and borrowings (current)	**- 104,241**	**- 105,224**	- 23,992	- 23,992
Trade and other payables	**- 1,022,113**	**- 1,022,113**	- 727,668	- 727,668
Income tax payable	**- 163,107**	**- 163,107**	- 105,324	- 105,324
Derivatives (payable)	**- 44,707**	**- 44,707**	- 25,874	- 25,874
	- 819,619	**- 827,269**	274,727	274,727

Fair value hierarchy

For the fair value measurement of the recognized financial instruments a fair value hierarchy is defined in accordance with IFRS 7:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of the derivatives, which is the only category of financial instruments that qualify for this approach, is measured using level 2 input (2009: level 2).

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.

	2010	2009
US$ forward selling (in US$)	**253,487**	501,972
US$ forward buying (in US$)	**45,586**	56,850
Forward selling of other currencies (average contract rates in euro)	**250,263**	220,639
Forward buying of other currencies (average contract rates in euro)	**97,647**	121,286
Fuel hedges (in US$)	**- 2,690**	- 12,868
Other derivatives (in US$)	**- 76**	7,654
Interest Rate Swaps (in US$)	**- 5,991**	—
Interest Rate Swaps (in EUR)	**- 17,354**	—

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.

2010	**Within one year**	**After one year**	**Totaal**
US$ forward selling (in US$)	**223,418**	**30,069**	**253,487**
US$ forward buying (in US$)	**43,136**	**2,450**	**45,586**
Forward selling of other currencies (average contract rates in euro)	**217,278**	**32,985**	**250,263**
Forward buying of other currencies (average contract rates in euro)	**87,232**	**10,415**	**97,647**
Fuel hedges (in US$)	**- 2,690**	**—**	**- 2,690**
Other derivatives (in US$)	**- 58**	**- 18**	**- 76**
Interest Rate Swaps (in US$)	**- 1,441**	**- 4,550**	**- 5,991**
Interest Rate Swaps (in EUR)	**- 334**	**- 17,020**	**- 17,354**

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

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

	2010	2009
Opening balance Hedging reserve as at January 1	**8,262**	5,735
Movement in fair value of effective cash flow hedges recognized in group equity	**- 4,380**	5,398
Transferred to the income statement	**- 7,174**	- 3,925
Total directly recognized in group equity	**- 11,554**	1,473
Taxation	**938**	1,054
Directly charged to the Hedging reserve (net of taxes)	**- 10,616**	2,527
Balance Hedging reserve as at December 31	**- 2,354**	8,262

The results on non-effective cash flow hedges are presented within the operational costs and amount to € 6.2 million negative over 2010 (2009: € 14.5 million positive).

26.3 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 2010 the return was 21.7% (2009: 21.1%).

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.

26.4 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 the Stichting in consultation with Royal Boskalis Westminster N.V. 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.

27. 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:

	2010	2009
Within one year	**22,563**	8,325
Between one and five years	**33,663**	9,497
After more than five years	**7,068**	502
	63,294	18,324

Guarantees

The guarantee commitments as at December 31, 2010 amount to € 812 million (2009: € 818 million) and can be specified as follows:

	2010	2009
Guarantees provided by third parties with respect to:		
• associated companies	**8,000**	8,000
• contracts and joint ventures	**804,000**	810,000
• lease obligations and other financial obligations	**—**	—
	812,000	818,000

For the above guarantees outstanding as at December 31, 2010, counter-guarantees have been provided to financial institutions for approximately € 804 million (2009: approximately € 810 million). Twenty 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 € 189 million (2009: € 132 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 2010, capital commitments amount to € 93 million (year-end 2009: € 182 million).

Other

Some legal proceedings and investigations have been instituted against entities of Royal Boskalis Westminster N.V. Where deemed necessary and if a reliable estimate of the future cash flows can be made, provisions have been made.

28. Subsequent events

Business Combination Rebras

On March 3, 2011, the Group acquired control over Rebras Rebocadores do Brasil SA by the acquisition of the remaining 50% of the outstanding shares. As a result, participation increased from 50% to 100%.

Rebras Rebocadores do Brasil SA Brazil is a maritime services provider in the operational segment Harbour Towage. The main customer groups are in the sectors of shipping companies, shipping agents and the oil and gas industry.

Gaining control over Rebras Rebocadores do Brasil SA allows the Group to offer the full service concept in Brazil and to support other group companies in carrying out assignments in Brazil. The consideration paid is USD 38 million in cash. There are no material costs associated with this transaction.
Due to the short time lag between acquisition date and reporting date the fair value of identifiable assets (which include receivables) and liabilities acquired has not yet been determined.
This, together with the determination of goodwill, will take place before the next reporting date (interim results 2011).

Proposed profit appropriation 2010

An amount of € 185.3 million will be added to the retained earnings. The proposal to the Annual General Meeting will be to appropriate the remainder, € 125.2 million, for a dividend payment of € 1.24 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.

