Royal
Boskalis Westminster nv
*International Dredging & Marine Contractors*

# ROYAL BOSKALIS WESTMINSTER N.V.

*(a public limited liability company (naamloze vennootschap) incorporated under the laws of the Netherlands with its corporate seat (statutaire zetel) in Sliedrecht, the Netherlands)*

**Admission to listing and trading of 4,106,038 newly issued ordinary shares with a nominal value of EUR 0.80 per share**

On 15 December 2009 (the **Issue Date**) Royal Boskalis Westminster N.V. issued a total amount of 4,106,038 new ordinary shares with a nominal value of EUR 0.80 per share (the **New Shares**) at a price of EUR 25.50 each (the **Issue Price**) to HAL Investments B.V. (**HAL**) and Delta Lloyd Levensverzekering N.V. (**Delta Lloyd Group**) by means of a private placement (the **Private Placement**). The New Shares have been issued as registered shares but shall be converted into bearer shares and shall be admitted to listing and trading on Euronext Amsterdam by NYSE Euronext (**Euronext Amsterdam**).

In this document (the **Prospectus**) any reference to the **Company** or **Boskalis** refers to Royal Boskalis Westminster N.V. and, where appropriate, its subsidiaries and any reference to **Ordinary Shares** refers to the ordinary shares in the capital of the Company with a nominal value of EUR 0.80 per share, including the New Shares, outstanding from time to time.

**Investing in the Ordinary Shares involves certain risks. See Chapter 2 “Risk Factors” for a description of the factors one should consider before investing in the Ordinary Shares.**

The Ordinary Shares outstanding immediately prior to the issuance of the New Shares are listed and traded on Euronext Amsterdam under the symbol BOKA and ISIN code NL0000852580. The Company expects that trading in the New Shares on Euronext Amsterdam will commence on or about 15 March 2010 (the **Listing Date**).

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, any of the New Shares or any other securities issued by the Company.

This Prospectus constitutes a prospectus for the purposes of article 3 of Directive 2003/71/EC (the **Prospectus Directive**) and has been prepared in accordance with chapter 5.1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and the rules promulgated thereunder (the **Financial Supervision Act**). This Prospectus has been approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) (**AFM**).

This Prospectus is dated 11 March 2010.

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# 1. SUMMARY

The following information should be read as an introduction to this Prospectus only. Any decision to invest in the Ordinary Shares should be based on a consideration of this Prospectus and the information incorporated by reference into this Prospectus as a whole and not just this summary.

Where a claim relating to the information contained in, or incorporated by reference into, this Prospectus is brought before a court in a Member State, the claimant might, under the national legislation of that Member State, have to bear the costs of translating this Prospectus or any document incorporated by reference herein before the legal proceedings are initiated. Civil liability attaches to those persons who have tabled the summary, but only if this summary (or any translation of this summary) is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus (including information incorporated by reference herein).

## 1.1 Summary of the business

Boskalis is a leading global services provider operating in the dredging, maritime infrastructure and maritime services sectors. Boskalis provides creative and innovative all-round solutions to infrastructural challenges in the maritime, coastal and delta regions of the world. Boskalis' operations are broadly spread across all continents and three market segments, giving the Company a stable foundation, the flexibility to capture a wide range of projects and excellent prospects for balanced growth.

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

- Boskalis' main product segment is Dredging and Earthmoving, which includes port development, pipeline intervention activities, land reclamation, and coastal and riverbank protection.

- Boskalis' second product segment is Maritime Infrastructure, which Boskalis is involved in through its strategic partnership with Archirodon, a leading contractor in this sector.

- The third product segment is Maritime and Terminal Services, through Boskalis' strategic partnership with Lamnalco, one of the world's leading suppliers of maritime terminal services to the oil and gas industry.

Boskalis' worldwide spread reaches across all geographic and industrial sectors and demand for the Company's services is driven by a clear set of global trends: growth in global trade, growing energy consumption, growth in world population and climate change.

Boskalis continually invests in its versatile fleet, which currently consists of over 300 vessels. Including its share in partnerships, Boskalis has in excess of 10,000 employees and operates in over 50 countries across five continents.

## 1.2 Strategy

Boskalis' strategy is aimed at preparing the Company for the opportunities and challenges it faces as a leader in the dynamic global market for dredging and maritime infrastructure.

The outlook for Boskalis' market segments is driven by structural long-term growth trends: the development of global trade, rising energy consumption and transport of LNG, pressures from expanding populations and the challenges presented by climate change.

In the coming years, Boskalis will increasingly focus its business portfolio on three market segments: oil and gas, ports and land reclamation and coastal protection.

In addition to customers who have not changed their demand over time, a growing number of customers in these market segments require an integrated, multidisciplinary approach to their projects. Boskalis' business is growing in line with the changing demand of its customers. Boskalis is focusing on markets with relatively high growth and earnings potential, and the portfolio is expanding towards activities with more added value.

In order to develop a more comprehensive services proposition, it is essential to reinforce and expand the core activities. Expansion of the core activities will be achieved through organic growth as well as through acquisitions and alliances.

For more information see Chapter 7.4 "Business Overview - Strategy".

### 1.3 Risk factors

The following factors represent the principal risks inherent to investing in the Ordinary Shares. A more detailed discussion of these factors can be found in Chapter 2 "Risk Factors".

***Risks relating to the industry and Boskalis' business:***

- Changes in economic conditions could have an adverse effect on Boskalis' financial condition and/or results of operations.
- Short term market dynamics may have a negative impact on the markets on which Boskalis operates.
- Boskalis is exposed to operational risk.
- Boskalis is exposed to foreign exchange risk.
- Boskalis is exposed to liquidity risk.
- Interest rate exposure may have an adverse effect on the financial position and results of Boskalis.
- Boskalis' business is exposed to technological change that could render its services obsolete or uncompetitive.
- Defects or disruptions in the operations process may have an adverse effect on the financial position and results of Boskalis.
- Boskalis depends on its management team and its ability to attract and retain skilled personnel for the implementation and execution of its strategy.
- Boskalis is exposed to various legal claims and other litigation risk.
- Boskalis is exposed to credit risk and defaults or increased fear of defaults of its debtors.
- Boskalis is subject to increasingly stringent laws and regulations, the violation of which could harm Boskalis' reputation and have an adverse effect on its financial condition and results of operations.
- Boskalis is exposed to the risk of damage to its brand and its reputation.

- Boskalis operates in a marine environment, which is subject to the forces of nature as well as environmental and climatological risks that could cause damage to, loss of, or suspension of operations by Boskalis' vessels and could result in reduced levels of offshore activity.

- War, military actions, sabotage or terrorist attacks could have a material negative impact on the markets in which Boskalis operates.

***Risks relating to the Ordinary Shares:***

- One major Shareholder of the Company, HAL Trust, may be able to exercise substantial influence over Boskalis.

- Provisions in the Articles of Association could delay or deter a beneficial change of control.

- The price of the Ordinary Shares may be volatile and investors may not be able to sell the Ordinary Shares at or above the price paid for them.

- Boskalis may in the future seek to raise capital by conducting equity offerings, which may dilute investors' shareholding interest in Boskalis.

- The Company's ability to pay dividends to Shareholders may be constrained.

### 1.4 Summary of the terms of the Private Placement

The summary below describes the principal terms of the Private Placement.

| | |
|---|---|
| **The Company** | Royal Boskalis Westminster N.V. |
| **Private Placement** | On the Issue Date the Company issued 2,929,568 new Ordinary Shares to HAL and 1,176,470 new Ordinary Shares to Delta Lloyd Group at an Issue Price of EUR 25.50 each, totalling an amount of EUR 104,703,969. The New Shares have been issued as registered shares but shall be converted into bearer shares and shall be admitted to listing and trading on Euronext Amsterdam. |
| **Shares outstanding at the date of this Prospectus** | On the Issue Date, after the issuance of the New Shares and the issuance of new Ordinary Shares to institutional investors using the Accelerated Bookbuild Process, 98,651,289 Ordinary Shares were issued and outstanding. |
| **Listing and trading of the New Shares** | Application will be made to list the New Shares on Euronext Amsterdam. Boskalis expects that the New Shares will be listed, and that trading in the New Shares will commence, on Euronext Amsterdam on or about 15 March 2010, barring unforeseen circumstances. |
| **Use of proceeds** | The net proceeds of the Private Placement after the deduction of expenses and selling commissions and applicable taxes (if any) were approximately EUR 104 million. The Company intends to use the proceeds to partly finance the intended public offer for Smit. |
| **Dividends** | Barring unforeseen circumstances, the Company's dividend policy is to distribute 40% to 50% of the net profit from ordinary operations as dividend. Over 2008 a dividend of EUR 1.19 per share was paid in the form of stock dividend unless a Shareholder opted for payment in the form of cash dividend. For details of the entitlement to dividends, see Chapter 12 "Description of Share Capital and Corporate Structure". |
| **Voting rights** | Holders of Ordinary Shares are entitled to one vote per Ordinary Share at a General Meeting. The rights of the holders of the New Shares rank *pari passu* with each other and with all other Ordinary Shares with respect to voting rights and distributions. |
| **Share trading information** | ISIN code: NL0000852580<br>Common code: 030124699<br>Stock code: 85258<br>Euronext Amsterdam symbol: BOKA |
| **Governing law** | Dutch law. |

## 1.5 Summary of financial information

The following summary of consolidated financial information should be read in conjunction with the consolidated financial statements prepared based on the International Financial Reporting Standards (**IFRS**) as adopted by the European Union of the Company, including the notes thereto and the related auditors' reports, which are incorporated by reference into this Prospectus.

| (in millions of euros) | First half year (unaudited) | | | (audited) | |
|---|---|---|---|---|---|
| | **2009** | **2008** | **2008** | **2007** | **2006*** |
| **RESULTS** | | | | | |
| Revenue | 988.9 | 938.2 | 2,093.8 | 1,868.5 | 1,353.6 |
| Other income | 0.7 | 99.5 | 101.5 | 8.5 | 12.5 |
| **Total operating revenue** | **989.6** | **1037.7** | **2,195.3** | **1,877.0** | **1,366.1** |
| EBITDA | 180.7 | 275.8 | 454.6 | 348.1 | 236.8 |
| Operating result | 120.2 | 227.4 | 339.1 | 245.5 | 150.3 |
| Profit before taxation | 129.5 | 230.9 | 311 | 250.4 | 152.4 |
| Net profit attributable to Shareholders | 102.7 | 202.0 | 249.1 | 204.4 | 116.6 |
| **BALANCE SHEET** | | | | | |
| Total non-current assets | 1,346.3 | 882.0 | 1,232.2 | 878.5 | 744.8 |
| Total current assets | 1,204.2 | 1,366.7 | 1,319.2 | 1,321.6 | 839.1 |
| **TOTAL ASSETS** | **2,550.5** | **2,248.7** | **2,551.4** | **2,200.1** | **1,583.9** |
| Shareholder's equity | 930.5 | 887.5 | 860.1 | 768.1 | 618.6 |
| Minority interests | 9.0 | 6.9 | 7.6 | 8.7 | 6.0 |
| Total non-current liabilities | 133.6 | 114.0 | 100.2 | 113.9 | 118.1 |
| Total current liabilities | 1,477.4 | 1,240.3 | 1,583.5 | 1,309.4 | 841.2 |
| **TOTAL EQUITY AND LIABILITIES** | **2,550.5** | **2,248.7** | **2,551.4** | **2,200.1** | **1,583.9** |

| | First half year (unaudited) | | | (unaudited) | |
|---|---|---|---|---|---|
| | **2009** | **2008** | **2008** | **2007** | **2006*** |
| **PER ORDINARY SHARE (EUR)** | | | | | |
| Profit** *** | 1.19 | 2.35 | 2.90 | 2.38 | 1.36 |
| Dividend | - | - | 1.19 | 1.19 | 0.68 |
| Cash flow** | 1.90 | 2.92 | 4.26 | 3.61 | 2.37 |
| **RATIOS** | | | | | |
| Operating result as % of revenue | 12.2% | 24.2% | 16.2% | 13.1% | 11.1% |
| Return on capital employed**** | n.a. | n.a. | 29.0% | 27.7% | 19.1% |
| Return on equity***** | n.a. | n.a. | 30.6% | 29.5% | 20.1% |
| Solvency****** | 36.8% | 39.8% | 34.0% | 35.3% | 39.4% |

* On 21 May 2007 the Company 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 Company's 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 shares in 2007.

** Weighted average number of outstanding shares less the number of shares owned by the Company.

*** The dilution effect was practically nil up to the financial year 2008.

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

***** Net result as % of the average shareholders' equity.

****** Group equity as % of the balance sheet total (fixed assets + current assets).

## 2. RISK FACTORS

Prospective investors should carefully consider the risk factors set out below, together with the other information contained in this Prospectus before making an investment decision with respect to investing in the Ordinary Shares. If any of the following risks actually occurs, Boskalis' business, prospects, financial condition or results of operations could be materially adversely affected. In that case, the value of the Ordinary Shares could decline and investors could lose all or part of the value of their investments.

Although Boskalis believes that the risks and uncertainties described below are the most material risks and uncertainties they are not the only ones Boskalis faces. All of these risk factors are contingencies, which may or may not occur. Additional risks and uncertainties not presently known to Boskalis or that Boskalis currently deems immaterial may also have a material adverse effect on Boskalis' business, prospects, financial condition or results of operations and could negatively affect the price of the Ordinary Shares.

Prospective investors should carefully review this entire Prospectus and should form their own views before making an investment decision with respect to the Ordinary Shares. Before making an investment decision with respect to any Ordinary Shares, prospective investors should consult their own financial, legal and tax advisors to carefully review the risks associated with an investment in the Ordinary Shares and consider such an investment decision in light of the prospective investor's personal circumstances.

### 2.1 RISK RELATING TO THE INDUSTRY AND BOSKALIS' BUSINESS

***Changes in economic conditions could have an adverse effect on Boskalis' financial condition and/or results of operations***

Boskalis' financial condition and/or results of operations are affected by changing economic conditions, which are outside of its control. These conditions can cause Boskalis' results of operations to fluctuate from year to year, as well as on a long-term basis, in ways that may be unpredictable. These conditions include economic cycles, changes in economic growth rates and fluctuations in the supply and demand of Boskalis' services.

Demand for Boskalis' services typically reflects changes in the economic growth rates of the countries in which it is active. Demand for Boskalis' services is also dependent on developments in the respective industries to which the services relate and the levels of investment in such industries, such as services provided to the oil and gas, ports and land reclamation and coastal protection industries, which are dependent on the development and investment in these industries.

In product segment terms, Dredging and Earthmoving is Boskalis' most important segment, accounting for approximately 87% of its 2008 revenue. Maritime Infrastructure and Maritime and Terminal Services are also important markets for Boskalis, accounting for approximately 10% and 3% of its 2008 revenue, respectively. As such, Boskalis is particularly exposed to the level of economic activity and susceptible to changes in the external economic conditions in each of these segments.

In addition, the recent slowdown in world economies may result in a downturn in the demand for Boskalis' services. Boskalis cannot predict how long these distressed conditions will continue, but sustained continuation of these distressed conditions could result in a reduction in demand for Boskalis' services or increased pricing pressures, all or any of which could, in turn, have a material adverse effect on Boskalis' business, financial condition and results of operations.

***Short term market dynamics may have a negative impact on the markets on which Boskalis operates***

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

In the short term, factors outside Boskalis' control may have a negative impact on Boskalis' markets, despite long-term growth trends. These factors include the current crisis within the financial sector and subsequent knock-on implications for the global economy, and major negative developments affecting exploration and exploitation activities in the markets for energy and other raw materials. Boskalis includes contracts in the order book only once agreement has been reached with the client. Although cancellations or substantial reductions in the size of contracts once agreement has been reached have historically been relatively rare, such cancellations or substantial reductions of work in portfolio cannot be ruled out. In the wake of such a cancellation or substantial reduction, losses may arise from the unwinding or settlement of the financial derivatives taken out to cover the related currency risks and/or fuel cost risks but for which the underlying transaction or cash flows will no longer be realised.