29. Related parties

29.1 Identity of related parties

The identified related parties to the Group are its Group companies, its joint ventures, its associated companies (see note 15), 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 of incorporation	Country of incorporation	Ownership interest 2010	Ownership interest 2009
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.	Sliedrecht	The Netherlands	**100%**	100%
Hydronamic B.V.	Sliedrecht	The Netherlands	**100%**	100%
A.H. Breijs & Zonen B.V.	Rotterdam	The Netherlands	**100%**	100%
J. van Vliet B.V.	Wormerveer	The Netherlands	**100%**	100%
SMIT Harbour Towage Rotterdam B.V.	Rotterdam	The Netherlands	**100%**	—
SMIT Heavy Lift Europe B.V.	Rotterdam	The Netherlands	**100%**	—
Smit Internationale Beheer B.V.	Rotterdam	The Netherlands	**100%**	—
Smit Internationale N.V.	Rotterdam	The Netherlands	**100%**	—
SMIT Marine Projects B.V.	Rotterdam	The Netherlands	**100%**	—
Smit Nederland B.V.	Rotterdam	The Netherlands	**100%**	—
SMIT Salvage B.V.	Rotterdam	The Netherlands	**100%**	—
SMIT Subsea Europe B.V.	Rotterdam	The Netherlands	**100%**	—
Smit Terminals Division B.V.	Rotterdam	The Netherlands	**100%**	—
SMIT Terminals Europe B.V.	Rotterdam	The Netherlands	**100%**	—
Smit Transport & Heavy Lift Division B.V.	Rotterdam	The Netherlands	**100%**	—
SMIT Transport Europe B.V.	Rotterdam	The Netherlands	**100%**	—
Smit Vessel Management Services B.V.	Rotterdam	The Netherlands	**100%**	—
URS Nederland B.V.	Terneuzen	The Netherlands	**100%**	—
Smit Harbour Towage Belgium N.V.	Antwerpen	Belgium	**100%**	—
SMIT Transport Belgium N.V.	Antwerpen	Belgium	**100%**	—
Towage Holdings N.V.	Antwerpen	Belgium	**100%**	—
Unie van Redding- en Sleepdienst België N.V.	Antwerpen	Belgium	**100%**	—
Unie van Redding- en Sleepdienst N.V.	Antwerpen	Belgium	**100%**	—
URS Salvage & Maritime Contracting N.V.	Antwerpen	Belgium	**100%**	—
Heinrich Hirdes GmbH	Hamburg	Germany	**100%**	100%
Heinrich Hirdes Kampfmittelräumung GmbH	Duisburg	Germany	**100%**	100%
Westminster Dredging Company Ltd	Fareham	United Kingdom	**100%**	100%
Boskalis Westminster Ltd	Fareham	United Kingdom	**100%**	100%
Westminster Gravels Ltd	Fareham	United Kingdom	**100%**	100%
Boskalis Zinkcon Ltd	Fareham	United Kingdom	**100%**	100%
Llanelli Sand Dredging Ltd	Llanelli	United Kingdom	**100%**	100%
Rock Fall Company Ltd	Ayrshire	United Kingdom	**100%**	100%
Smit Salvage Ltd.	Isle of Man	United Kingdom	**100%**	—
Smit Terminals Europe Ltd.	Isle of Man	United Kingdom	**100%**	—
Smit Harbour Towage (U.K.) Ltd.	London	United Kingdom	**100%**	—
Smit Octo-Luktrans Limited	Isle of Man	United Kingdom	**100%**	—

Company	City of incorporation	Country of incorporation	Ownership interest 2010	Ownership interest 2009
Smit Subsea Africa Ltd.	Isle of Man	United Kingdom	**100%**	—
Atlantique Dragage SARL	Nanterre	France	**100%**	100%
Sociedad Española de Dragados SA	Madrid	Spain	**100%**	100%
Dragapor Dragagens de Portugal SA	Alcochete	Portugal	**100%**	100%
Terramare Oy	Helsinki	Finland	**100%**	100%
Boskalis Offshore A/S	Randaberg	Norway	**100%**	100%
Boskalis Sweden AB	Gothenburg	Sweden	**100%**	100%
UAB Boskalis Baltic	Klaipeda	Lithuania	**100%**	100%
UAB Smit Octo	Klaipeda	Lithuania	**100%**	—
SMIT Terminals Sakhalin LLC	Yuzhno-Sakhalinsk	Russia	**100%**	—
Boskalis Westminster Dredging Ltd	Nicosia	Cyprus	**100%**	100%
BW Marine (Cyprus) Ltd	Nicosia	Cyprus	**100%**	100%
Boskalis Westminster Middle East Ltd	Nicosia	Cyprus	**100%**	100%
Boskalis Westminster Dredging and Contracting Ltd	Nicosia	Cyprus	**100%**	100%
Smit-Lloyd (Antillen) N.V. Limited	Bahamas	Bahamas	**100%**	—
Smit International (Argentina) S.A.	Buenos Aires	Argentina	**100%**	—
Boskalis do Brasil Dragagem e Serviços Maritímos Ltda	Rio de Janeiro	Brazil	**100%**	100%
Smit Marine Canada Inc.	Whitehorse	Canada	**100%**	—
Smit Terminals Sonagas S.A.	Malabo	Equatorial Guinea	**64%**	—
Dragamex SA de CV	Coatzacoalcos	Mexico	**100%**	100%
Codramex SA de CV	Coatzacoalcos	Mexico	**100%**	100%
Coastal and Inland Marine Services Inc.	Ancon	Panama	**100%**	100%
Smit Harbour Towage (Panama), Inc.	Panama City	Panama	**100%**	—
Boskalis Westminster St. Lucia Ltd	Castries	St. Lucia	**100%**	100%
Riovia SA	Montevideo	Uruguay	**100%**	100%
Smit Salvage Americas Inc.	Wilmington	United States of America	**100%**	—
Stuyvesant Dredging Co.	Metairie	United States of America	**100%**	100%
Boskalis Westminster Inc.	Wilmington	United States of America	**100%**	100%
Smit Amandla Marine (Pty) Ltd.	Cape Town	South Africa	**70%**	—
Smit Marine South Africa (Pty) Ltd.	Cape Town	South Africa	**100%**	—
Smit Internationale (Gabon) S.A.	Port Gentil	Gabon	**100%**	—
Nigerian Westminster Dredging and Marine Ltd	Lagos	Nigeria	**60%**	60%
Smit Nigeria Ltd.	Lagos	Nigeria	**40%**	—
Smit Terminals Nigeria LTD	Lagos	Nigeria	**40%**	—
Boskalis Australia Pty Ltd	Chatswood	Australia	**100%**	100%
Smit Marine Australia Pty Ltd	Sydney	Australia	**100%**	—
Taizhou Smit Towage Company Ltd.	Taizhou	China	**60%**	—
Smit Usturt Maritime Services LLP	Aktau	Kazakhstan	**50%**	—
Boskalis International (S.) Pte Ltd	Singapore	Singapore	**100%**	100%
Zinkcon Marine Singapore Pte Ltd	Singapore	Singapore	**100%**	100%
Koon Zinkcon Pte Ltd	Singapore	Singapore	**50%**	50%
Smit Land & Marine Engineering (Far East) Pte. Ltd.	Singapore	Singapore	**100%**	—
Smit Offshore Maintenance (S) Pte. Ltd.	Singapore	Singapore	**100%**	—
Smit Shipping Singapore Pte. Ltd.	Singapore	Singapore	**100%**	—
Smit Singapore Pte. Ltd.	Singapore	Singapore	**100%**	—
Smit Tak Heavy Lift (S) Pte. Ltd.	Singapore	Singapore	**100%**	—
Boskalis Taiwan Ltd	Taipei	Taiwan	**100%**	100%
Smit Kueen Yang Harbour Services Company Ltd.	Taipei	Taiwan	**80%**	—
Boskalis Westminster (Oman) LLC	Seeb	Oman	**49%**	49%
Boskalis Westminster Al Rushaid Co Ltd	Dhahran	Saudi-Arabia	**49%**	49%
SMIT Subsea Middle East L.L.C.	Dubai	United Arab Emirates	**49%**	—