***Boskalis is exposed to operational risk***

In the markets where Boskalis operates, "fixed price / lump sum" is still the most common type of contract. In this type of contract, the contractor must include nearly all the operating and (procurement) cost risks in the price. Possibilities to claim payment from the client for any unexpected costs that occur during the course of a project are generally not or rarely available. Furthermore, many contracts include "milestones" and linked penalties in case of failure to comply with them. When calculating the cost price and drawing up tenders, considerable emphasis is placed on the identification, analysis and quantification of operating, cost and delay risks of this kind.

Operational risks mainly involve soil and settlement conditions, variable weather or workability conditions, technical suitability of the equipment, wear and tear due to the processing of dredged materials, and damage to equipment and third-party property. These events may lead to the risk of increased project costs due to possible non-working days, the requirement to bring in additional, unforeseen equipment or the payment of liquidated damages due to not meeting milestones.

Risks related to price developments on the procurement side, such as increased wages, costs of materials, sub-contracting costs and fuel, which are borne by Boskalis, are also taken into account in cost-price calculations. Wherever possible, especially on projects that extend over a long period of time, contracts include cost indexation clauses, mainly for labour and fuel; however, this is not always the case and the extent to which these risks are mitigated depends on the specific contract and differs between individual projects and clients. Risks related to fuel costs can be mitigated in a number of ways and, wherever possible, fuel cost indexation clauses are included in contracts while, in other cases, contracts require the fuel to be delivered by the client. Also, if substantial, fuel cost risks may be covered through the use of financial instruments, such as forward contracts or futures. In addition, unforeseen or non-mitigated price developments may lead to increased project costs.

***Boskalis is exposed to foreign exchange risk***

The most important non-fully owned affiliated companies of Boskalis (Archirodon and Lamnalco) are entirely or largely US dollar based. However, the cost structures of these companies are also US dollar based, either in full or to a major extent. These holdings are viewed from a long term perspective. Exchange rate risks related to the investments in these holdings are not hedged. It is assumed that currency fluctuations, interest and inflation will offset each other in the long term, however, should this not be the case, this could negatively impact Boskalis' financial results based in euros. 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 are only used if there is a physical underlying transaction. However, there is a risk that, in the wake of a cancellation or substantial reduction in the size of contracts, losses may arise from the unwinding or settlement of the financial derivatives taken out but for which the underlying transaction or cash flows will no longer be realised.

***Boskalis is exposed to liquidity risk***

Boskalis faces liquidity risk. Liquidity risk is the risk that funding and liquid assets will not be (sufficiently) available, as a result of which Boskalis may not be able to meet short-term financial obligations, which could have a material adverse effect on its business, financial condition and results of operations.

If the current economic situation would significantly further deteriorate, Boskalis' profitability might be impacted. Actions by counterparties who fail to fulfil their obligations to Boskalis as well as Boskalis' inability to access new funding may impact its cash flow and liquidity, which could have a material adverse effect on its business, results of operations and financial condition. All these factors might result in Boskalis having difficulties to comply with the requirements of its credit facility covenants. If Boskalis' future cash flows from operations and other capital resources would be insufficient to pay its obligations as they mature or to fund its liquidity needs, Boskalis may be forced to reduce or delay its business activities and capital expenditures, sell assets, obtain additional debt or equity capital, restructure or refinance all or a portion of its debt on or before maturity or forgo opportunities such as acquisitions.

***Interest rate exposure may have an adverse effect on the financial position and results of Boskalis***

Boskalis is exposed to changes in interest rates resulting from borrowing activities undertaken by it to finance its operations. Boskalis may use interest rate swaps to hedge its interest rate risk, which results from the sensitivity of financial assets and financial liabilities with variable interest rates to changes in the market interest rate. For the non-hedged (part of the) interest rate risk, changes in the interest rates could lead to higher interest rate costs.

***Boskalis' business is exposed to technological change that could render its services obsolete or uncompetitive***

Boskalis' operating results going forward will depend to a significant extent on its ability to continue to introduce new and improved techniques and related services that offer value for its customers. In order to remain competitive, Boskalis will have to continue developing successfully new techniques and related services so as to mitigate the impact of the technologies and related services provided by others. However, if Boskalis fails to keep pace with the evolving trends in its markets, it may lose market share and harm its reputation and position. Consequently, its business, results of operations and financial condition may be materially adversely affected.

***Defects or disruptions in the operational process may have an adverse effect on the financial position and results of Boskalis***

Defects or a disruption in the operational process, including equipment malfunction, labour problems, regulatory action, power outages, natural disasters, political unrest or instability and environmental factors may all affect services provided. A disruption in the supply of certain materials or equipment or a failure to accurately predict the demand for its services could have an adverse effect on Boskalis' financial condition and results of operations.

***Boskalis depends on its management team and its ability to attract and retain skilled personnel for the implementation and execution of its strategy***

The success of Boskalis' operations depends to a significant extent on its continued ability to attract and retain highly qualified executive officers and other management resources, including key qualified personnel, in all of its businesses. No assurance can be given that it will be successful in attracting and retaining, on terms acceptable to it, any such officers and/or management resources. Any failure by Boskalis to retain or attract qualified officers and/or management resources could have a material adverse effect on its business, financial condition and results of operations.

***Boskalis is exposed to various legal claims and other litigation risk***

The nature of Boskalis' businesses are generally subject to a number of risks and hazards, including environmental hazards, industrial accidents, encountering unusual or unexpected geological formations, cave-ins below water levels, collisions, disruption of transportation services and flooding. These risks could result in damage to, or destruction of, dredging equipment, transportation vessels, other maritime structures and buildings and could also result in personal injury, environmental damage, performance delays, monetary losses or legal liability towards third parties.

Boskalis is exposed to the risk that services have not been well provided or that contracts are not univocally interpreted (contract disputes) by the client and the Company, which could result in a claim.

The industry Boskalis is active in is highly schedule-driven and failure to meet schedule requirements within contracts could adversely affect Boskalis' financial exposure and/or reputation. A substantial number of Boskalis' contracts are subject to specific completion schedule requirements with penalties charged in the event the construction schedules are not achieved. Failure to meet any such schedule requirements could result in Boskalis incurring significant contractual penalties and/or may damage Boskalis' reliability within the industry and its client base. Missing deadlines cause delays, impacting the liquidity position of Boskalis. For large projects, the risks associated with the realisation of the agreed performance and completion milestones are inherently larger.

In addition to any claims payable or settlement amounts in relation to services that may be payable, claims may give rise to adverse regulatory action and/or a negative market perception of Boskalis and its services, which may have a negative effect on Boskalis' competitive position and have a material adverse effect on its business, financial condition and results of operations.

Any judgements given or settlements entered into in respect of any breach of warranty or other claim could have a material adverse effect on its business, financial condition and results of operations.

***Boskalis is exposed to credit risk and defaults or increased fear of defaults of its debtors***

Credit risk is the risk of financial loss to Boskalis if a customer or counterparty to a financial instrument fails to meet its contractual obligations thereunder to Boskalis when they are due. Third parties may default on their obligations to Boskalis due to bankruptcy, lack of liquidity, downturns in the economy, operational failure, fraud or other reasons. This risk is enhanced by the current global economic downturn. Boskalis' exposure to credit risk mainly arises from trade receivables. Boskalis' trade receivables position accounted for around 19% of its balance sheet total as at 31 December 2008, with an average credit term of around 87 days.

Any material default or an increase in defaults could have a material adverse effect on Boskalis' business, financial condition and results of operations.

***Boskalis is subject to increasingly stringent laws and regulations, the violation of which could harm Boskalis' reputation and have an adverse effect on its financial condition and results of operations***

Boskalis is subject to, and may incur substantial costs in order to, comply with numerous laws, regulations and standards in each of the jurisdictions in which it operates, including laws, regulations and standards relating to financial supervision, competition and labour as well as environmental, health, security and safety laws, regulations and standards, including obligations relating to spills and discharges of oil or other hazardous substances, ballast water management, air emissions, maintenance and inspection, development and implementation of emergency procedures, security and insurance coverage. Although the Company believes it complies in all material respects with the laws, regulations and standards to which it is subject, Boskalis could nonetheless face substantial liability under existing and future laws, regulations and standards for penalties, fines, damages and remediation costs associated with, for example, oil and other hazardous substance spills or other discharges involving its shipping operations or its reputation could be significantly damaged. Changes in enforcement policies for existing laws, regulations and standards and additional laws, regulations and standards adopted in the future could limit Boskalis' ability to do business or further increase the cost of Boskalis doing business. In addition, in the future, Boskalis may have to alter existing equipment on, add new equipment to, or change operating procedures for, its vessels to comply with any changes in any laws, regulations and standards or to meet its customers' changing needs. Finally, even if Boskalis is in compliance with the laws, regulations and standards to which it is subject, the ordinary course of operation of Boskalis' business involves certain inherent risks to the environment, its employees and others. Boskalis could incur substantial liability in the event of accidents, exposure to hazardous substances, spillages or other events resulting in injury or death, even if any such event is not as a result of any fault on Boskalis' part. Boskalis' expenses associated with these risks, if not covered or not completely covered by Boskalis' insurance, could have a material adverse effect on Boskalis' business, financial condition, results of operations or prospects. Any liability incurred by Boskalis, the increased costs of environmental compliance and damage to Boskalis' reputation could have a material adverse effect on Boskalis' business, financial condition, results of operations or prospects.

***Boskalis is exposed to the risk of damage to its brand and reputation***

Boskalis' success and results are, to a certain extent, dependent on the strength of its brand and its reputation. Boskalis and its services are vulnerable to adverse market perception as it operates in an industry where integrity, customer trust and confidence are paramount. Boskalis is exposed to the risk that litigation, employee misconduct, operational failures, the outcome of regulatory investigations, press speculation and negative publicity, among others, whether or not founded, could hurt its brand or reputation. Boskalis' brand or reputation could also be harmed if its services have not been provided as expected (whether or not such expectations are founded).

Any damage to Boskalis' brand (or brands associated with Boskalis) or reputation could cause existing customers to withdraw their business from Boskalis and potential customers or intermediaries to be reluctant or elect not to do business with it. Any damage to Boskalis' brand or reputation could have a material adverse effect on its business, financial condition and results of operations.

***Boskalis operates in a marine environment, which is subject to the forces of nature as well as environmental and climatological risks that could cause damage to, loss of, or suspension of operations by Boskalis' vessels and could result in reduced levels of offshore activity.***

Boskalis' vessels are subject to risks particular to marine operations, including capsizing, grounding, sinking, collision and loss and damage from severe weather, storms, fire, earthquakes, tsunamis or explosions. Any of the foregoing circumstances could result in damage to, or destruction of, vessels or equipment, personal injury and property damage, suspension of operations or environmental damage.

Litigation from any such event may result in Boskalis being named as a defendant in lawsuits asserting large claims. Moreover, the loss of any one vessel could result in Boskalis' inability to meet contract deadlines or improve vessel utilisation, which could damage its relationships with key customers, result in opportunity costs to Boskalis and have a material adverse effect on its business, financial condition, results of operations or prospects.

Furthermore, adverse weather conditions usually result in low levels of offshore activity. During periods of curtailed activity due to adverse weather conditions, Boskalis continues to incur operating expenses, but its revenues from operations are delayed or reduced.

***War, military actions, sabotage or terrorist attacks could have a material negative impact on the markets in which Boskalis operates.***

Acts of terrorism, sabotage and threats of armed conflicts in or around the various areas in which Boskalis operates could limit or disrupt Boskalis' markets and operations, including disruptions from evacuation of personnel, cancellation of contracts or the loss of personnel or assets. Armed conflicts, terrorism, sabotage and their effects on Boskalis or markets in which Boskalis operates may significantly affect Boskalis' business, results of operations, financial condition or prospects in the future.

## 2.2 RISKS RELATING TO THE ORDINARY SHARES

***One major Shareholder of the Company, HAL, may be able to exercise substantial influence over Boskalis***

HAL currently directly owns 32.48% of the Ordinary Shares. Therefore, investors may not be able to exercise as much influence over Boskalis' business and management as they might otherwise. The interests of HAL may differ from the interests of other Shareholders. HAL may have the ability to exercise substantial influence over the election and removal of members of the Management Board and the Supervisory Board. This may have an adverse effect on the market value of the Ordinary Shares.

In addition, the sale by HAL of a substantial number of Ordinary Shares in the public market, or the perception that such a sale may occur, could adversely affect the market price for the Ordinary Shares.

***Provisions in the Articles of Association could delay or deter a beneficial change of control***

The Company may issue Cumulative Protective Preference Shares in order to prevent a hostile acquisition of control or takeover bid (see Chapter 12 "Description of Share Capital and Corporate Structure"). These and other provisions in the Company's Articles of Association described in Chapter 12 "Description of Share Capital and Corporate Structure" may have the effect of delaying or preventing a change in control that might otherwise be in the interests of holders of the Ordinary Shares or offer holders an opportunity to sell their Ordinary Shares at a premium on the market price of the Ordinary Shares. This, in turn, may have a negative effect on the price of the Ordinary Shares.

***The price of the Ordinary Shares may be volatile and investors may not be able to sell the Ordinary Shares at or above the price paid for them***

The Ordinary Shares may have a highly volatile trading price. Shareholders may not be able to resell their Ordinary Shares at or above the price they paid for them.

The market price of the Ordinary Shares may be subject to wide fluctuations in response to various factors, some of which would be specific to the Company and its operations and some that would be related to the industry that the Company is in, economic conditions and equity markets generally, regardless of Boskalis' actual performance. In the current financial turmoil the trading prices of shares have fluctuated greatly. These broad market fluctuations may have a material adverse effect on the price of the Ordinary Shares. There is, therefore, no certainty for investors that they will be able to resell the Ordinary Shares at or above the purchase price they paid for them.

***Boskalis may in the future seek to raise capital by conducting equity offerings, which may dilute investors' shareholding interest in Boskalis***

The Management Board has been designated by the General Meeting to, subject to the prior approval of the Supervisory Board, issue Ordinary Shares or grant rights to subscribe for Ordinary Shares, with the exclusion of the pre-emptive rights, for a period of twelve months (subject to extension by the General Meeting for a period of no more than five years). Pursuant to this designation by the General Meeting, the Management Board may resolve, subject to the prior approval of the Supervisory Board, to issue Ordinary Shares up to 20% of the issued share capital as at 7 December 2009. The Company may seek to raise capital in the future through public or private debt or equity financings by issuing additional Shares, debt or equity securities convertible into Shares or rights to acquire these securities and exclude the pre-emptive rights pertaining to the then outstanding Ordinary Shares. Any additional capital raised through the issue of additional Shares may dilute an investor's shareholding interest in the Company. Furthermore, any additional financing the Company may need may not be available on favourable terms or at all, which could adversely affect the Company's future plans and profitability. Any additional offering of Shares by the Company, or the public perception that an offering may occur, could also have a negative impact on the trading price of the Ordinary Shares and could increase the volatility in the trading price of the Ordinary Shares.

***The Company's ability to pay dividends to Shareholders may be constrained***

The Company's ability to pay dividends to its Shareholders is dependent on its profitability. Its ability to declare and pay dividends is further subject to regulatory, legal and financial restrictions, as well as the Company's solvency position. See Chapter 4 "Dividends and Dividend Policy".

In addition, the Company is a holding company and its ability to generate income and pay dividends is dependent on the ability of its operating subsidiaries to declare and pay dividends.

The actual payment of future dividends, if any, and the amounts thereof, will depend on a number of factors including, but not limited to, the amount of distributable profits and reserves, capital expenditure and investment plans, earnings, level of profitability, ratio of debt to equity, the credit ratings, applicable restrictions on the payment of dividends under applicable laws, compliance with credit covenants, the level of dividends paid by other comparable listed companies doing business in the Netherlands and such other factors as the Management Board and Supervisory Board may deem relevant from time to time. As a result, the Company's ability to pay dividends in the future may be limited or its dividend policy may change. If dividends are not paid in the future, capital appreciation, if any, of the Ordinary Shares would be the investors' sole source of gains.

## 3. IMPORTANT INFORMATION

In this Prospectus, any references to the **Company** or **Boskalis** refer to Royal Boskalis Westminster N.V. and, where appropriate, its subsidiaries and other definitions used herein are set out in Chapter 18 “Definitions”.

Potential investors are expressly advised that an investment in the Ordinary Shares entails certain risks and that they should therefore carefully review the entire contents of this Prospectus. Furthermore, before making an investment decision with respect to any Ordinary Shares, potential investors should consult their stockbroker, bank manager, lawyer, auditor or other financial legal and tax advisers and carefully review the risks associated with an investment in the Ordinary Shares and consider such an investment decision in light of the potential investor’s personal circumstances.

### 3.1 Responsibility statement

Potential investors should rely on the information contained in, or incorporated by reference into, this Prospectus and any supplement to this Prospectus within the meaning of article 5:23 of the Financial Supervision Act, should such supplement be published. Potential investors should not assume that the information in this Prospectus is accurate as of any date other than the date of this Prospectus. No person is or has been authorised to give any information or to make any representation in connection with the Listing, other than as contained in this Prospectus. If any information or representation not contained in this Prospectus is given or made, the information or representation must not be relied upon as having been authorised by the Company. The delivery of this Prospectus at any time after the date hereof will not, under any circumstances, create any implication that there has been no change in the Company’s affairs since the date hereof or that the information set out in this Prospectus is correct as of any time since its date.

The Company accepts responsibility for the information contained in this Prospectus. The Company declares that it has taken all reasonable care to ensure that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

### 3.2 Presentation of financial and other information

The consolidated financial information in this Prospectus for the years ended 31 December 2006, 31 December 2007 and 31 December 2008 is extracted from the consolidated financial statements of the Company (including the comparative figures and notes thereto) that have been prepared based on IFRS as adopted by the European Union and that have been audited by KPMG Accountants N.V. The unaudited consolidated interim financial statements in relation to the first half year of 2008 and 2009 have been prepared in accordance with IAS 34 “Interim Financial Reporting”. The pro forma combined financial information in relation to the first half year of 2009 has been prepared in accordance with the accounting policies of the Company.

Certain figures contained in this Prospectus, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances the sum of the numbers in a column or row in tables contained in this Prospectus may not conform exactly to the total figure given for that column or row.

### 3.3 Incorporation by reference

The following documents, which have previously been published and have been filed with the AFM and/or the Chamber of Commerce, shall be deemed to be incorporated in, and form part of, this Prospectus:

- the Articles of Association;

- the audited consolidated financial statements prepared based on IFRS as adopted by the European Union as at and for the year ended 31 December 2006, included in the Company's annual report 2006 on pages 64 to 106 and the auditors' report thereto on page 106;

- the audited consolidated financial statements prepared based on IFRS as adopted by the European Union as at and for the year ended 31 December 2007, included in the Company's annual report 2007 on pages 75 to 124 and the auditors' report thereto on page 126;

- the audited consolidated financial statements prepared based on IFRS as adopted by the European Union as at and for the year ended 31 December 2008, included in the Company's annual report 2008 on pages 77 to 133 and the auditors' report thereto on pages 135 and 136;

- the Company's half year report 2009;

- the press release dated 21 August 2008 "Strong first half year for Boskalis: Sharp increase in net profit";

- the trading update for Q3 2009; and

- Smit's half year report 2009.

The audited consolidated financial statements in each case comprise the consolidated balance sheet, consolidated income statement, consolidated statement of cash flows, accounting policies/principles, explanatory notes and independent auditors' report thereto.

These documents can be obtained free of charge from Boskalis at its Investor Relations department (+31 78 696 9310) within 12 months of the date of this Prospectus and on Boskalis' website at www.boskalis.com.

If, prior to the commencement of trading of the New Shares on Euronext, a significant new development occurs in relation to the information contained in this Prospectus or a material mistake or inaccuracy is found in this Prospectus that may affect the assessment of the Ordinary Shares, a supplement to this Prospectus will be published, which is to be approved by the AFM, in accordance with article 5:23 of the Financial Supervision Act.

Statements contained in any such supplement (or contained in any document incorporated by reference into such supplement) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document that is incorporated by reference into this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Prospective investors should rely only on the information that is provided in this Prospectus or incorporated by reference into this Prospectus. No other documents and information, including the contents of Boskalis' website (available at www.boskalis.com) or of websites accessible from hyperlinks on Boskalis' website, form part of, or are incorporated by reference into, this Prospectus.

### 3.4 Forward-looking statements

The Company has made forward-looking statements in this Prospectus, for example in the sections entitled "Business Overview" and "Operating and Financial Review", that are based on its beliefs and assumptions and on information currently available to the Company. Forward-looking statements include, without limitation, statements concerning the expected future turnover, results of operations, cost synergies, business strategies, financing plans, competitive position, potential growth opportunities and potential operating performance improvements. Forward-looking statements include all statements that are not historical facts and may be identified by the use of forward-looking terminology such as the words “believe”, “expect”, “plan”, “intend”, “anticipate”, “estimate”, “seek”, “potential”, “continue”, “may”, “will”, “should”, “could” or the negative of these terms or similar expressions.

Forward-looking statements involve risks, uncertainties and assumptions. Investors should not place undue reliance on any forward-looking statements. Other than as required by applicable law or the applicable rules of any exchange on which the Company’s securities may be listed, the Company has no intention or obligation to update forward-looking statements after the distribution of this Prospectus.

### 3.5 Enforcement of civil liabilities

The ability of a Shareholder outside of the Netherlands to bring an action against the Company may be limited under law. The Company is a public limited liability company incorporated under the laws of the Netherlands. The rights of holders of Shares are governed by Dutch law and by the Articles of Association. These rights differ from the rights of shareholders in typical US corporations and some other non-Dutch corporations. It may be difficult for a Shareholder outside the Netherlands to prevail in a claim against the Company or to enforce liabilities predicated upon non-Dutch securities laws.

A Shareholder outside of the Netherlands may not be able to enforce a judgement against some or all of the directors and the Company’s management. The majority of the directors and the Company’s management are residents of the Netherlands. Consequently, it may not be possible for a Shareholder outside of the Netherlands to effect service of process upon the directors and the Company’s management within such Shareholder’s country of residence. In addition, it may not be possible to enforce against the directors and the Company’s management judgements of courts of such Shareholder’s country of residence based on civil liabilities under that country’s securities laws. There can be no assurance that a Shareholder outside of the Netherlands will be able to enforce any judgements in civil and commercial matters or any judgements under the securities laws of countries other than the Netherlands against the directors or the Company’s management who are residents of the Netherlands or countries other than those in which judgement is made. In addition, Dutch or other courts may not impose civil liability on the directors or the Company’s management in any original action based solely on the foreign securities laws brought against the Company or the directors in a court of competent jurisdiction in the Netherlands or other countries.

### 3.6 Market and industry data

Market and industry data and other statistical information used throughout this Prospectus are based on a number of sources, including independent industry publications, government publications, reports by market research firms or other published independent sources (together the **Independent Sources**). Some data is based on good faith estimates of the Company, which are derived in part from review of internal surveys of the Company, as well as the Independent Sources. Although the Company believes the Independent Sources are reliable, the Company has not independently verified the information and cannot guarantee its accuracy and completeness.

The information in this Prospectus that has been sourced from third parties has been accurately reproduced and, as far as the Company is aware and able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## 4. DIVIDEND AND DIVIDEND POLICY

The main principle underlying the Boskalis dividend policy is to distribute 40% to 50% of the net profit from ordinary operations as dividend. Within the limits imposed by this basic principle for the longer term, Boskalis aims to achieve a stable development of the dividend to its Shareholders. The choice of dividend form (in cash and/or entirely or partly in shares) takes into account the Company's desired balance-sheet structure and the interests of the Shareholders. In light of the current economic conditions, Boskalis has a preference for distributing dividends entirely or partly in shares for the next few years.

The following table sets out details of dividends per Ordinary Share declared by Boskalis in respect of the years indicated:

| As at 31 December | Cash dividend per Ordinary Share in EUR | Stock dividend* |
|---|---|---|
| 2006 | 0.68 | full cash dividend |
| 2007 | 1.19 | full cash dividend |
| 2008 | 1.19 | 1:14.5** |

* Or conversion ratio, if applicable.
** Stock dividend unless Shareholder opted for a cash dividend.

With regard to the 2008 dividend, almost two thirds (64.8%) of the Shareholders have elected the stock dividend. In connection with this, Boskalis issued 3,832,322 new Ordinary Shares.

Payment of any dividend on Ordinary Shares in cash will be made in euro. Dividends on Ordinary Shares will in the case of bearer shares be paid to Shareholders through Euroclear Nederland and credited automatically to Shareholders' accounts. Dividend payments on Ordinary Shares are subject to a withholding tax in the Netherlands. See Chapter 16 "Taxation".

## 5. USE OF PROCEEDS

The net proceeds of the Private Placement and the Accelerated Bookbuild Process after deduction of expenses and selling commissions and applicable taxes (these being approximately EUR 3 million) were approximately EUR 227 million.

The Company intends to use the net proceeds to partly finance the intended public offer for Smit as further described in Chapter 6 “Public offer for Smit” below. In respect of the intended public offer for Smit, the Company and Smit have announced on 25 January 2010 that they have signed a merger protocol for the full merger of the two companies.

## 6. PUBLIC OFFER FOR SMIT

### 6.1 Introduction

The Company and Smit jointly announced on 12 November 2009 that they had in principle reached agreement on the main terms and conditions of a merger between both companies, to be structured by way of the Company making a cash offer for all shares in Smit.

On 25 January 2010, the Company and Smit jointly announced that they had signed a merger protocol in respect of a full merger of the two companies.

On 24 February 2010, the Company and Smit jointly announced the launching of the public offer by the Company for all the issued and outstanding shares in the capital of Smit.

The transaction will be effectuated through an all cash public offer made by Boskalis Holding B.V., an indirectly wholly owned subsidiary of the Company, to all holders of issued and outstanding ordinary shares with a nominal value of EUR 2.30 each (the **Offer Shares**) in the share capital of Smit (the **Offer**).

### 6.2 The Offer

Shareholders tendering their Offer Shares under the public offer will receive an amount in cash of EUR 60 (the **Offer Price**), subject to the Offer being declared unconditional. The Company and Smit have agreed that Smit shall declare a cash interim dividend for the year 2009 of EUR 2.75 per Offer Share and pay this dividend to the shareholders before settlement of the Offer.

### 6.3 Rationale

The business combination will create a world class maritime service provider offering an excellent platform for further growth. The existing business plans will serve as the basis for the further expansion of the combined group and further growth and development of the current activities will be supported. The combined group will have a more balanced profile.

The terminals activities of Smit and the Company's associate Lamnalco will be integrated thereby creating the best positioned global leader in the maritime oil and gas terminal arena. These activities being part of the group including Harbour Towage will create synergies in the area of exchanges, procurement and crewing of vessels.

### 6.4 Financing of the Offer

The Company announced on 15 December 2009 to have committed debt financing in place to finance the Offer, which, together with the Private Placement and the Accelerated Bookbuild Process in the amount of EUR 230 million, will be sufficient to satisfy the obligations of the Boskalis Holding B.V. under the Offer.

### 6.5 Conditions

The Offer will be subject to the customary conditions, including but not limited to the following conditions:

- Minimum acceptance condition of 75% (including shares already held by the Company)
- No material adverse change
- Approval of the transaction by the Company's Shareholders

- Approval of the competition authorities

### 6.6 Committed Offer Shares

Delta Lloyd Groep and Janivo Beleggingen, holding respectively approximately 10.4% and 5.9% of the Offer Shares, have irrevocably undertaken to tender all their Offer Shares under the Offer. Together with the Offer Shares currently held by the Company, representing approximately 26.8% of the Offer Shares, approximately 43% of the Offer Shares is already irrevocably committed to the Offer.

### 6.7 Recommendation

The management board and the majority of the supervisory board of Smit support the Offer and recommend the Offer to the shareholders for acceptance.

### 6.8 Timing

The transaction is expected to be implemented during the first half of 2010.

### 6.9 Employees

It is envisaged that the consummation of the Offer will not result in significant forced redundancies on a combined group-wide basis. It is the strong intention of the Company and Smit to avoid forced lay-offs and to redeploy “surplus employees” (*overcomplete medewerkers*) within the new combination. The integration of (staff) departments and other restructurings within the combined group will be done on the basis of “the best person for the job”, thereby adhering to the principle of proportionality (*afspiegelingsprincipe*).

### 6.10 Delisting

Should the Offer be declared unconditional (*gestanddoening*) it is intended that Smit’s listing on Euronext Amsterdam will be terminated as soon as possible after the Offer being declared unconditional. Delisting may be achieved on the basis of 95% or more of the issued share capital of Smit having been acquired by the Boskalis Holding B.V. or on the basis of a legal merger.

## 7. BUSINESS OVERVIEW

### 7.1 Introduction

Boskalis is a leading global services provider operating in the dredging, maritime infrastructure and maritime services sectors. Boskalis provides creative and innovative all-round solutions to infrastructural challenges in the maritime, coastal and delta regions of the world. Boskalis' operations are broadly spread across all continents and three market segments, giving the Company a stable foundation, the flexibility to capture a wide range of projects and excellent prospects for balanced growth.

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

- Boskalis' main product segment is Dredging and Earthmoving, which includes port development, pipeline intervention activities, land reclamation, and coastal and riverbank protection.

- Boskalis' second product segment is Maritime Infrastructure, which Boskalis is involved in through its strategic partnership with Archirodon, a leading contractor in this sector.

- The third product segment is Maritime and Terminal Services, through Boskalis' strategic partnership with Lamnalco, one of the world's leading suppliers of maritime terminal services to the oil and gas industry.

Boskalis' worldwide spread reaches across all geographic and industrial sectors and demand for the Company's services is driven by a clear set of global trends: growth in global trade, growing energy consumption, growth in world population and climate change.

Boskalis combines strong "home market" positions in various countries with a diverse, global network of regional market positions, making it both a local and a global competitor. The Company has strong positions in markets across Europe, Australia, Asia, Africa, South America and the Middle East.

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

Boskalis continually invests in its versatile fleet, which currently consists of over 300 vessels. Including its share in partnerships, Boskalis has in excess of 10,000 employees and operates in over 50 countries across five continents.

### 7.2 History

In just over a century, Boskalis has grown from a local dredger in Sliedrecht, the Netherlands, into an international market leader. The most important events of Boskalis are set out below:

- 1910: the origins

The origins of Boskalis go back to the 19th century. The first chapter of the Company's history began in the early 20th century in Sliedrecht, the birthplace of the Dutch dredging industry. It was there that a group of families set up a new dredging business in 1910. The official establishment of Boskalis was a fact.

- 1914-1930: The Zuyder Zee project

After the First World War came the first significant development for the dredging industry as a whole: the Zuyder Zee project. This was a new step forward in the historical struggle against the sea. Boskalis was among the contractors whose skills, inventiveness and equipment were to be pushed to the utmost.

- 1930-1970: International expansion and the Delta project

The once small dredging company enjoyed steady growth in the 1930s, both in the Netherlands and abroad. The establishment of the Westminster Dredging Company Ltd in the UK was a major factor here. It led to the involvement of Boskalis in major land reclamation projects in West Africa. In the 1950s, both contractors were at work in Australia, Canada, Middle East and elsewhere in the world.