Joint ventures
The following are the most relevant active joint ventures.

Strategic alliances:

Entity	Country of incorporation	Ownership interest 2010	Ownership interest 2009
Archirodon Group N.V.	The Netherlands	**40%**	40%
Lamnalco Ltd	Sharjah, United Arab Emirates	**50%**	50%
Deeprock CV	The Netherlands	**50%**	50%
Rebras Rebocadores do Brasil	Brazil	**50%**	—
Keppel Smit Towage Pte. Ltd.	Singapore	**49%**	—
Maju Maritime Pte. Ltd.	Singapore	**49%**	—
Towmar Smit Baltic UAB	Lithuania	**50%**	—
Adriatic Towage S.r.l.	Italy	**50%**	—
High Latitude Shipping Inc.	Panama	**50%**	—
Ocean Marine Egypt S.A.E	Egypt	**50%**	—
Asian Lift Pte. Ltd.	Singapore	**50%**	—
Octomar Servicos Maritimos Limitada (Ltda)	Angola	**50%**	—
Donjon-SMIT LLC	United States of America	**50%**	—

Project-driven construction consortiums:

Entity	Country of incorporation	Joint venture interest 2010	Joint venture interest 2009
Boskalis B.V. / M.N.O. Vervat B.V.	The Netherlands	**50%**	50%
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%
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%

Entity	Country of incorporation	Joint venture interest 2010	2009
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%**	50%
Combinatie Delflandse Kust	The Netherlands	**50%**	50%
Combinatie Kust van Voorne	The Netherlands	**50%**	50%
Combinatie Zeeuws Vlaanderen - Walcheren NZ2099	The Netherlands	**50%**	50%
Combinatie Gate LNG Kanaal	The Netherlands	**50%**	50%
Combinatie Van Kessel - Boskalis Gouwe Park	The Netherlands	**50%**	50%
Combinatie KWS Infra - Boskalis N23	The Netherlands	**30%**	30%
CV Projectbureau Grensmaas	The Netherlands	**17%**	17%
Boskalis Offshore AS - Tideway vof	The Netherlands	**50%**	50%
Dredging International Luxembourg - Boskalis International vof	The Netherlands	**50%**	50%
Joint Venture Boskalis - Jac. Rijk	The Netherlands	**50%**	50%
Boskalis Offshore/Rohde Nielsen vof	The Netherlands	**50%**	50%
Tideway - Boskalis Offshore L9 vof	The Netherlands	**50%**	50%
Lago Wirense CV	The Netherlands	**50%**	50%
Boskalis International - Dredging International CV	The Netherlands	**50%**	50%
BOFF-TID NL vof	The Netherlands	**50%**	—
Vof BKO-TID	The Netherlands	**50%**	—
Offshorebasis Cuxhaven LP8	Germany	**50%**	50%
Weserunterhaltungsbaggerung Bremerhaven	Germany	**50%**	50%
Binnenhafenkaje Kiel	Germany	**50%**	50%
Swinoujscie Breakwater	Poland	**60%**	—
Britannia Satellites	United Kingdom	**50%**	50%
UTE Dragado Gijon	Spain	**50%**	50%
OOO Mortekhnika	Russia	**50%**	50%
Jurong and Tuas Rock Contractors JV	Singapore	**75%**	75%
Penta-Ocean Koon Ham DI Boskalis JV (Jurong 3B)	Singapore	**22%**	22%
Penta-Ocean Koon DI Boskalis Ham JV (Jurong 4)	Singapore	**17%**	17%
New Doha International Airport JV	Qatar	**29%**	29%
Ras Laffan Port Expansion	Qatar	**50%**	50%
Ras Laffan Northern Breakwaters Contractors	Qatar	**50%**	50%
North Bahrain New Town	Bahrain	**50%**	50%
KOC	Kuwait	**50%**	50%
Khalifa Port Marine Consortium	Abu Dhabi, United Arab Emirates	**43%**	43%
Port Rashid	Dubai, United Arab Emirates	**50%**	50%
Dragages Tanger Mediterranee	Morocco	**50%**	50%
BKI Dredging International Services Cyprus JV	Angola	**50%**	—
Boskalis Jan de Nul Lda	Angola	**50%**	50%
Boscampo	Cameroon	**50%**	50%
EPGA3A	Nigeria	**50%**	50%
Bahia Blanca	Argentina	**50%**	50%
Quequen	Argentina	**50%**	50%
Joint venture Sepetiba	Brazil	**50%**	50%

Associated companies
The most relevant active associated companies are mentioned in note 15.

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 23.1. 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.

29.2 Related party transactions

Joint ventures
During the financial years 2010 and 2009, 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 2010, amounts receivable from and payable to project-driven construction consortiums amounting to € 106 million and € 295 million respectively (2009: € 130 million and € 302 million respectively).

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

	2010	2009
Non-current assets	**437,534**	188,959
Current assets	**482,329**	578,811
Total assets	**919,863**	767,770
Non-current liabilities	**163,527**	66,105
Current liabilities	**414,758**	535,471
Total liabilities	**578,285**	601,576
Net assets	**341,578**	166,194
Contract revenue	**988,641**	821,407
Expenses	**- 824,847**	- 703,465
Net profit	**163,794**	117,942

Associated companies
Transactions with associated companies, other than those disclosed in note 15, are not material.

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 2010 and 2009 were as follows:

	Annual salaries and remuneration	Employer's pension contributions	Short- and long-term variable remuneration paid	Total	2009
Members of the Board of Management					
dr. P.A.M. Berdowski	**573**	**126**	**830**	**1,529**	1,376
T.L. Baartmans	**415**	**87**	**501**	**1,003**	736
J.H. Kamps	**415**	**87**	**529**	**1,031**	945
B. Vree (from April 1, 2010)	**280**(1)	**51**	**328**(2)	**659**	
	1,683	**351**	**2,188**	**4,222**	3,057
Members of the Supervisory Board					
H.J. Hazewinkel (from March 27, 2010)	**27**			**27**	
H. Heemskerk	**60**			**60**	50
M.P. Kramer (from August 19, 2009)	**39**			**39**	14
M. Niggebrugge	**44**			**44**	44
M. van der Vorm	**37**			**37**	37
C. van Woudenberg	**41**			**41**	41
	248			**248**	186
Total 2010	**1,931**	**351**	**2,188**	**4,470**	
Total 2009	1,556	293	1,394		3,243

(1) In addition a severance payment of two annual salaries, i.e. € 829 thousand, is paid to Mr. B. Vree. Furthermore, under the settlement of employment, by April 1, 2011, salary, pension contributions and variable remuneration of respectively € 95 thousand, € 17 thousand and € 109 thousand.
(2) This amount is payable in 2011.

The variable remuneration paid in 2010 is related to the achievement of certain targets during the 2009 financial year (short-term variable remuneration) and the achievement of certain targets during the 2007-2009 period (long-term variable remuneration). The variable renumeration for Mr. Vree regards the year 2010.

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 consists of two parts. The first part is directed at the creation of shareholder value and the other part is focused on the realization of the Company policy for the long term. The realization of shareholder value will be determined based on the development of the share price of the ordinary shares of the Company as listed at NYSE Euronext Amsterdam. The development of the share price is measured by the ratio between the average share price over the three months prior to the commencement and at the end of the three-year performance period.

For the realization of the Company policy for the long term, the Supervisory Board defines certain objectives for the Board of Management, which will be judged on a qualitative basis. The Supervisory Board defines objectives for individual performances and payment of the long-term variable element is subject to these being met. The long-term objectives for the determination of the qualitative part of the long-term variable element will be directly derived from the strategic agenda of the Company and will be in line with the corporate objectives as these will be defined for the Company for that financial year.

At the start of the performance period a basic bonus amount is established equal to the "at target" percentages (50% of the basic salary for the chairman of the Board of Management and 45% for the other executives). In case of excellent performance of the Company policy these percentages may at maximum amount to 75%, respective 67.5%. The final amount of the long-term variable element is determined by the extent to which the set objectives have been met in the past three years in combination with the achieved development of the share price.

As at December 31, 2010 an accrual amounting to € 1.9 million (2009: € 1.6 million) with regard to above-mentioned long-term incentive plan is recognized under Other creditors and accruals for the periods 2008/2010, 2009/2011 and 2010/2012.

Multi-year summary of variable remunerations
With regard to the years 2008 up till 2010 the following variable remunerations were granted to the members of the Board of Management:

	Year of payment		
	2011	**2010**	2009
dr. P.A.M. Berdowski	**750**	**830**	693
T.L. Baartmans	**495**	**501**	246
J.H. Kamps	**495**	**529**	455
Total	**1,740**	**1,860**	1,394

Company income statement

(in € 1,000)	*Note*	**2010**	2009
Result of group companies	*[3]*	**310,517**	224,296
Other results, after taxation		**—**	3,556
Net profit		**310,517**	227,852

Company balance sheet before profit appropriation

(in € 1,000)	*Note*	**2010**	2009
Assets			
Non-current assets			
Investments in group companies	*[3]*	**1,556,166**	1,294,826
		1,556,166	1,294,826
Current assets			
Income tax receivable		**907**	907
Amounts due from group companies		**7,954**	149
		8,861	1,056
Total assets		**1,565,027**	1,295,882
Equity and liabilities			
Shareholders' equity			
Issued capital	*[4]*	**80,779**	78,921
Share premium	*[4]*	**231,335**	232,076
Other legal reserve	*[5]*	**203,524**	132,725
Hedging reserve	*[5]*	**- 2,354**	8,262
Revaluation reserve	*[5]*	**3,834**	3,834
Currency translation reserve	*[5]*	**- 633**	- 37,542
Actuarial reserve	*[5]*	**- 53,568**	- 30,098
Retained earnings	*[5]*	**791,536**	679,737
Profit for the year	*[6]*	**310,517**	227,852
		1,564,970	1,295,767
Current liabilities			
Trade and other payables		**57**	115
		57	115
Total equity and liabilities		**1,565,027**	1,295,882