Meanwhile, in the Netherlands, Boskalis was a player in a major coastal protection scheme designed to protect the low-lying Netherlands from the ravages of the North Sea. These "Delta Works" were initiated following the disastrous floods of 1953. The scale of the works, in particular the giant storm surge barrier in the Eastern Scheldt estuary, was unprecedented. During the project, Boskalis developed numerous refined, complex techniques. Global demand for them continued to expand.

- 1970-1980: Royal recognition

In 1972 the Company was listed on the Amsterdam stock exchange, now Euronext Amsterdam by NYSE Euronext and, in 1978, the achievements of the Company were recognised with the addition of the Royal prefix to the Boskalis name.

- 1980-1990: Takeovers and a return to core activities

Economic and political conditions led Boskalis to concentrate on its core activities: dredging and dredging-related work. The Company has since developed into a versatile and widely recognised player on the global dredging market. Its strong market position is partly the result of the acquisition of some well-established dredging companies: Breejenbout (in 1985) and Zanen Verstoep (in 1988).

- 1990-2000: More takeovers and land reclamation in Asia

More acquisitions followed in the 1990s: in the Netherlands (Baggermij Holland), Germany (Heinrich Hirdes), Finland (Terramare, Juslenius), Sweden (the Skanska dredging activities) and Portugal (Dragapor). Boskalis also acquired PVW's dredging equipment in the United Kingdom and the Mexican state-owned dredging fleet, as well as a 40% holding in Archirodon Group N.V.

At that time, Boskalis' expertise was also in much demand in Hong Kong, with the Company being active in the major land reclamation project for the new airport of Chek Lap Kok. Boskalis is also engaged in a multi-year development program in Singapore.

- The 21st century: growth and maintenance of market leadership

In the new millennium, the Company and its subsidiaries (the **Group**) globally remain as dynamic as ever and act with the decisiveness needed to maintain a leading role in the highly competitive global dredging market.

In late 2003, Boskalis improved its market position in the area of soil improvement activities by the acquisition of the Cofra group of companies which are leading in the business of vertical drainage and foundation engineering. Boskalis is the full owner of this group of companies. The most recent Boskalis acquisitions were the dredging activities of the Finnish company Wasa and the Dutch company Blankevoort in 2006.

### 7.3 Key strengths

Boskalis realises that being one of the largest players is not enough on its own. Therefore, Boskalis strives to distinguish itself in certain key areas whereby it has a clear edge in several of these.

- Home market strength – Some 24% of Boskalis' revenue is achieved in its home markets, where Boskalis' fixed presence, local employees and locally based equipment ensure a steady flow of contracts and, in certain cases, provide Boskalis with a unique competitive position.

- Balanced and diverse portfolio – Boskalis' structure allows it to balance its global reach and leadership with local strength and continuity. Boskalis' contracting policy is geared to achieving a good geographical spread of services and its broad range of services meets a wide range of client needs.

- Market focus – Boskalis conducts detailed market research to understand shifts in the demands of its customers and adjusts its services accordingly. By listening to their changing needs, Boskalis becomes involved in projects at an earlier stage and is considered a trusted and experienced partner.

- Industry-leading expertise – Boskalis aims for the highest level of professionalism and managerial and technical expertise and invests in achieving that. Boskalis attracts the best people and trains them to the highest level in order to retain its leadership position in the product segment Dredging and Earthmoving. Boskalis is also renowned for its highly innovative approach to, and expert knowledge of, environmentally-friendly dredging solutions and its commitment to meeting the highest standards of safety, health, environment and quality assurance is second to none.

These factors have helped Boskalis building a unique competitive position as an international maritime and dredging contractor with the right knowledge and ability to tackle the most complex projects.

### 7.4 Strategy

Boskalis' strategy is aimed at being prepared for the opportunities and challenges the Company faces as a leader in a global and dynamic market. Boskalis will build its future success on its current strengths and leadership position in specific market segments.

Boskalis' focus, reinforce and expand strategy is based on:

- profitable growth in attractive market segments; and

- reinforcing and expanding the core business.

Global trends will continue to drive the structural long-term growth of the markets Boskalis operates in. These trends include: the development of global trade, rising energy consumption and transport of LNG, expanding population pressures and the challenges presented by climate change.

The three market segments Boskalis operates in – oil and gas, ports and land reclamation and coastal protection – capitalise on these key global trends. As these global developments will continue to drive the long-term outlook for new coastal and marine infrastructure projects, Boskalis is uniquely positioned to continue delivering value to its Shareholders.

***Building for the long term: Value-driven growth strategies***

*Focus on attractive market segments*

Global trends and market development indicate that there is room for sustained growth provided that Boskalis can take advantage of changing customer needs. Boskalis' focus on being a leading provider of integrated infrastructure and maritime services is intrinsically linked to the Company's understanding of the market.

In 2008, Boskalis conducted a detailed global survey of its most important customers and industry experts in the three market segments in which it operates. This provided invaluable intelligence to help ensure that Boskalis' corporate strategy remains aligned to market requirements.

The survey confirms that customers within these segments are demanding more from Boskalis. Instead of maintaining a traditional product-oriented focus, the Company is now shifting to a market and value-based strategy. Boskalis' customers have indicated that they increasingly expect:

- early contractor involvement (feasibility and engineering);
- support in financing;
- assistance in project realisation (management and technical);
- responsibility as main contractor; and
- a wider and more comprehensive product range.

While there are still customers who have not changed their approach and continue to take a single discipline view of projects, Boskalis is seeing a growing number of customers who require an integrated, multidisciplinary approach.

Boskalis aims to offer solutions and services that suit both types of customers, based on a thorough understanding of their needs and the factors that affect them. Boskalis will therefore grow its business in step with the changing demands of its customers. In doing so, the Company will focus on markets with relatively high growth and earnings potential and will broaden its portfolio towards higher value-adding activities.

Boskalis will increasingly focus its business portfolio on three distinct sectors of the marine infrastructure market, namely:

- oil and gas;
- ports; and
- land reclamation and coastal protection.

*Reinforcing and expanding Boskalis' core business*

Boskalis will focus on markets with higher growth and earnings potential, broadening its portfolio towards higher value-adding activities via organic growth, performance improvement and selective contracting. Boskalis is well positioned to take advantage of changing customer demands. The

Company’s strategic opportunities lie in developing a complete service offering. This requires a strategy aimed at reinforcing its core business and expanding associated disciplines.

Key elements in Boskalis’ strategy are:

- Reinforcing the core:
    - building on the Company’s leadership position;
    - improving the competitive position of its core activities.
- Expanding the core:
    - expanding engineering and marine civil engineering activities; and
    - accelerating growth of maritime and terminal services.

Acquisitions and alliances provide additional opportunities for taking Boskalis to the next level. Boskalis has the capacity for investments and acquisitions thanks to its stable, sound financial policy, robust financing structure and strong operational cash flow.

***Building for the short term***

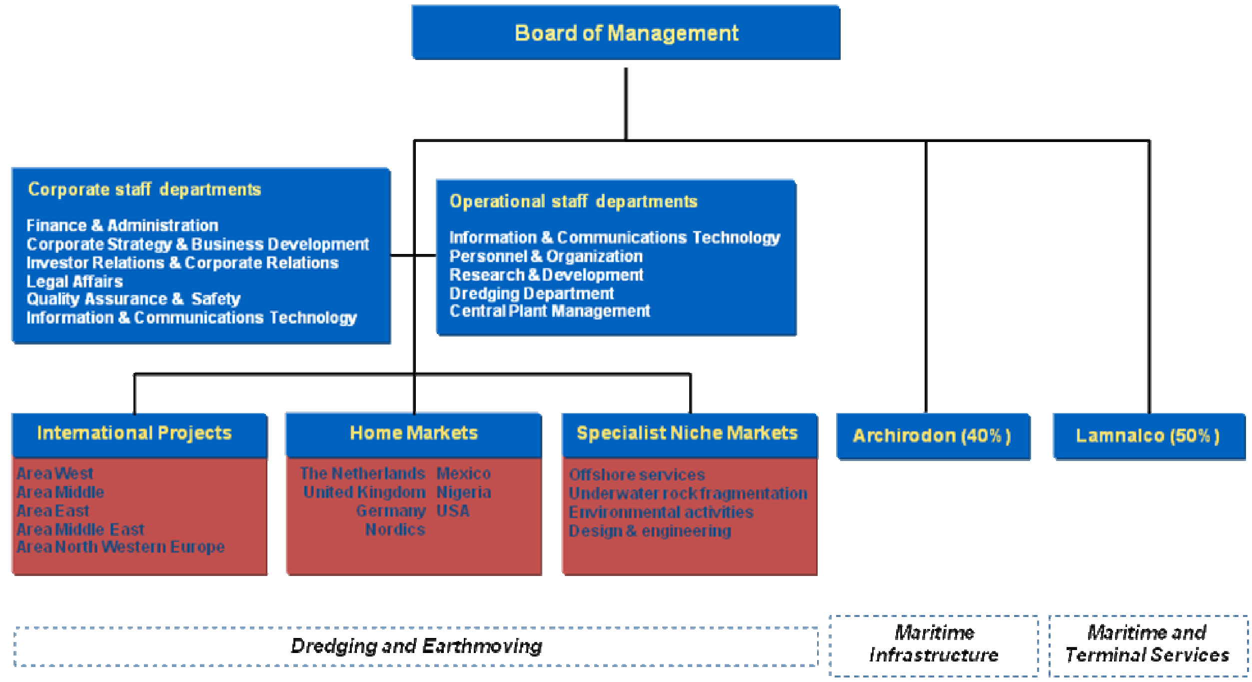
While being guided by this roadmap of long-term fundamentals, Boskalis also needs to be proactive and flexible to deal with short-term market factors. The capital expenditure program the Company has embarked upon is designed to ensure it has the right capacity to meet specific market demand. In the current challenging market conditions Boskalis believes that it is of crucial importance to have the right vessels in the right place at the right time. It is also essential that Boskalis continues to optimise its combination of global strength with local expertise through its home markets.

***Conclusion***

Looking ahead, Boskalis is confident that its strategy will enable it to expand its business, increase its ability to take on a wide variety of projects and maintain its long-term profitability.

### 7.5 Core activities and organisational structure

Boskalis has three product segments. Boskalis’ main product segment is Dredging and Earthmoving, including the construction and maintenance of ports and waterways, land reclamation, coastal defence and riverbank protection. Boskalis’ second product segment is Maritime Infrastructure, which Boskalis is involved in through its strategic partnership with Archirodon, a leading contractor in this sector. The third product segment is Maritime and Terminal Services, through Boskalis’ strategic partnership with Lamnalco, one of the world’s leading suppliers of oil and gas marine terminal services.




***Product segment: Dredging and Earthmoving***

Dredging and Earthmoving is the core activity of Boskalis. In 2008 this product segment reported a revenue of EUR 1,820 million, representing some 87% of Boskalis' total revenue (2007: EUR 1,629 million and 87%, 2006: EUR 1,170 million and 87%).

The activities of this product segment comprise:

- construction and maintenance of ports and waterways;
- creation of land in water;
- coastal defence and riverbank protection;
- dry earth-moving;
- offshore services for the oil and gas industry;
- sand and gravel trading;
- environmental contracting;
- soil improvement techniques; and
- underwater rock fragmentation.

Boskalis' dredging and earthmoving activities are closely linked to all three of its market segments: oil and gas, ports and land reclamation and coastal protection.

*Market share*

The international dredging and earthmoving market distinguishes between the "open markets", where international companies compete for contracts, and "closed" markets, where dredging work is primarily performed by local private or state-owned companies and regulatory or political barriers often restrict access for international contractors.

Boskalis is a leading global player in the open markets, which generate an annual revenue of approximately EUR 7-8 billion. These markets are mainly served by four European dredging companies, who together account for 70-80% of the revenue. Boskalis is one of these, with an estimated share of the open markets of around 20-25%. The remaining 20-30% of "free revenue" is achieved by a wide range of smaller regional and local players. The extensive deregulation of global trade over the past decade has resulted in almost all dredging contracts being put to tender in the open market. Large professional dredging and maritime contractors, such as Boskalis, are benefiting due to their ability to offer economies of scale and a high degree of efficiency.

*Activity focus*

The dredging and earthmoving services focus on the following activities:

- Home markets, which are characterised by a permanent presence and frequently have their own equipment locally. Boskalis holds home-market positions in Europe (the Netherlands, United Kingdom, Germany and the Nordic countries) and outside Europe (Mexico and Nigeria).

- International projects, whereby an organisation around a specific project is set up and which is subsequently dismantled upon completion. Projects are equipped and manned from Boskalis' central fleet and staff pools. In certain countries Boskalis has managed to secure a steady stream of international projects and therefore holds a well-established position. These countries, including for example Bahrain and Australia, share certain home market characteristics.

- Specialist niche services, which are supplied by Group companies including:

    - Boskalis Offshore, specialised in offshore earthmoving for the oil and gas industry. Activities include deep-water dredging, trenching, rock and sand placement and other intervention work.

    - Boskalis Dolman, specialised in processing and handling mineral waste and soil and waterbed remediation.

    - Cofra, specialised in the use of geosynthetics for civil engineering and soil improvement.

    - Rock Fall, specialised in underwater rock fragmentation, including drilling, blasting and explosives engineering.

*Barriers to entry*

The product segment Dredging and Earthmoving has high entry barriers, with any company aiming to compete with the world's largest operators needing to match those operators in scale, flexibility of fleet, professionalism of staff, innovative drive, cost leadership and financial strength.

*Competitive position*

Boskalis, being one of the largest players, strives to distinguish itself in key areas. Boskalis has a clear edge in several of these:

- Home market strength. Some 24% of Boskalis' 2008 revenue is achieved in its home markets, where its fixed presence, local employees and locally based equipment ensure a steady flow of contracts and, in certain cases, provide Boskalis with a unique competitive position.

- Balanced and diverse portfolio. Boskalis' structure allows the Company to balance its global reach and leadership with local strength and continuity. Boskalis' contracting policy is geared to achieving a good geographical spread of services, and its broad range of services meets a wide range of client needs.

- Market focus. Boskalis conducts detailed market research to understand shifts in the demands of its customers and the Company adjust its services accordingly. By listening to their changing needs, Boskalis becomes involved in projects at an earlier stage and are considered a trusted and experienced partner.

- Industry-leading expertise. Boskalis aims for the highest levels of professionalism and managerial and technical expertise and invest in achieving them. The Company attracts the best people and trains them to the highest levels in order to retain Boskalis' leadership in this product segment. Boskalis is also renowned for its highly innovative approach to and expert knowledge of environmentally-friendly dredging solutions, and its commitment to meeting the highest standards of safety, health, environment and quality assurance.

These factors have helped Boskalis to build a unique competitive position as an international maritime and dredging contractor, with the right knowledge and ability to tackle the most complex projects.

***Product segment: Maritime Infrastructure***

In 2008 this product segment reported a revenue of EUR 214 million, representing some 10% of Boskalis' total revenue (2007: EUR 188 million and 10%, 2006: EUR 141 million and 10%).

Boskalis' expertise in integrated marine infrastructure services has lead to its growing role in this product segment. Boskalis' partner company Archirodon, in which Boskalis holds a 40% ownership, is a leading international group in the maritime engineering, procurement and construction market.

The activities executed by Archirodon in this product segment comprise:

- maritime construction, including quay walls, jetties, breakwaters, and oil and gas terminals;

- construction of maritime infrastructure-related facilities, including water purification systems, sewer systems, dams and bridges; and

- industrial construction including power stations, desalination plants and pumping stations.

Boskalis' maritime infrastructure business is closely linked to the market segments oil and gas, ports and land reclamation and coastal protection.