Statement of changes in shareholders' equity

(in € 1,000)	Note	Balance as at January 1, 2010	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, 2010
Issued capital	[4]	78,921	—		1,858				80,779
Share premium	[4]	232,076	—		- 741				231,335
		310,997	—		1,117				312,114
Other legal reserve	[5]	132,725				—	70,799	—	203,524
Hedging reserve	[5]	8,262				—	—	- 10,616	- 2,354
Revaluation reserve	[5]	3,834				—	—	—	3,834
Currency translation reserve	[5]	- 37,542				—	—	36,909	- 633
Actuarial reserve	[5]	- 30,098				—	—	- 23,470	- 53,568
Retained earnings	[5]	679,737				182,598	- 70,799	—	791,536
		756,918				182,598	—	2,823	942,339
Profit appropriation 2009		227,852		- 44,137	- 1,117	- 182,598		—	—
Net profit 2010		—		—	—	—		310,517	310,517
Profit for the year	[6]	227,852		- 44,137	- 1,117	- 182,598		310,517	310,517
Shareholders' equity		1,295,767	—	- 44,137	—	—	—	313,340	1,564,970

(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
		81,900	227,351		1,746				310,997
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
		529,113				211,387	—	16,418	756,918
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
Shareholders' equity		860,118	227,351	- 35,972	—	—	—	244,270	1,295,767

Explanatory notes to the company financial statements

1. General

The Company Financial statements are part of the Financial statements 2010 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 investment in Group company, which is recognized in accordance with the equity method. 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 Investment 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 intereste rate.

2.5 Amounts due to Group companies

Amounts due to Group companies are recognized initially at fair value and subsequently at amortized cost. Amount 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 company. 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 consists solely of the 100% investment in Boskalis Westminster Dredging B.V., Papendrecht. The movements in this investment are shown below:

	2010	2009
Balance as at January 1	**1,294,826**	863,845
Dividends received	**- 52,000**	- 39,733
Net investments	**—**	230,000
Profit for the year	**310,517**	224,296
Movements directly recognized in equity of group company	**2,823**	16,418
Balance as at December 31	**1,556,166**	1,294,826

Reference is made to the notes 15 and 29.1 of the consolidated financial statements 2010 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 2,322,974 ordinary shares in the course of 2010 as a result of the distribution of stock dividend.

The movement in issued share capital is as follows:

(in number of shares)	**2010**	2009
On issue and fully paid at January 1	**98,651,289**	85,799,361
Optional dividend	**2,322,974**	3,832,322
Issue of ordinary shares	**—**	9,019,606
On issue and fully paid at December 31	**100,974,263**	98,651,289

The issued capital as at December 31, 2010 consists of 100,974,263 ordinary shares with a par value of € 0.80 each and consequently amounts to € 80.8 million (2009: € 78.9 million).

Of the issued capital as at December 31, 2010, 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. Reserves

With regard to the difference between the cost price and equity value of entities, either consolidated 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 € 203.5 million at the end of 2010 (2009: € 132.8 million). The legal reserve for associated companies is determined on an individual basis.

The other reserves recognized in the company balance sheet are disclosed in the notes to the consolidated financial statements (note 21.5).

6. Profit for the year

An amount of € 185.3 million will be added to the retained earnings. The proposal to the Annual General Meeting will be to appropriate the remainder, € 125.2 million, for a dividend payment of € 1.24 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 29.2).

9. Auditor's remuneration

With reference to Section 382A, 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:

	2010	2009
Audit of the financial statements	**980**	530
Other audits	**132**	80
	1,112	610

Total audit fees, including fees for auditors other than KPMG Accountants N.V., related to the audit of the financial statements including SMIT amount to € 1.4 million (2009: € 0.9 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, 2010 (2009: € 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 / Sliedrecht, March 16, 2011

Supervisory Board
H. Heemskerk, chairman
H.J. Hazewinkel
M.P. Kramer
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 2010

An amount of € 185.3 million will be added to the retained earnings. The proposal to the Annual General Meeting will be to appropriate the remainder, € 125.2 million, for a dividend payment of € 1.24 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.

Independent auditor's report

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

Report on the financial statements

We have audited the accompanying financial statements 2010 of Royal Boskalis Westminster N.V., Sliedrecht, as set out on pages 65 to 129. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at December 31, 2010, 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 notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at December 31, 2010, the company income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

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. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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, 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 31 December 2010 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Royal Boskalis Westminster N.V. as at 31 December 2010 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 requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, as set out on pages 35 to 61, to the extent we can assess, has been prepared in accordance with part 9 of Book 2 of this Code, and if the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Rotterdam, March 16, 2011

KPMG Accountants N.V.

D.J. Randeraad RA

Other information

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Ten years Boskalis (1) (14)

(amounts x € 1 million, unless stated otherwise)		2010	2009	2008	2007	2006	2005	2004	2003(2)	2002	2001
Revenue (work done)		**2,674**	2,175	2,094	1,869	1,354	1,156	1,020	1,046	1,035	1,083
Order book (work to be done)	(3)	**3,248**	2,875	3,354	3,562	2,543	2,427	1,244	1,202	1,273	1,224
EBIT	(5)	**401.9**	249.3	339.1	245.5	150.3	82.3	47.5	69.6	99.6	97.7
EBITDA	(6)	**621.5**	444.9	454.6	348.1	236.8	162.5	136.5	148.9	166.2	159.9
Net result		**310.5**	227.9	249.1	204.4	116.6	62.7	33.9	70.9	82.1	77.7
Net group profit	(7)	**312.9**	229.2	250.1	207.1	117.0	63.3	34.1	70.9	82.1	77.7
Depreciation, amortization and impairment losses		**219.6**	195.7	115.4	102.5	86.6	80.2	89.0	79.3	66.6	62.2
Cash flow		**532.5**	424.8	365.6	309.6	203.6	143.5	123.1	150.2	148.7	139.9
Shareholders' equity	(3)	**1,565.0**	1,295.8	860.1	768.1	618.6	542.9	467.9	455.2	413.0	376.0
Average number of outstanding shares (x 1,000)	(8)	**99,962**	88,372	85,799	85,799	85,799	85,254	83,307	79,890	77,847	77,700
Number of outstanding shares (x 1,000)	(9)	**100,974**	98,651	85,799	85,799	85,799	85,799	84,522	81,768	77,910	77,751
Personnel (number of persons)	(4)	**13,832**	10,514	10,201	8,577	8,151	7,029	7,033	3,186	3,285	3,119
Ratios (percentages)											
Operating result as % of the revenue		**15.0**	11.5	16.2	13.1	11.1	7.1	4.7	6.7	8.9	9.0
Return on capital employed	(10)	**18.1**	20.2	29.1	27.7	19.1	12.0	7.0	16.0	20.3	21.4
Return on equity	(11)	**21.7**	21.1	30.6	29.5	20.1	12.4	7.2	16.3	20.8	22.1
Solvency	(3) (12)	**37.1**	46.5	34.0	35.3	39.4	41.3	38.1	42.5	41.6	38.4
Figures per share (x € 1.00)											
Profit	(8) (13)	**3.11**	2.58	2.90	2.38	1.36	0.74	0.41	0.89	1.05	1.00
Cash flow	(8)	**5.30**	4.81	4.26	3.61	2.37	1.68	1.48	1.88	1.91	1.80
Dividend		**1.24**	1.19	1.19	1.19	0.68	0.37	0.25	0.35	0.42	0.40
Share price range (x € 1.00)											
(Depositary receipts of) ordinary shares		**23.16**	13.25	15.30	21.06	14.67	8.58	6.02	5.50	5.93	8.38
		36.58	28.45	42.45	46.25	25.48	18.75	8.33	7.72	11.85	12.38

(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.

(4) As at December 31, 2004 amended for EU-IFRS.

(5) Consists of earnings before share in result of associated companies, finance income and expenses and taxation.

(6) Consists of earnings before share in result of associated companies, finance income and expenses, taxation, depreciation, amortisation and impairment losses.

(7) As from 2004: net result + net profit attributable to minority interests.

(8) Weighted average number of outstanding shares less the number of shares owned by the company.

(9) Number of outstanding ordinary shares less the number of shares owned by the company as at December 31.

(10) Net result + interest paid on long-term loans as % of the average capital employed (shareholders' equity + long-term loans).

(11) Net result as % of the average shareholders' equity.

(12) Group equity as % of the balance sheet total (non-current assets + current assets).

(13) The dilution effect was practically nil up to the financial year 2010.

(14) 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.

Stichting Continuïteit KBW

Report

By decision of the General Meeting of Shareholders held on 9 May 2001 the foundation Stichting Continuïteit KBW was granted the right to acquire cumulative protective preference shares in Royal Boskalis Westminster N.V. for a nominal amount equal to 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 Stichting Continuïteit KBW consists of three members:

J.A. Dekker – chairman
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/Sliedrecht, 16 March 2011
Royal Boskalis Westminster N.V.
Board of Management

`s-Gravenland, 16 March 2011
Stichting Continuïteit KBW
The Board

Supervision, Board & Management

Members of the Supervisory Board

Mr. H. Heemskerk (1943), chairman

- date of first appointment: 1 July 2006, current term ends 2013
- former chairman of the Executive Board of Rabobank Nederland
- member of the Supervisory Board of Bank Sarasin & Cie AG, Greenport Ontwikkelingsmaatschappij B.V.
- 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 the Stock Exchange Association Foundation
- member of the Amsterdam Institute of Finance Advisory Council

Mr. H.J. Hazewinkel (1949)

- date of first appointment 27 March 2010, current term ends 2014
- chairman of the Supervisory Board of TKH Groep N.V., Heisterkamp B.V. and Reggefiber B.V.
- member of the Supervisory Board of Zeeman Groep B.V., Reggeborgh Groep, Zorgpunt Holding B.V., SOWECO N.V. and Schiphol Group N.V.
- member of the Supervisory Committee of Orkest van het Oosten
- member of the Board of Stichting ING Aandelen

Mr. M.P. Kramer (1950)

- date of first appointment 19 August 2009, current term ends 2012
- Chief Executive Officer of South Stream project
- chairman of the Board of Koninklijke Vereniging van Gasfabrikanten in Nederland (KVGN)

Mr. M. Niggebrugge (1950)

- date of first appointment 30 August 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 Diakonessenhuis Utrecht

Mr. M. van der Vorm (1958)

- date of first appointment 18 May 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 9 May 2007, current term ends 2011
- former member of the Executive Committee of Air France - KLM
- member of the Supervisory Board of Royal Grolsch N.V., Mercurius Groep B.V., Transavia Airlines B.V. and Martinair Holland N.V., MN Services N.V. and The Netherlands Chamber of Commerce

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

Secretary

Ms. F.E. Buijs (1969)

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), International Association of Dredging Companies (IADC) and Mutual Insurance Association (Munis)

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 and Stichting Bedrijfstakpensioenfonds Waterbouw
- Chairman of Stichting Pensioenfonds Boskalis

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

Secretary

Ms. F.E. Buijs (1969)

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

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	chairman board of directors SMIT
P. van der Linde	group director European Home markets

Corporate Staff

IR & Corporate Communications	M.L.D. Schuttevâer
Group Controlling	J.O.B. Goslings
Fiscal Affairs	R.J. Selij
Treasury & Insurance	F.A.J. Rousseau
Legal Affairs	J.C. Prakke
Company Secretary	F.E. Buijs
ICT	M.J. Krijger
SHE-Q	W. Haaijer
Strategy & Business Development	T.R. Bennema

Operational Staff

Personnel & Organization	J. den Hartog
Research & Development	dr. A.C. Steenbrink
Dredging Department	H. Postma
Central Technical Department	E.C. Holman
	M.A.A. de Jonge
Rock Department	J. de Reus
	S.G. van Keulen