*Archirodon's strength*

Established almost fifty years ago, Archirodon has extensive expertise in the area of engineering and construction, and an excellent track record on complex, multidisciplinary projects. Alongside its operations in the maritime and offshore segments, Archirodon is an all-round player in the markets for civil infrastructure and industrial facilities.

The company focuses mainly on the Middle East and North Africa. The population of the countries in the Gulf Cooperation Council has doubled in the last 20 years and this development calls for a very wide range of infrastructure projects, particularly those aimed at expediting trade through the region's maritime gateways. Growth in this market is being fuelled by the region's continued strength in the world energy markets, but also by widespread efforts in the Gulf region to reduce dependence on oil and gas revenues.

*Areas of expertise*

Archirodon has a selective contracting policy. The company focuses specifically on its own areas of expertise and on clients with whom it has longstanding relationships. Like Boskalis, Archirodon has renowned in-house engineering capabilities which help the company create innovative solutions for customer needs and meet their requirements in full.

Archirodon is involved in many landmark projects throughout the Middle East and North Africa. In the maritime infrastructure sector, the company has been responsible for the construction of various ports, container terminals, berths, oil and gas terminals, piers and jetties.

The company currently employs more than 10,000 people and has a network of offices and branches in the Middle East and other regions. High productivity and quality work are achieved by combining these human resources with large, carefully maintained modern equipment, including dredgers, floating cranes, barges, tugs, jack-up platforms, pipe-laying machines, geotechnical equipment and land-based machinery. Three central facility yards in Jeddah (Saudi Arabia), Ajman (United Arab Emirates.) and Cyprus provide production facilities as well as carrying out maintenance and repairs on the heavy equipment.

*Synergies*

Archirodon has a strong and established position in the Middle East and is well positioned to take advantage of the ongoing infrastructure investments in the region. Even though Archirodon and Boskalis operate independently in the market, there are many examples of successful cooperation between the two on complex infrastructure projects where their combined, complementary maritime strengths gives them a competitive edge.

***Product segment: Maritime and Terminal Services***

In 2008 this product segment reported a revenue of EUR 60 million, representing some 3% of Boskalis' total revenue (2007: EUR 52 million and 3%, 2006: EUR 43 million and 3%).

Thanks to Boskalis' expertise in integrated marine infrastructure services the Company is playing a growing role in this segment. Boskalis' partner company Lamnalco, in which the Company holds a 50% share, is a leader in the fast-growing market for maritime services to oil and gas terminals. Together Boskalis is well positioned to benefit throughout the value chain from this growing demand.

The services provided by Lamnalco of this product segment comprise:

- berthing / unberthing of LNG, LPG, crude and product tankers calling at jetties and floating (production) storage and offloading (FPSO / FSO) systems;
- marine terminal management services and traffic scheduling;
- provision of specialist personnel: pilots, mooring masters, dive maintenance teams and site superintendents;
- surface and subsurface maintenance operations at jetties and catenary anchor leg mooring buoys (CALM buoys);

- provision of logistics and supply bases to support offshore operations on remote terminal locations.

The maritime and terminal services market is closely linked to Boskalis' oil and gas market segment. This segment is characterised by strong growth, primarily driven by the rise in global demand for energy and LNG in particular.

LNG-exporting countries such as Russia, Australia, Iran, Qatar, Saudi Arabia and Angola are developing and expanding their ports and planning new onshore and offshore export terminals. Importing countries in Asia, Europe and the Americas also have plans for new facilities.

*Lamnalco's strength*

Established in 1963, Lamnalco provides specialised equipment and support to oil and gas terminals and ports around the world.

With its head office in Sharjah (United Arab Emirates) and branch offices in thirteen countries, Lamnalco operates on an international scale, holding particularly strong positions in the Middle East and West Africa. Since its establishment, a key aspect of Lamnalco's strategy has been to develop long-term partnerships (between five and twenty years) with its clients and with the communities in which it operates. Another important part of Lamnalco's corporate philosophy is to collaborate with a range of local companies.

*Areas of expertise*

The growing market requires excellent performance standards, highly specialised technical equipment and stringent quality monitoring – all of which Lamnalco successfully provides through the development and application of its comprehensive operations management system (OMS). The operations management system (OMS) is subject to external verification by the Classification Society and incorporates the highest international standards for quality (ISO 9000), safety (IMO International Safety Management Code), environmental protection (ISO 14000) and offshore operations (IMCA).

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

To ensure the safe and efficient transport of customers' cargoes, Lamnalco provides highly skilled marine pilots, tug crews and maintenance teams. Lamnalco is also committed to the ongoing training of its staff. By focusing on the development of its employees, Lamnalco ensures the highest standards of operations are maintained.

The experienced personnel are equipped with the most modern fleet of marine equipment in the industry, consisting of 75 vessels with an average age of only four years. In 2008 Lamnalco's new build program consisted of thirteen vessels, including five M-Class offshore support vessels and four terminal tugs. The four tugs are deployed in the Yemen LNG terminal that started operations in early 2009. Lamnalco has extended its new build program with the procurement of more than ten vessels to entertain the start of a new contract in Novorossiysk, Russia, in the second half of 2010.

The fleet handles over 10,000 movements a year, in locations ranging from the Dalia Floating Production facility 135 km off the coast of Angola, to the historic Red Sea Port of Aqaba. The majority of the fleet are sophisticated and highly manoeuvrable terminal support vessels ranging in size from 25 tonnes bollard pull to 95 tonnes bollard pull. An in-house technical team of engineers and project managers develops new vessel designs and manages the ongoing fleet development program, ensuring Lamnalco remains at the forefront of its market.

*Synergies*

The growth in energy markets promises to generate a lot of work for both Lamnalco and Boskalis in the years ahead. The partnership with Lamnalco enables Boskalis to offer a wide range of maritime and terminal services to its customers in the oil and gas sector. Boskalis' ability to offer a complete solution to the infrastructure challenges faced by its clients in the oil and gas industry is a unique value proposition. The two companies benefit from shared expertise in the oil and gas sector and the ability to leverage synergies between their operations. Although both companies operate in different phases of the energy sector supply chain, Boskalis and Lamnalco can share intelligence and business networks and thereby opening up early leads for opportunities in new locations and regions.

## 7.6 Market segments

Boskalis will increasingly focus its business portfolio on three distinct segments of the marine infrastructure market: oil and gas, ports and land reclamation and coastal protection.

***Market segment: Oil and gas***

The oil and gas market segment is primarily driven by growing global energy consumption and, allied to this, growing world trade and global population growth. Global demand for energy is rising fast, with current requirement levels expected to increase 50% by 2030. This means that Boskalis sees strong growth potential in the medium to long term in the oil and gas market segment.

In all 40% of Boskalis' corporate revenue is generated by projects related to the energy sector and the Company expects the importance of this segment to increase. Boskalis' expertise in this area, enhanced by its offshore dredging know-how, the maritime and terminal services of Boskalis' partner company Lamnalco and its marine infrastructure partner company Archirodon, is helping Boskalis to maximise opportunities for growth.

Boskalis facilitates the transport of oil and gas in a number of ways:

- Boskalis' dredging expertise is helping to reclaim land for the construction of LNG plants on the shoreline and also to create the access channels and quays needed to accommodate ever larger LNG carriers. Boskalis' projects in Western Australia (Gorgon), Qatar (Ras Laffan) and Angola (Soyo) are recent examples of its involvement in LNG terminal development.

- Offshore earthmoving, i.e. deep-water dredging, trenching, rock and sand placement, and other pipeline, platform and wellhead interventions (e.g. Taiwan, India, the Netherlands).

- Maritime and terminal services to oil and gas terminals to cater for the increased demand for landside LNG export terminals such as the LNG export terminal for Total in Yemen, and increased FPSO activities.

Boskalis' work in this segment is evenly spread across all continents and includes developed markets as well as emerging economies like Brazil, Russia and India. This growing market requires excellent performance standards, highly specialised technical equipment, stringent quality monitoring and the ability to deliver projects according to strict deadlines. The outcome of Boskalis' customer survey shows that oil and gas customers are focusing mainly on total project and life-cycle costs, which they know can be reduced by involving contractors at an early stage. To do this, they need to work with contractors who can offer a fully integrated range of infrastructure and maritime services, including project management. Its broad range of services makes Boskalis a trusted partner in this complex and strategically important market segment.

***Market segment: Ports***

The market segment ports is driven by the trade flows resulting from growing energy consumption and global population growth.

Although the short-term outlook for world trade growth was weaker in 2008 and 2009, the underlying long-term fundamentals for continued growth and subsequent structural demand for global port capacity remain positive. Port facilities, ranging from general cargo and bulk product ports through to sophisticated container terminals, are being planned all over the world, in the shape of both greenfield investments and expansion of existing capacity.

Helping ports meet this demand remains a core element of Boskalis' business. Port development is a fast changing industry, with a high degree of consolidation and the emergence of powerful private-sector operators.

Given the above, the approach taken to port development is also changing. Early contractor involvement in the design and planning of projects is increasingly sought. Contractors, which can add value by operating as a main contractor and offering integrated, multidisciplinary services, have a competitive edge. As in the oil and gas sector, comprehensive contracts comprising design, procurement and construction are increasingly common.

Boskalis has responded successfully to this changing demand, in projects such as Maasvlakte 2 in Rotterdam (the Netherlands) and Khalifa Port in Abu Dhabi (United Arab Emirates). Examples of the many services Boskalis is able to offer its customers in port development projects include dredging, land reclamation and construction of breakwaters, quay walls, jetties and bridges. The expertise and know-how of its specialist in-house engineering unit Hydronamic and its partner company Archirodon are critical in this type of project. In this market segment it is customary to demand compliance with the highest safety and environmental standards. Strict timeframes often also apply to bringing strategically vital capacity on stream. Its scale and ability to work to the very highest international standards therefore provide Boskalis with a critical competitive advantage in this market segment.

***Market segment: Land reclamation and coastal protection***

The market segment land reclamation and coastal protection is driven by global population growth and the effects of climate change.

A fundamental and long-term trend in the world today is the rapid population and economic growth occurring in urban coastal areas, particularly in Asia. The United Nations predict that 93% of the world's population growth will occur in the urban areas of less developed regions, most notably China, India and Africa. Much of this growth will be in coastal areas. But rapid growth is also occurring in coastal areas of more developed regions, such as the Gulf States, Japan, Hong Kong and Singapore. All of these areas need to expand and develop their infrastructure, for industrial, residential and recreational purposes. In many cases, especially in areas that have reached their natural capacity, new land is needed.

One way to increase capacity is to reclaim land from the sea. Where land is scarce, such as in Hong Kong and Singapore, airports, container ports and petrochemical terminals have been built on reclaimed land. Even in greenfield projects where overcrowding is not a factor, reclaimed land is often the best alternative, especially in port development projects where deep water and proximity to the open ocean carry critical advantages.

As coastal areas become more developed and economically important, the need to protect them from the effects of climate change intensifies. The growing incidence of extreme weather conditions around the world is placing an increasing emphasis on protecting coastal areas from rising sea levels and natural disasters such as hurricanes and tsunamis. These factors require investment in sophisticated and large-scale sea defences – another area in which Boskalis has extensive expertise.

For example, the island of Vilufushi in the Maldives was completely destroyed in the 2004 tsunami. Boskalis undertook the challenge of completely rebuilding the island, at the same time increasing the size of the island by filling the shallow reef around it. Boskalis also has ongoing coastal protection work in the Netherlands and the United Kingdom and it recently completed a coastal regeneration project in Newbiggin in the United Kingdom (also see www.boskalis.com/vervolg_investor.php?pageID=2948).

In addition, preventative measures are being undertaken by governments and private enterprises all over the world, in areas threatened by hurricanes, floods and rising sea levels.

### 7.7 Research and development

Technical innovation lies at the heart of Boskalis' activities. Boskalis' clients look to the Company to find cutting edge solutions to meet their specific requirements. Its technological expertise also enables Boskalis to further improve its efficiency and develop cost-effective work methods. Its state-of-the-art know-how and technical abilities keep Boskalis at the forefront of its industry and give Boskalis an edge over its competitors.

### 7.8 Information and communication technology (ICT)

Boskalis continues to build on advances in ICT systems and processes to increase efficiency and knowledge sharing across its global operations. Advances in ICT are providing us with the tools necessary to tackle larger and more complex projects. ICT will be integrated even further with the rest of the business. Standardising and centralising information, systems and processes increases efficiency and productivity and allows for better knowledge sharing across the Company.

### 7.9 Equipment

Continued high demand for Boskalis' services means that care in both planning and logistics is required to ensure the right equipment is available and in a good technical condition wherever and whenever it is needed. Boskalis' priority is to ensure its large and diverse fleet is in good working order and maintained in a cost-effective way. To this end Boskalis introduced a value-driven maintenance management tool, which was successfully piloted on five ships and has been rolled out to the entire fleet.

***Fleet overview***

| | |
|---|---|
| 8 trailing suction hopper dredgers<br>hopper capacity > 6,000m3 | 80 + 32* hopper and transportation barges<br>hopper capacity from 300 to 2,336m3 |
| 18 + 3* trailing suction hopper dredgers<br>hopper capacity < 6,000m3 | 21 + 1* backhoes<br>bucket capacity from 1.4 to 22m3 |
| 4 (self-propelled) seagoing cutter suction dredgers<br>total installed power from 12,904 to 15,871kW | 79 + 207* launches, tugs, supply and house boats<br>propulsion powers from 30 to 4,412kW |
| 22 + 10* cutter suction dredgers<br>total installed power from 257 to 9,262kW | 14 + 4* floating grab cranes ("grab dredgers")<br>grab capacities from 1.2 to 9.2m3 |
| 6 +27* floating hoisting pontoons<br>hoisting capacities from 10 to 270t | 4 barge unloading dredgers<br>total installed power from 1,650 to 4,300kW |

| | |
|---|---|
| 1 bucket dredger<br>bucket capacity of 900l | 6 suction dredgers<br>total installed power from 656 to 4,050kW |
| 22 + 3* booster stations<br>total installed power from 390 to 6,150kW | 2 stone placing vessels<br>capacity from 700 to 1,400t |
| 5 + 1* screeder pontoons<br>for waterbed protection (clay and stone) | 16 + 38* work boats<br>propulsion power from 133 to 918kW |
| 1 environmental disc cutter | 5 + 3* drill barges |
| 6 + 38* stone transportation barges<br>capacity from 120 to 2,000t | 1 + 1* dynamically positioned fallpipe vessels<br>capacity from 17,000 to 18,500t |

* Owned by (non-controlled) associated companies.

In addition to the equipment shown in the table, 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 pillars, fillings installations for shore protection mattresses, fixed land pipelines and various pontoons.

***Fleet Management***

"Value Driven Maintenance" is a new cost-efficient way of managing and coordinating the maintenance of Boskalis' fleet. With the aid of the Value Driven Maintenance system "Maximo" Boskalis can predict when essential maintenance needs to be carried out. Knowing this in advance means Boskalis can make sure it has the right people and the right parts on board at the right time. In 2009 Boskalis started to upgrade the Maximo purchasing system. A pilot with the new version of Maximo started on board the trailing suction hopper dredger Oranje in January 2010 and in the course of 2010 Maximo will be rolled out across Boskalis' fleet and home markets.

### 7.10 Material contracts

The following contracts are the only contracts (not being contracts entered into in the ordinary course of business) that have been entered into by any member of Boskalis within the two years immediately preceding the date of this Prospectus which are material or which have been entered into by any member of Boskalis at any other time and which contain provisions under which any member of Boskalis has an obligation or entitlement that is material to Boskalis as at the date of this Prospectus:

In December 2009 Boskalis ensured financing for the intended public offer on Smit. In addition to the EUR 230 million proceeds of the Private Placement and the Accelerated Bookbuild Process, the financing comprises of a combination of a 3- and 5-year bank facility of EUR 650 million in total and a temporary bridge facility of EUR 400 million, for which term sheets have been signed. In the months after the signing of the EUR 650 million bank facility agreement and the EUR 400 million bridge facility agreement (which is expected to occur in the second half of March 2010), the temporary bridge facility of EUR 400 million will be replaced by a permanent debt financing. The facilities were arranged with a group of four banks. The entire financing package will be used to finance the intended acquisition of Smit as well as the refinancing and replacement of Smit's existing bank facilities.

### 7.11 Litigation

Boskalis is involved in legal proceedings related to the nature of its business. Although it is not possible to predict the outcome of these proceedings, or any claim against Boskalis related thereto, in the opinion of the Company, uninsured losses, if any, resulting from the ultimate resolution of these matters should not materially adversely affect Boskalis' business, financial condition or results of operations.

Neither the Company nor any of its subsidiaries is involved in any other litigation or arbitration proceedings (including any such proceedings which are pending or threatened of which it is aware) which have had during the twelve months preceding the date of this Prospectus, or which to the best of the Company's knowledge may have, a material adverse effect on the Company's financial position or profitability.

To the best of the Company's knowledge (in which respect the Company has made reasonable efforts to ascertain that the following is the case), there are not and have not been any governmental, legal or arbitration proceedings, nor is the Company aware of such proceedings threatening or pending, which may have or have had significant effects on the Group's financial position or profitability in the twelve months before the date of this Prospectus.

### 7.12 Insurance

Boskalis has insurances in place that it considers adequate for its worldwide facilities and activities. It arranges certain of these insurance policies at a holding company level for the Group as a whole (property damage / business interruption, general and product liability and directors and officers). In some cases and/or after consultation with Boskalis' risk management department, it is left to the discretion of Group members to arrange such other insurance as they deem appropriate for their businesses.

## 8. SELECTED FINANCIAL DATA

The selected consolidated financial data set out below is that of Boskalis. The selected consolidated financial data should be read in conjunction with the remainder of this Prospectus including (i) the audited financial statements incorporated by reference into this Prospectus, and (ii) the unaudited semi-annual financial statements incorporated by reference into this Prospectus, and (iii) Chapter 9 "Operating and Financial Review" in this Prospectus. The year-end consolidated financial data is extracted from Boskalis' consolidated financial statements that have been audited by KPMG Accountants N.V., Boskalis' independent auditors. The financial statements and accounts from which the selected consolidated financial data set forth below has been derived were prepared based on IFRS as adopted by the European Union. See also Chapter 3.2 "Important Information - Presentation of financial and other information". The selected consolidated financial data set out below may not contain all of the information that is important to investors.

| (in millions of euros) | **End first half year (unaudited)** | | **As at 31 December (audited)** | | |
|---|---|---|---|---|---|
| | **2009** | **2008** | **2008** | **2007** | **2006** |
| **Summarised consolidated balance sheet** | | | | | |
| Non-current assets | | | | | |
| Intangible assets | 22.5 | 6.1 | 19.4 | 3.5 | 2.2 |
| Property, plant and equipment | 1,061.9 | 856.9 | 979.3 | 857.4 | 721.9 |
| Other non-current assets | 261.9 | 19.0 | 233.5 | 17.6 | 20.7 |
| | 1,346.3 | 882.0 | 1,232.2 | 878.5 | 744.8 |
| Current assets | | | | | |
| Inventories and receivables | 832.2 | 925.8 | 910.8 | 969.7 | 623.3 |
| Cash and cash equivalents | 372.0 | 440.9 | 408.4 | 351.9 | 215.8 |
| | 1,204.2 | 1,366.7 | 1,319.2 | 1,321.6 | 839.1 |
| **Total assets** | 2,550.5 | 2,248.7 | 2,551.4 | 2,200.1 | 1,583.9 |
| Group equity | | | | | |
| Shareholder's equity | 930.5 | 887.5 | 860.1 | 768.1 | 618.6 |
| Minority interests | 9.0 | 6.9 | 7.6 | 8.7 | 6.0 |
| | 939.5 | 894.4 | 867.7 | 776.8 | 624.6 |
| Liabilities | | | | | |
| Non-current liabilities | 133.6 | 114.0 | 100.2 | 113.9 | 118.1 |
| Current liabilities | 1,477.4 | 1,240.3 | 1,583.5 | 1,309.4 | 841.2 |
| | 1,611.0 | 1,354.3 | 1,683.7 | 1,423.3 | 959.3 |
| **Total group equity and liabilities** | 2,550.5 | 2,248.7 | 2,551.4 | 2,200.1 | 1,583.9 |

| (in millions of euros) | First half year (unaudited) 2009 | 2008 | Year (audited) 2008 | 2007 | 2006 |
|---|---|---|---|---|---|
| **Summarised consolidated profit and loss account** | | | | | |
| Revenue | 988.9 | 938.2 | 2,093.8 | 1,868.5 | 1,353.6 |
| Other income | 0.7 | 99.5 | 101.5 | 8.5 | 12.5 |
| Total operating revenue | 989.6 | 1,037.7 | 2,195.3 | 1,877.0 | 1,366.1 |
| Operational costs and personnel expenses | (808.9) | (761.9) | (1,740.8) | (1,529.0) | (1,129.2) |
| Depreciation and impairment losses | (60.5) | (48.4) | (115.4) | (102.5) | (86.6) |
| Total operating expenses | (869.4) | (810.3) | (1,856.2) | (1,631.5) | (1,215.8) |
| Operating result | 120.2 | 227.4 | 339.1 | 245.5 | 150.3 |
| Finance income and expenses | (3.2) | 2.5 | 0.5 | (2.6) | (0.7) |
| Share in result of associated companies | 12.5 | 1.0 | (28.6) | 7.5 | 2.8 |
| Profit before taxation | 129.5 | 230.9 | 311.0 | 250.4 | 152.4 |
| Taxation | (26.2) | (28.4) | (60.9) | (43.3) | (35.3) |
| **Net group profit** | 103.3 | 202.5 | 250.1 | 207.1 | 117.1 |
| Net profit attributable to minority interests | 0.6 | 0.5 | (1.0) | (2.7) | (0.5) |
| **Net profit attributable to Shareholders** | 102.7 | 202.0 | 249.1 | 204.4 | 116.6 |

| | First half year (unaudited) 2009 | 2008 | Year (unaudited) 2008 | 2007 | 2006 |
|---|---|---|---|---|---|
| Earnings per share (in euros) | 1.19 | 2.35 | 2.90 | 2.38 | 1.36 |
| Diluted earnings per share (in euros) | 1.19 | 2.35 | 2.90 | 2.38 | 1.36 |
| Average number of outstanding shares (x 1,000) | 86,244 | 85,799 | 85,799 | 85,799 | 85,799 |
| EBITDA | 180.7 | 275.8 | 454.6 | 348.1 | 236.8 |

| (in millions of euros) | First half year (unaudited) 2009 | 2008 | Year (audited) 2008 | 2007 | 2006 |
|---|---|---|---|---|---|
| **Summarised consolidated statements of cash flows** | | | | | |
| **Cash flows from operating activities** | | | | | |
| Net group profit | 103.3 | 202.5 | 250.1 | 207.1 | 117.1 |
| Depreciation and impairment losses | 60.5 | 48.4 | 115.5 | 102.5 | 86.6 |
| Cash flow | 163.8 | 250.9 | 365.6 | 309.6 | 203.7 |
| Adjustments for: | | | | | |
| Finance income and expenses, taxation, results from disposals of property, plant and equipment, share in results of associated companies | 16.3 | (74.7) | (12.3) | 29.8 | 21.9 |
| Movement other financial fixed assets | 2.1 | (1.1) | (2.6) | 1.6 | (0.4) |
| Movement non-current liabilities | (0.4) | (0.9) | (12.4) | 5.7 | 1.3 |
| Movement in working capital (incl. inventories, excl. taxation and interest) | 23.0 | (30.2) | 27.2 | 88.9 | (37.2) |
| Cash generated from operating activities | 204.8 | 144.0 | 365.5 | 435.6 | 189.3 |
| Dividends received | 0.8 | 1.5 | 2.0 | 6.2 | 6.1 |
| Interest paid and received | (3.2) | 2.5 | 0.5 | (2.6) | (0.7) |
| Income taxes paid | (37.7) | (10.1) | (54.6) | (15.8) | (12.5) |
| Net cash from investing activities | 164.7 | 137.9 | 313.3 | 423.3 | 182.2 |
| **Cash flows from investing activities** | | | | | |
| Net investments in intangible assets and property, plant and equipment | (142.8) | 41.5 | (119.0) | (242.1) | (153.8) |
| Net investments in associated companies | (13.6) | (1.8) | (264.6) | 0.7 | 0.9 |
| Net cash used in / from investing activities | (156.4) | 39.7 | (383.6) | (241.4) | (152.9) |
| **Cash flows from financing activities** | | | | | |
| Proceeds from loans | 55.7 | 16.9 | 343.6 | 34.0 | 65.9 |
| Repayment of loans | (59.0) | (4.8) | (118.6) | (10.2) | (46.9) |
| Dividends paid | (36.0) | (102.1) | (105.3) | (58.8) | (31.5) |
| Net cash used in financing activities | (39.3) | (90.0) | 119.7 | (35.0) | (12.5) |
| **Net increase / (decrease) in cash and cash equivalents** | (31.0) | 87.6 | 49.4 | 146.9 | 16.8 |
| Net cash and cash equivalents as at 1 January | 402.1 | 350.4 | 350.4 | 206.1 | 191.9 |

| | | | | | |
|---|---|---|---|---|---|
| Movement in cash and cash equivalents (including currency translation differences) | (30.9) | 85.0 | 51.7 | 144.3 | 14.2 |
| Net cash and cash equivalents as at the end of the reporting period | 371.2 | 435.4 | 402.1 | 350.4 | 206.1 |

## 9. OPERATING AND FINANCIAL REVIEW

The following is a discussion of Boskalis' financial condition and results of operations and the material factors that have affected or may affect Boskalis' ongoing and future operations. It should be read in conjunction with its consolidated audited financial statements prepared based on IFRS as adopted by the European Union for the years ended 31 December 2008, 2007 and 2006, its half year report 2009, including the notes thereto, and the press release dated 21 August 2008 "Strong first half year for Boskalis: Sharp increase in net profit", which are incorporated by reference into this Prospectus.

Some of the information contained in this section, including information with respect to Boskalis' plans and strategies for its business and expected sources of funding, contain forward-looking statements that involve risks and uncertainties. Investors should read Chapter 3.2 "Important Information - Presentation of financial and other information" for a discussion of the risks and uncertainties relating to those statements and should also read Chapter 2 "Risk Factors" for a discussion of certain factors that may affect Boskalis' business, results of operations or financial condition.

### 9.1 Overview

Boskalis is an international group with a leading position in the world market for dredging and related maritime services. The Group's head office is located in Papendrecht, the Netherlands. Boskalis is a public limited liability company that is listed on Euronext Amsterdam.

Boskalis operates in markets that are sensitive to cyclical movements in economic activity and changes in economic growth rates and that are subject to fluctuations in supply and demand. See Chapter 2 "Risk Factors" for more information.

The consolidated financial statements and the accompanying explanatory notes have been prepared based on IFRS as adopted by the European Union and part 9 of book 2 of the Dutch Civil Code.

### 9.2 Selected significant accounting principles

The following discussion relates to selected significant accounting policies that were used by Boskalis in preparing the consolidated financial statements included in this Prospectus. Certain of the accounting policies are particularly important to the preparation and explanation of Boskalis' results of operations and require it to make assumptions, estimates and judgements that affect its financial statements. On an ongoing basis, Boskalis evaluates its assumptions, estimates and judgements based on historical experience and other factors and assumptions that it believes to be reasonable under the circumstances. These assumptions, estimates and judgements could subsequently prove to be incorrect, and thus lead to adjustments of the relevant financial information. These policies are more fully described in the financial statements incorporated by reference into this Prospectus.

***General***

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 as adopted by the European Union does not prescribe another accounting method for specific items. Preparing financial statements based on IFRS as adopted by the European Union means that estimates and assumptions made by the management partly determine the recognised 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, results on completion of work in progress, pension liabilities, taxation and financial instruments. 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 recognised 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 tables in these financial statements are stated in thousands of euros.

### ***Consolidation***

*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.

*Joint ventures*

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 recognised in the consolidated balance sheet under “Other receivables or other creditors”.

*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 recognised under associated companies. Significant influence is presumed to exist when the Group holds more than 20% 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.

*Elimination of transactions upon consolidation*

Intra-group receivables and payables, as well as intra-group transactions and unrealised 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.

### ***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 income statement of the reporting period.

### ***Derivatives and hedging***

It is the policy of Boskalis to use cash flow hedges to cover all operational currency risks that mainly relate to future cash flows from projects that are highly probable and that are denominated in currencies other than the relevant functional currency. Fuel price risks and interest rate risks in future cash flows are hedged from time to time using specific derivatives. Hedge accounting is used for the majority of cash flow hedges. This means that movements in the market value of cash flow hedges not yet settled – including results realised 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 recognised 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 recognised 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.

***Impairment***

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

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

***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 Boskalis. Goodwill and other intangible assets are capitalised net of accumulated amortisation and accumulated impairment losses. Goodwill and intangible assets with an infinite useful life are not systematically amortised, but are tested for impairment every year or in case of an indication for impairment. Negative goodwill that may arise upon acquisition is added directly to the income statement. Straight-line amortisation is applied to other intangible assets with a limited useful life. In case of investments accounted for using the equity method the book value of the goodwill is contained in the book value of the investment.

***Service concession arrangements***

Service concession arrangements within the scope of IFRIC 12 are accounted for according to the provisions of this IFRIC interpretation. Under the provisions of IFRIC 12, which have been adopted pro-actively by the Group:

- a financial asset is recognised to the extent that the operator has an unconditional contractual right to receive cash or another financial asset from the grantor for construction or upgrade services;

- an intangible asset is recognised to the extent that the operator has the right to charge users of the public service; and

- when the operator is paid for its services partly by a financial asset and partly by a licence to charge users, the two components of the consideration are recognised separately. The consideration received or receivable for both components is recognised initially at the fair value of the consideration received or receivable.

Under both the financial asset and the intangible asset models, the operator accounts for revenue and cost relating to construction (or upgrade) services in accordance with IAS 11 "Construction Contracts". Financial assets relating to the concession are accounted for in accordance with IAS 39 as loans or receivables and are presented at amortised cost using the effective interest rate method with the annual interest recognised in the income statement.

***Property, plant and equipment***

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

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

***Associated companies***

Associated companies, in which the Group has a significant influence on the financial and operating policy, are initially recognised at cost and subsequently 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.

***Other financial fixed assets***

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

### *Inventories*

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

### *Due from and due to customers for 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 recognised for expected losses on work in progress as soon as they are foreseen, and deducted from the cost price; if necessary, any profits already recognised are reversed. The cost price includes direct project costs, consisting of direct payroll costs, materials, costs of subcontracted work, other direct costs and rental charges, and maintenance costs for the equipment used. 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 recognised 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 recognised 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 for work in progress”.

### *Trade and other receivables*

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

### *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.

### *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 amortised cost.

### *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 recognised as an employee benefit expense as part of the personnel expenses in the income statement when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payment is available.

*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 this calculation results in a receivable for the Group, this amount will only be recognised if there is a reasonable expectation that it is realisable under the applicable agreements. Actuarial gains and losses are added or charged directly to the actuarial reserve in group equity, including any movements in limitations on the net plan assets. 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.

*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.

***Share-based remuneration plans***

Members of the Management Board 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 2008. 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 recognised in the income statement. The fair value of the conditional number of notional shares is recognised as an expense.