Dredging & Earthmoving | **Harbour Towage** | **Salvage, Transport & Heavy Lift** | **Terminal Services** | **Maritime Infrastructure**

● offices of Royal Boskalis Westminster

Dredging & Earthmoving

Internationale Projectenmarkt

Area Europe

C. van den Heuvel, J.M.L.D. Dieteren

Area Middle

P.G.R. Devinck, B. Fresel, J.H. Wiersma, M. van der A

Area Middle-East

J. Boender, K.A. Vakanas

Area East

L. Slinger, M. Siebinga

Area West

P. Klip

Home markets

The Netherlands

Boskalis B.V.: P. van der Knaap, B.J.H. Pröpper

United Kingdom

Westminster Dredging Company Ltd: H.H.A.G. Wevers, J. Verdoorn

Germany

Heinrich Hirdes GmbH: H.G. Peistrup

Nordic (Finland and Sweden)

Terramare Oy en 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: F.J. Buitenhuis

Specialist niche services

Offshore services

Boskalis Offshore B.V.: J.F.A. de Blaeij, S.G.M. van Bemmelen

Environmental Contracting

Boskalis Dolman B.V.: J.A. Dolman

Soil-improvement techniques

Cofra B.V.: J.K. van Eijk

Under water rock fragmentation

Rock Fall Company Ltd: C. Fergusson

Harbour Towage

Europe

P. Vierstraete (Belgium), H.J. Smith (The Netherlands), M.J. van den Akker (UK)

Americas

L. Introzzi (Argentina), L.F.J. Kullberg (Canada), M.F. Sales (Brazil), R.C. Elliott (Panama)

Asia

L. Huisman (Singapore), P. Zhang (China), S. Kejriwal (India)

Salvage, Transport & Heavy Lift

Salvage

J. Halfweeg, D. Martin (US), D. Main (South-Africa), E. Kraan (Singapore)

Transport & Heavy Lift

Europe

M. Meeuwisse, D. Spaans, D. Lagerweij (SMIT Marine Projects), S. Korte (SMIT Subsea)

Africa

P. Maclons (SMIT Amandla Marine), P.D. Murray (SMIT Transport), J. Wengrowe (SMIT Subsea Africa)

Asia

L. Huisman, J. Bruinsma

UAE

P. Cottrell (SMIT Subsea Middle East)

Terminal Services

SMIT Terminals

H.J. Smith, A. van Dijk, A. van der Wal

Lamnalco

D. Koornneef

Board of directors SMIT

F.A. Verhoeven, chairman

L.F.J. Kullberg, managing director Divisions Harbour Towage and Terminals

G.A. Keser, managing director Division Salvage, Transport & Heavy Lift

H.J. Hilhorst, director Finance

Works Council

T.A. Scheurwater (chairman), C.C. Brijder, V.P. Commandeur, C.A. van Dam, F.M.C. van Gerven, A.D. Groeneveld, A.M.C. Kruithof, S. van der Land, G. Prins, W.L. Stander, C.G.A. Tonnaer, M. Treffers (vice-chairman) D.A. van Uitert, M.F. van Wijk, secretary, M. Wischmeijer, P.E. den Otter-Bakker (official secretary)

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.
Aannemingsmaatschappij Markus B.V.
A.H. Breijs & Zonen B.V.
Baggermaatschappij Holland B.V.
Boskalis B.V.
Boskalis Dolman B.V.
Cofra B.V.
Hydronamic B.V.
J. van Vliet 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
Westminster Dredging Company 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 P.T.
Boskalis International Uruguay SA
Boskalis Guyana Inc.
Boskalis Taiwan Ltd
Boskalis Zinkcon B.V.
Coastal and Inland Marine Services Inc.
Dragamex SA de CV
Dravensa CA
Koon Zinkcon Pte Ltd (50%)
Boskalis International Indonesia
Riovia SA
Zinkcon Marine Singapore Pte Ltd

Others
Archirodon Group N.V. (40%)
Atlantique Dragage SARL
Boskalis Canada Dredging & Marine Services 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 (Oman) LLC (49%)
Dragapor Dragagens de Portugal S.A.
UAB Boskalis Baltic

Boskalis Offshore B.V.
Sandpiper AS
Boskalis Offshore AS

Boskalis Westminster Middle East Ltd
Lamnalco Ltd (50%)
Lamnalco (Sharjah) Ltd (35%)
Lamnalco LLC (50%)
Boskalis Westminster Al-Rushaid Ltd (49%)

BW Marine (Cyprus) Ltd

Boskalis Finance B.V.
Boskalis Maritime Investments B.V.

Smit Internationale N.V.
Smit Internationale Beheer B.V.
Smit International Overseas B.V.
Smit Nederland B.V.
Smit Holding Singapore Pty Ltd
Smit Shipping Singapore Pty Ltd

Harbour Towage
Smit Harbour Towage Argentina S.A.
Smit Harbour Towage (U.K.) Ltd.
Smit Harbour Towage (Panama) Inc.
Smit Harbour Towage Rotterdam B.V.
Smit Taiwan Holding Investment Co Ltd
Smit Marine Canada Inc.
Unie van Redding- en Sleepdienst Belgie N.V.
Keppel Smit Towage Pte. Ltd., Singapore (49%)
Rebras Rebocadores Do Brasil S.A. (50%)
Towmar Smit Baltic UAB (50%)
Smit Marine Australia Pty Ltd

Terminals
Smit Internationale (Gabon) S.A.
Smit Terminals Europe B.V.
Smit Terminals Sonagas S.A. (64%)
Adriatic Towage S.R.L. (50%)

Salvage
Smit Salvage B.V.
Smit Salvage Ltd.
Smit Salvage Americas Inc.
Donjon-Smit LLC (50%)

Heavy Lift & Transport
Smit Amandla Marine Pty. Ltd. (70%)
Smit Transport Europe B.V.
Smit Transport Belgium N.V.
Smit Heavy Lift Europe B.V.
Smit Marine Projects B.V.
Smit Subsea Europe B.V.
Smit Subsea Africa Ltd.
Smit Subsea Middle East L.L.C. (49%)
Ocean Marine Egypt S.A.E. (50%)
Asian Lift Pte. Ltd. (50%)

Disclosures required by the Decree article 10 of the EU Directive on takeover bids

Under the Decree 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 composition of the issued capital and the existence of various types of shares, please refer to page 98 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, 2010 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 ordinary shares. The Articles of Association have stipulated a blocking procedure for protective preference 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 23 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 or limitation of voting rights.