***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. Provisions, if applicable, relate to reorganisation, warranties, legal proceedings and submitted claims. Provisions for reorganisation costs are recognised 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 recognised 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. Provisions are discounted insofar as the difference between the discounted value and nominal value is material.

***Deferred income tax assets and liabilities***

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

### *Trade and other payables*

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

### *Revenue*

Revenue mainly consists of the cost price of the work done during the reporting period, plus a part of the expected results upon completion of the project in proportion to the progress made during the reporting period, and including and/or deducting the provisions recognised and/or used and released during the reporting period for expected losses. The applied "percentage-of-completion" method is, by its nature, based on an estimation process. Revenue also includes services rendered to third parties during the reporting period. Revenue 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 recognised.

### *Other income*

Other income mainly consists of book profits from disposals of and insurance results on property, plant and equipment and currency translation differences on transactions in foreign currency.

### *Operational costs*

Operational costs consist of the cost price of the work done during the reporting period, excluding personnel expenses and depreciation. Operational costs also include equipment utilisation costs, general overhead costs, external costs for research and development, late results from projects and other results/late results. The limited costs for research and development are by their nature directly charged to the income statement.

### *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.

### *Depreciation and amortisation expenses*

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

### *Finance income and expenses*

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

### *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.

### *Taxation*

Taxation is calculated on the basis of the result before taxation for the reporting period, taking into account the applicable tax provisions and tax rates, and also includes adjustments on taxation from previous reporting periods and movements in deferred taxes recognised in the reporting period. Taxation is included in the income statement unless it relates to items directly recognised 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 recognised to the extent that it is probable that taxable profit will be available for realisation 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 realised. Additional income taxes that arise from the distribution of dividends are recognised at the same time that the liability to pay the related dividend is recognised.

### *Dividends*

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

### *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 recognised in the cash flow from operating activities. Dividends paid to Shareholders and holders of minority interests are recognised in the cash flow from financing activities.

## 9.3 Operating results

Comparative operating results for the following periods are presented below:

- first half year of 2009 compared to first half of year 2008;
- year ended 31 December 2008 compared to year ended 31 December 2007; and
- year ended 31 December 2007 compared to year ended 31 December 2006.

## 9.4 First half year of 2009 compared to first half year of 2008

The following table shows a breakdown of Boskalis' consolidated income statement for the first half year of 2009 and 2008.

## Condensed consolidated income statement

| (in millions of euros) | First half year (unaudited) | |
|---|---|---|
| | **2009** | **2008** |
| **Operating income** | | |
| Revenue | 988.9 | 938.2 |
| Other income | 0.7 | 99.5 |
| | 989.6 | 1,037.7 |
| **Operating expenses** | | |
| Operational costs and personnel expenses | (808.9) | (761.9) |
| Depreciation and impairment losses | (60.5) | (48.4) |
| | (869.4) | (810.3) |
| **Operating result** | 120.2 | 227.4 |
| Finance income and expenses | (3.2) | 2.5 |
| Share in result of associated companies | 12.5 | 1.0 |
| | 9.3 | 3.5 |
| **Profit before taxation** | 129.5 | 230.9 |
| Taxation | (26.2) | (28.4) |
| **Net group profit** | 103.3 | 202.5 |
| **Net profit attributable to:** | | |
| Shareholders | 102.7 | 202.0 |
| Minority interests | 0.6 | 0.5 |
| | 103.3 | 202.5 |

| | First half year (unaudited) | |
|---|---|---|
| | **2009** | **2008** |
| Earnings per share (in euros) | 1.19 | 2.35 |
| Diluted earnings per share (in euros) | 1.19 | 2.35 |
| Average number of issued ordinary shares (x 1,000) | 86,244 | 85,799 |
| Number of issued ordinary shares as at reporting date (x 1,000) | 89,632 | 85,799 |
| EBITDA | 180.7 | 275.8 |

## Condensed consolidated statement of recognised income and expense

| (in millions of euros) | First half year (unaudited) | |
|---|---|---|
| | 2009 | 2008 |
| **Results recognised directly in group equity (after taxation)** | | |
| Currency translation differences on foreign operations | 2.6 | (5.8) |
| Movement in fair value of cash flow hedges | 1.9 | 25.2 |
| | 4.5 | 19.4 |
| **Net group profit** | 103.3 | 202.5 |
| **Total recognised income and expense for the reporting period** | 107.8 | 221.9 |
| **Total recognised income and expense for the reporting period attributable to:** | | |
| Shareholders | 106.4 | 221.5 |
| Minority interests | 1.4 | 0.4 |
| | 107.8 | 221.9 |

Boskalis realised a net profit of EUR 102.7 million in the first half year of 2009. In the first half year of 2008 the Company realised a net profit of EUR 110.0 million, excluding a non-recurring gain relating to the W.D. Fairway (EUR 92.0 million).

Boskalis benefited from its broad, well-filled order book in the first half year of 2009, resulting in solid equipment utilisation levels as well as good margins.

Revenue increased to EUR 989 million, with growth being achieved in the home markets and the offshore activities within the Dredging and Earthmoving segment as well as in the Maritime Infrastructure segment. Included in the earnings are Boskalis' share in Smit's first-half year result (EUR 13.1 million) and a positive hedge result on the Port Rashid project (EUR 7.2 million). The net order intake amounted to EUR 622 million in the first half of the year, bringing Boskalis' order book to EUR 3.0 billion.

### *Market developments*

The global dredging and marine contracting market is driven by factors such as growth in world trade, the global population, energy consumption and the effects of climate change. All these factors have resulted in a period of unbridled growth in the past few years.

Impacted by the global recession, these positive market conditions have changed drastically since September 2008. Although long-term structural growth factors for dredging and marine contracting remain positive, a great deal has changed for the short term. Commodity prices have decreased sharply and global trade is stagnating and these factors are affecting demand for Boskalis' products and services. The market developments have lead to a declining order book in both the product segments Dredging & Earthmoving as well as Maritime Infrastructure.

### *Revenue*

In the first half of the year of 2009 revenue rose 5% to EUR 989 million (first half year of 2008: EUR 938 million). The core segment of Dredging and Earthmoving experienced strong revenue growth in the home markets and specialist niche services. Revenue also grew strongly in the Maritime Infrastructure segment. Revenue was broadly spread across the geographic regions in both new and existing markets.

| (in millions of euros) | **First half year (unaudited)** | |
|---|---|---|
| | **2009** | **2008** |
| **Revenue by geographic region** | | |
| The Netherlands | 152 | 104 |
| Rest of Europe | 194 | 141 |
| Australia / Asia | 171 | 170 |
| Middle East | 329 | 341 |
| Africa | 74 | 100 |
| North and South America | 69 | 82 |
| **Total** | 989 | 938 |

| (in millions of euros) | **First half year (unaudited)** | |
|---|---|---|
| | **2009** | **2008** |
| **Revenue by market** | | |
| Home markets Europe | 253 | 204 |
| Home markets non-Europe | 46 | 24 |
| International projects | 428 | 526 |
| Specialist niche services | 88 | 69 |
| Total Dredging and Earthmoving | 815 | 823 |
| Maritime Infrastructure | 146 | 87 |
| Maritime and Terminal Services | 28 | 28 |
| **Total** | 989 | 938 |

*EBITDA*

The Group result before the result of associated companies, interest, tax and depreciation (EBITDA) amounted to EUR 180.7 million (first half year of 2008: EUR 178.8 million excluding non-recurring income).

*Operating Result (EBIT)*

The operating result (EBIT) equalled EUR 120.2 million.

| (in millions of euros) | First half year (unaudited) 2009 | 2008 |
|---|---|---|
| **Segment results** | | |
| Dredging and Earthmoving | 103.9 | 123.4* |
| Maritime Infrastructure | 14.9 | 5.0 |
| Maritime and Terminal Services | 5.4 | 6.0 |
| Non-allocated group costs | (4.0) | (4.0) |
| **EBIT** | 120.2 | 130.4* |

* Excluding non-recurring income.

### *Net profit*

Net profit totalled EUR 102.7 million in the first half year of 2009 (2008 first half: EUR 110.0 million excluding non-recurring income).

Included in the earnings are Boskalis' share in Smit's first-half year result (EUR 13.1 million) and a positive hedge result on the Port Rashid project (EUR 7.2 million).

Net profit in the first half year of 2008 was positively impacted by a one-off gain relating to the settlement of the insurance claim for the W.D. Fairway (EUR 92.0 million).

### *Dredging and Earthmoving*

| (in millions of euros) | First half year (unaudited) 2009 | 2008 | Year (audited) 2008 |
|---|---|---|---|
| Revenue | 815 | 823 | 1,820 |
| Operating result | 103.9 | 123.4* | 318.1 |

* Excluding non-recurring income.

*Revenue*

Revenue in the Dredging and Earthmoving segment totalled EUR 815 million in the first half of the year (first half year of 2008: EUR 823 million).

*Home markets*

Revenue in the home markets amounted to EUR 299 million (first half year of 2008: EUR 228 million).

The Netherlands, Northwest Europe (Germany, United Kingdom and Nordic countries), Nigeria and Mexico were the home markets in which Boskalis operated in 2009. Due to the considerable revenue growth in the home markets, its share of total revenue in the Dredging and Earthmoving segment rose to 37% (first half of 2008: 28%).

Revenue in the European home markets increased by 24% to EUR 253 million (first half year of 2008: EUR 204 million). This growth was due to a strong first half of the year in the Netherlands and the United Kingdom, largely attributable to a couple of large projects (Felixstowe and Maasvlakte 2).

In the non-European home markets, revenue rose 92% to EUR 46 million (first half year of 2008: EUR 24 million). This strong growth is predominantly attributable to the Mexican home market and consisted of organic growth and a consolidation effect. At the end of 2008 Boskalis acquired the remaining shares (50%) in its Mexican subsidiary Dragamex and revenue generated in Mexico is fully consolidated since mid-November.

*International project market*

Revenue from the international project market decreased by 19% to EUR 428 million (first half year of 2008: EUR 526 million). The (near) completion of several large projects in various regions including the Middle East, South America and Africa was the reason for the decline. Revenue was broadly spread across projects in Australia, the Middle East, India and Central America.

*Specialist niche services*

Revenue from specialist niche services including the offshore activities for the oil and gas industry increased by 28% to EUR 88 million (first half year of 2008: EUR 69 million). Revenue was generated by oil and gas projects in regions including Europe, the Middle East and India. Furthermore, the Fox River project was launched in the United States in the first half of the year.

*Segment results*

The result from the Dredging and Earthmoving segment totalled EUR 103.9 million compared to EUR 123.4 million for the first half year of 2008. This difference was due to:

- lower operating margins;
- higher depreciation charges due to the commissioning of new equipment and incidental depreciation charges of project-related equipment;
- lower revenue; and
- a positive hedge result on the Port Rashid project (EUR 7.2 million).

Utilisation rates for equipment were very high in the first half of the year, with an average utilisation rate of the hopper fleet of 45 weeks on an annual basis, compared to 41 weeks in the first half of 2008. In addition, the newly-extended Queen of the Netherlands and the Shoreway were brought into service in mid-March.

Utilisation of the cutter fleet was also strong, with the average utilisation rate rising to 34 weeks on annual basis, compared with 31 weeks in the first half of 2008.

### *Maritime Infrastructure*

| (in millions of euros) | **First half year (unaudited)** | | **Year (audited)** |
|---|---|---|---|
| | **2009** | **2008** | **2008** |
| Revenue | 146 | 87 | 214 |
| Operating result | 14.9 | 5.0 | 17.8 |

*Revenue*

Revenue from the 40% stake in Archirodon increased to EUR 146 million (first half year of 2008: EUR 87 million). This rise is in line with the development of the order book in recent years and was also boosted by a stronger US dollar. Archirodon’s activities mainly concern infrastructural projects and therefore the negative impact of developments in the Middle East property markets is limited.

The construction of the Thessaloniki tunnel in Greece has become uncertain. This project with a contract value of EUR 70 million (Boskalis’ share) has been removed from the order book.

*Segment results*

The contribution of Archirodon to the operating result rose to EUR 14.9 million compared to EUR 5.0 million in the first half year of 2008. This is due to a rise in revenue and a good result on projects.

***Maritime and Terminal Services***

| (in millions of euros) | **First half year (unaudited)** | | **Year (audited)** |
|---|---|---|---|
| | **2009** | **2008** | **2008** |
| Revenue | 27.7 | 28.2 | 60 |
| Operating result | 5.4 | 6.0 | 11.6 |

*Revenue*

Revenue at Lamnalco was favourably influenced by a stronger US dollar and at the same time adversely impacted by worsened conditions on the Middle East spot market. In addition, the start was also delayed on two new contracts (Yemen LNG and an FPSO support contract in Australia). Boskalis’ 50% stake in Lamnalco’s revenue amounted to EUR 27.7 million (first half year of 2008: EUR 28.2 million).

*Segment results*

Due in part to higher depreciation costs on new equipment which furthermore could not be deployed as a consequence of the delayed new contracts, the operating result from Lamnalco fell to EUR 5.4 million (first half year of 2008: EUR 6.0 million).

***Order book***

Order intake was EUR 692 million in the first half of the year and concerned projects spread across the world, including a harbour project in Gijon, Spain; an offshore project in Magellan, Argentina, and a number of coastal defence projects in the Netherlands and Benin.

In the segment Maritime Infrastructure a project with a contract value of EUR 70 million was removed from the order book.

The size of the order book at the end of the first half of the year was EUR 2,986 million (end-2008: EUR 3,354 million).

| (in millions of euros) | **End first half year 2009 (unaudited)** | **As at 31 December 2008 (unaudited)** |
|---|---|---|
| **Order book by market** | | |
| Home markets Europe | 954 | 1,055 |
| Home markets non-Europe | 42 | 62 |
| International projects | 955 | 1,171 |
| Specialist niche services | 263 | 136 |
| Total Dredging and Earthmoving | 2,214 | 2,424 |
| | | |
| Maritime Infrastructure | 501 | 685 |
| Maritime and Terminal Services | 271 | 245 |
| **Total** | 2,986 | 3,354 |

***Other***

Depreciation amounted to EUR 60.5 million compared to EUR 48.4 million in the first half year of 2008. The increase is explained by new hoppers that have recently been brought into service and incidental higher depreciation charges on project-related equipment.

The result from associated companies increased to EUR 12.5 million compared to EUR 1.0 million in the first half of 2008. This includes Boskalis' 26.4% share in Smit's first-half year result.

The tax rate was 20.3% in first half year of 2009. Last year's tax rate of 12.3% was relatively low as a result of the low tax rate applied to the result from the W.D. Fairway.

In line with the development of net profit, earnings per share totalled EUR 1.19 in the first half of the year, based on the average number of outstanding shares (first half of 2008: EUR 1.28, excluding non-recurring income).

***Capital expenditure and balance sheet***

An amount of EUR 145 million was invested in the first half of 2009. Major investments included the construction of two 12,000m3 hoppers, the extension to the Queen of the Netherlands, project-related investments and investments in expansion by Lamnalco. Compared to the end of 2008, capital expenditure commitments fell from EUR 349 million to EUR 234 million.

Boskalis recently suspended preparations for the construction work on a new fallpipe vessel at the Yantai Raffles shipyard in China due to problems with its progress. Boskalis is currently in talks with the shipyard to reach a solution.

In line with the development of net profit, the cash flow declined to EUR 163.8 million (first half year of 2008: EUR 158.8 million excluding non-recurring income).

On balance, the cash position decreased to EUR 372 million in the first half of the year (end-2008: EUR 408 million), largely as a consequence of the EUR 36 million cash dividend payment. Of the total cash position, EUR 221 million was freely available (end-2008: EUR 251 million) and EUR 151 million was tied up in associated companies and projects being executed with third parties (end-2008: EUR 157 million).