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 the statutory structure regime is applicable to the Company. 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 Works Council has an enhanced right of recommendation for one-third of the number of the members of the Supervisory Board. 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 general powers of the Board of Management are set out in the Articles of Association of the Company. 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 – or the Board of Management authorized 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 26.4 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.

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.

Glossary

Acquired orders 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.

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.

Bollard pull The pulling capacity of a tug, expressed in metric tonnes.

Bunker fuel Type of fuel used by oceangoing and other vessels. Bunkering refers to the act or process of supplying a ship with this type of fuel.

Bunker vessel Vessel used to supply oceangoing ships with fuel.

CapEx Capital expenditure.

Cash flow Group net profit adjusted for depreciation, amortization and impairments.

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 sometimes loaded into hoppers but is generally pumped to land through a pressure pipeline.

Dismantle To take apart and/or remove an object.

EBITDA Group earnings before the result of associated companies, interest, tax, depreciation, amortization and impairments.

Emissions Pollutants released into the environment.

EU-IFRS IFRS stands for International Financial Reporting Standards. EU-IFRS are financial reporting rules drawn up and issued by the IASB (International Accounting Standards Board) and adopted within the European Union. Since 2005 all publicly listed companies within the European Union have been obliged to comply with these standards in their external financial accounting/reporting.

Fallpipe vessel Vessel that moves over the area to be covered, while dumping the stones 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.

Floating Sheerlegs Floating cranes for heavy lifting.

Futures A future (derivative) is a so-called forward contract; an agreement between traders to purchase or sell certain financial products on a specified future date at a previously agreed fixed price.

Hazardous substances Liquid or solid substances which present a health hazard and/or are damaging to the environment.

Global Reporting Initiative International organization that develops global standards for sustainability reporting.

Greenfield project Project to create new infrastructure.

Home market Boskalis distinguishes itself from its competitors in the Dredging & Earthmoving segment 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.

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.

LNG Liquified Natural 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 200,000 hours worked.

Net Group profit Net result + net profit attributable to non-controlling interests.

OpEx Operating expenditure.

Order book The revenue 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.

Revenue work done Volumes produced in a given period. The work may not yet be completed.

Roro (roll-on/roll-off) ship Vessels designed to carry wheeled cargo such as automobiles, trucks, semi-trailer trucks, trailers or railroad cars that are driven on and off the ship on their own wheels.

Rockfragmentation under water Drilling and blasting hard materials such as rock and granite, often to deepen ports and clear navigational channels.

SHE-Q (Safety, Health, Environment & Quality) Former QA/HSE (Quality Assurance, Health, Safety and Environment).

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.

Solvency Group equity as % of the balance sheet total (non-current assets + current assets).

Stone placing vessel A ship with a deck on which stones 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.

TEU Twenty feet Equivalent Unit (container); often used to describe the cargo capacity of container ships and container terminals.

Work in progress Projects that have not been completed on the balance sheet date but that have been finished in part.

Equipment

Dredgers

Trailing suction hopper dredgers	**27 + 1***
Capacity > 6,000 m³	10
Capacity ≤ 6,000 m³	17 + 1*

(Self-propelled) *Cutter suction dredgers*	**30 + 2***
Capacity > 12,000 kW	4
Capacity ≤ 12,000 kW	26 + 2*

Backhoes	**19**
Bucket capacity from 1.4 to 24 m³	

Floating grab cranes	**17 + 3***
Grab capacity from 1.2 to 9.2 m³	
Other dredging equipment	**23 + 3***
bucket dredger, environmental disc cutter, barge unloading dredgers, suction dredgers	

Rock dumping vessels

Fall pipe vessels	**1 + 1***
Capacity from 17,000 to 18,500 tons	

Stone placing vessels	**2**
Capacity from 700 to 1,400 tons	

Floating sheerlegs

Floating sheerlegs	**5 + 6***
Capacity from 400 to 3,200 tons	

Barges

Hopper barges	**95 + 45***
Capacity from 50 to 3,800 m³	

Oceangoing flat top barges	**3**
Capacity 24,000 tons	

Oceangoing flat top barges	**24 + 22***
Capacity from 1,000 to 14,000 tons	

Inland barges	**25 + 41***
Capacity from 100 to 2,000 tons	

Tugs

Oceangoing tugs	**3 + 2***
Capacity from 6,000 to 26,000 hp	

Anchor handling tugs	**22 + 30***
Capacity from 3,000 to 15,000 hp	

Coastal/Harbor tugs	**166 + 109***
Capacity from 480 to 7,000 hp	

Harbor/river (pusher) tugs	**43 + 58***
Capacity from 100 to 2,800 hp	

Support vessels	**49 + 5***
Launches, work/supply vessels	**54 + 69***
Various/others	**116 + 17***

** 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 a wide variety of salvage equipment, such as fire fighting -, diving - and antipollution equipment.

Colophon

Compiled and coordinated by Royal Boskalis Westminster N.V.
Corporate Communications Department
Group Reporting Department

Design and realization
The Concept Store, Eindhoven, The Netherlands

Photography
Steven Snoep, Chris Henderson, Van der Kloet, Roderik van Nispen,
Gerben Terpstra and others

Text
Bondt Communicatie

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