The Company's solvency ratio rose to 36.8% at the end of the first half year 2009 (end-2008: 34.0%).

Shortly after the first half year of 2009, Boskalis secured a new EUR 350 million credit facility. The main purpose of the new facility was to finance the reinforcement and expansion of activities. This credit facility was cancelled on 24 February 2010 in light of the financing which was ensured by Boskalis in December 2009 in connection with the intended acquisition of Smit (see Chapter 7.10 "Material contracts").

***Cash flow***

The cash flow from operating activities was EUR 163.8 million, and including adjustments (amongst others movements in working capital and adjustments for other items) cash generated from operating activities was EUR 204.8 million. Net cash from investing activities, including Boskalis' net received dividend, interest paid and received and income taxes paid, amounted to EUR 164.7 million. Net cash used in investing activities was EUR 156.4 million, consisting mainly of investments in vessels and investments in associated companies. Net cash used in financing activities was EUR 39.3 million consisting of proceeds from loans, repayments of loans and dividends paid. Net decrease in cash and cash equivalents was EUR 31.0 million.

***Condensed balance sheet and cash flow statement***

The following table shows a breakdown of Boskalis' consolidated income statement for the first half year of 2009 and 2008.

**Condensed balance sheet**

| (in millions of euros) | **End first half year (unaudited) 2009** | **As at 31 December (audited) 2008** |
|---|---|---|
| **Non-current assets** | | |
| Intangible assets | 22.5 | 19.4 |
| Property, plant and equipment | 1,061.9 | 979.3 |
| Other non-current assets | 261.9 | 233.5 |
| | 1,346.3 | 1,232.2 |
| **Current assets** | | |
| Inventories and receivables | 832.2 | 910.8 |
| Cash and cash equivalents | 372.0 | 408.4 |
| | 1,204.2 | 1,319.2 |
| **Total assets** | 2,550.5 | 2,551.4 |
| **Group equity** | | |
| Shareholder's equity | 930.5 | 860.1 |
| Minority interests | 9.0 | 7.6 |
| | 939.5 | 867.7 |
| **Liabilities** | | |
| Non-current liabilities | 133.6 | 100.2 |
| Current liabilities | 1,477.4 | 1,583.5 |
| | 1,611.0 | 1,683.7 |
| **Total group equity and liabilities** | 2,550.5 | 2,551.4 |

The following table shows a breakdown of Boskalis' consolidated statement of cash flows for the first half year of 2009 and 2008.

## Condensed statement of cash flows

| (in millions of euros) | First half year (unaudited) 2009 | 2008 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Net group profit | 103.3 | 202.5 |
| Depreciation and impairment losses | 60.5 | 48.4 |
| Cash flow | 163.8 | 250.9 |
| Adjustments for: | | |
| Finance income and expenses, taxation, results from disposals of property, plant and equipment, share in results of associated companies | 16.3 | (74.7) |
| Movement other financial fixed assets | 2.1 | (1.1) |
| Movement non-current liabilities | (0.4) | (0.9) |
| Movement in working capital (incl. inventories, excl. taxation and interest) | 23.0 | (30.2) |
| Cash generated from operating activities | 204.8 | 144.0 |
| Dividends received | 0.8 | 1.5 |
| Interest paid and received | (3.2) | 2.5 |
| Income taxes paid | (37.7) | (10.1) |
| Net cash from investing activities | 164.7 | 137.9 |
| **Cash flows from investing activities** | | |
| Net investments in intangible assets and property, plant and equipment | (142.8) | 41.5 |
| Net investments in associated companies | (13.6) | (1.8) |
| Net cash used in / from investing activities | (156.4) | 39.7 |
| **Cash flows from financing activities** | | |
| Proceeds from loans | 55.7 | 16.9 |
| Repayment of loans | (59.0) | (4.8) |
| Dividends paid | (36.0) | (102.1) |
| Net cash used in financing activities | (39.3) | (90.0) |
| **Net increase / (decrease) in cash and cash equivalents** | (31.0) | 87.6 |
| Net cash and cash equivalents as at 1 January | 402.1 | 350.4 |

| | | |
|---|---|---|
| Movement in cash and cash equivalents (including currency translation differences) | (30.9) | 85.0 |
| Net cash and cash equivalents as at the end of the reporting period | 371.2 | 435.4 |

## 9.5 Year ended 31 December 2008 compared to year ended 31 December 2007

The following tables show a breakdown of Boskalis' consolidated income statement for the year ended 2008 compared to year ended 2007.

| (in millions of euros) | **Year (audited)** | |
|---|---|---|
| | **2008** | **2007** |
| **Summarised consolidated profit and loss account** | | |
| Revenue | 2,093.8 | 1,868.5 |
| Other income | 101.5 | 8.5 |
| Total operating revenue | 2,195.3 | 1,877.0 |
| Operational costs and personnel expenses | (1,740.7) | (1,529.0) |
| Depreciation and impairment losses | (115.5) | (102.5) |
| Total operating expenses | (1,856.2) | (1,631.5) |
| Operating result | 339.1 | 245.5 |
| Finance income and expenses | 0.5 | (2.6) |
| Share in result of associated companies | (28.6) | 7.5 |
| Profit before taxation | 311.0 | 250.4 |
| Taxation | (60.9) | (43.3) |
| **Net group profit** | 250.1 | 207.1 |
| Net profit attributable to minority interests | (1.0) | (2.7) |
| **Net profit attributable to Shareholders** | 249.1 | 204.4 |

| | **Year (audited)** | |
|---|---|---|
| | **2008** | **2007** |
| Earnings per share (in euros) | 2.90 | 2.38 |
| Diluted earnings per share (in euros) | 2.90 | 2.38 |

| | | |
|---|---|---|
| Average number of outstanding shares (x 1,000) | 85,799 | 85,799 |
| EBITDA | 454.6 | 348.1 |

| (in millions of euros) | **Year (audited)** | |
|---|---|---|
| | **2008** | **2007** |
| **Consolidated statement of recognised income and expense** | | |
| **Results recognised directly in group equity (after taxation)** | | |
| Currency translation differences on foreign operations | (7.7) | (12.4) |
| Revaluation of property, plant and equipment | 3.8 | - |
| Actuarial gains and losses and asset limitation on defined benefit pension schemes | (19.4) | (1.8) |
| Movement in fair value effective cash flow hedges | (30.5) | 18.1 |
| | (53.8) | 3.9 |
| **Net group profit** | 250.1 | 207.1 |
| **Total recognised income and expense for the year** | 196.3 | 211.0 |
| **Total recognised income and expense for the year attributable to:** | | |
| Shareholders | 194.2 | 207.8 |
| Minority interests | 2.1 | 3.2 |
| | 196.3 | 211.0 |

Boskalis achieved a net profit of EUR 249.1 million in 2008 (2007: EUR 204.4 million). Net profit excluding exceptional items rose 15% to EUR 235.7 million in 2008. Revenue was EUR 2.1 billion, up 12% from 2007 (EUR 1.9 billion), and was widely spread, both geographically and across all market segments.

Net profit was affected by three exceptional items which, on balance, had a EUR 13.4 million positive effect after tax:

- a EUR 92.1 million one-off gain resulting from the settlement of the insurance claim for the W.D. Fairway;
- a EUR 35.3 million impairment charge recognised on the stake in Smit; and
- a negative hedge result of EUR 43.5 million.

In 2008 Boskalis won new orders worth EUR 2.3 billion. In addition, the order book was cleared of projects that are no longer expected to be executed or are expected to suffer significant delay. This resulted in the removal of around EUR 450 million worth of revenue from the order book, including all projects in Dubai. Despite this adjustment, high revenue levels in 2008 and the economic stagnation, the order book remained at the high level of EUR 3.4 billion.

***Market developments***

The global dredging and maritime infrastructure market is driven by factors such as growth in world trade, the global population, energy consumption and the effects of climate change. All these factors have undergone a period of unbridled growth in the past few years.

This growth trend continued in the first half of 2008. The price of oil rose to an unprecedented level and the prices of iron ore and other natural resources also continued to rise strongly. Growing demand for energy and natural resources propelled the need for dredging projects for the oil and gas industry and the development of new ports.

These positive market conditions changed radically in the final quarter of 2008. Even though long-term structural growth factors for dredging and maritime infrastructure remain strong, a great deal has changed for the short term. The price of oil has dropped sharply, demand for natural resources has plummeted and global trade is stagnating. All these factors are affecting demand for Boskalis' services, reflected in a decreased order book for the product segment Dredging and Earthmoving.

***Revenue***

In 2008 revenue rose to EUR 2.1 billion (2007: EUR 1.9 billion). The 12% increase was well-balanced across the product segments Dredging and Earthmoving, Maritime Infrastructure, and Maritime and Terminal Services. Revenue was also spread broadly across the geographic regions, with growth in both existing and new markets.

| (in millions of euros) | **Year (unaudited)** | |
|---|---|---|
| | **2008** | **2007** |
| **Net revenue by market** | | |
| Home markets Europe | 417 | 445 |
| Home markets non-Europe | 91 | 55 |
| International projects | 1,068 | 942 |
| Specialist niche services | 244 | 187 |
| Total Dredging and Earthmoving | 1,820 | 1,629 |
| | | |
| Maritime Infrastructure | 214 | 188 |
| Maritime and Terminal Services | 60 | 52 |
| **Group** | **2,094** | **1,869** |

| (in millions of euros) | **Year (audited)** | |
|---|---|---|
| | **2008** | **2007** |
| **Net revenue by geographic region** | | |
| The Netherlands | 251 | 240 |
| Rest of Europe | 423 | 340 |
| Australia / Asia | 314 | 224 |
| Middle East | 719 | 788 |
| Africa | 212 | 145 |
| North and South America | 175 | 132 |
| **Group** | **2,094** | **1,869** |

*Dredging and Earthmoving - Home markets*

Revenue in the home markets totalled EUR 508 million (2007: EUR 500 million). The Netherlands, Northwest Europe (Germany, United Kingdom and Nordic countries), Nigeria and Mexico were the home markets in which Boskalis operated in 2008. The home markets accounted for more than 24% of total Boskalis revenue in 2008.

Revenue in the European home markets amounted to EUR 417 million (2007: EUR 445 million). The various European home markets achieved comparable revenue development. Revenue in the non-European home markets rose 65% to EUR 91 million (2007: EUR 55 million), with strong growth achieved in both the Nigerian and Mexican home markets. In November 2008 Boskalis announced that it had acquired the remaining shares in its Mexican subsidiary Dragamex. All revenue generated in Mexico has been consolidated from mid-November.

*Dredging and Earthmoving - International project market*

Revenue from dredging on the international project market rose 13% to EUR 1,068 million (2007: EUR 942 million). This increase was broadly spread across projects in various regions including Australia, the Middle East, West Africa and South America.

*Dredging and Earthmoving - Specialist niche services*

Revenue from the specialist services increased by 30% to EUR 244 million (2007: EUR 187 million). The offshore earthmoving activities for the oil and gas industry performed well in this segment, with notable energy projects in the Middle East, Russia and India, as well as rock placement activities for oil and gas pipelines elsewhere.

*Maritime Infrastructure*

Revenue from Maritime Infrastructure – predominantly generated on industrial and infrastructural projects in the Middle East through Boskalis' 40% interest in Archirodon – rose to EUR 214 million (2007: EUR 188 million).

*Maritime and Terminal Services*

Revenue from the energy-driven activities of Boskalis' 50%-owned subsidiary Lamnalco rose 15%, driven in part by demand for LNG terminal services. Boskalis' share in this revenue amounted to EUR 60 million (2007: EUR 52 million).

***Order book***

The order intake in 2008 (EUR 2.3 billion) concerned a large number of projects spread across the world and the various market segments. Projects that are no longer expected to be executed or are expected to suffer significant delay, including all projects in Dubai, have been removed from the order book. This resulted in the removal of around EUR 450 million worth of revenue, putting the order book at EUR 3,354 million (end-2007: EUR 3,562 million).

The size of the order book rose particularly in the home markets (+81%) and in the oil and gas-related activities of Lamnalco (+12%).

Notable new orders included the Maasvlakte 2 in the Netherlands, extension of the port of Felixstowe in the United Kingdom, the development of the port of Pipavav in India and the development of the coal export port of Newcastle in Australia.

| (in millions of euros) | As at 31 December (unaudited) 2008 | 2007 |
|---|---|---|
| **Order book by market** | | |
| Home markets Europe | 1,055 | 543 |
| Home markets non-Europe | 62 | 76 |
| International projects | 1,171 | 1,954 |
| Specialist niche services | 136 | 121 |
| Total Dredging and Earthmoving | 2,424 | 2,694 |
| Maritime Infrastructure | 685 | 649 |
| Maritime and Terminal Services | 245 | 219 |
| **Group** | **3,354** | **3,562** |

The order book of Archirodon (Maritime Infrastructure product segment) stabilised in 2008. The value of Boskalis' 40% share in the order book rose to EUR 685 million, mainly as a result of the stronger U.S. dollar exchange rate (year-end 2007: EUR 649 million).

The order book also rose at Lamnalco (Maritime and Terminal Services product segment), which executes long-term contracts for the oil and gas industry. The value of Boskalis' 50% share in the order book increased 12% to EUR 245 million (2007: EUR 219 million). Lamnalco won new contracts mainly in West Africa and the Middle East.

### *Results*

Net profit rose to EUR 249.1 million (2007: EUR 204.4 million). Net profit excluding exceptional items was up 15% at EUR 235.7 million. On balance, exceptional items had a positive impact of EUR 13.4 million after tax and consisted of three components:

- Net profit was boosted by a EUR 92.1 million one-off gain (EUR 97.1 million before tax) resulting from the settlement of the insurance claim for the W.D. Fairway.

- In addition, a EUR 35.3 million impairment charge was recognised on the stake in Smit. This impairment was recognised under 'share in result of associated companies', which also includes Boskalis' share in Smit's result for 2008 (EUR 5.6 million).

- Uncertainty surrounding the Port Rashid project in Dubai led to a negative result of EUR 43.5 million on the mark-to-market revaluation of the hedges. In accordance with the risk policy in force, the currency risks and fuel price risks for this project were fully hedged by currency forward contracts and fuel hedges at the time the project was awarded. These financial instruments are only used if there is an underlying contract in place. The uncertainty of this project means that projected volume needs, for example for fuel, are no longer in line with the underlying hedge contract. In the event of such a mismatch, hedge accounting cannot be applied and the result of the mark-to-market revaluation is directly charged to the operating result.

Group earnings before the share in result of associated companies, interest, tax and depreciation (EBITDA) and excluding exceptional items rose 15% to EUR 401.0 million (2007: EUR 348.1 million).

The operating profit, excluding exceptional items, is composed as follows:

| (in millions of euros) | Year (audited) | |
|---|---|---|
| | **2008** | **2007** |
| **Segment results** | | |
| Dredging and Earthmoving | 264.5 | 226.6 |
| Maritime Infrastructure | 17.8 | 15.9 |
| Maritime and Terminal Services | 11.6 | 10.8 |
| Non-allocated group costs | (8.4) | (7.8) |
| **EBIT** excluding exceptional items | **285.5** | **245.5** |

*Dredging and Earthmoving*

The result from the Dredging and Earthmoving product segment rose to EUR 264.5 million (2007: EUR 226.6 million). The result including exceptional items (gain from the insurance claim and negative hedge result) amounted to EUR 318.1 million. The increase was mainly attributable to underlying revenue growth and sound operating margins. The rise in revenue was achieved with a very high equipment utilisation rate. The average utilisation rate of the hopper fleet reached a historic high of 45 weeks (2007: 44 weeks).

Additional cutter capacity was added late 2007 when the Phoenix jumbo cutter was taken into service. Despite this addition, the utilisation rate of the expanded cutter fleet rose to 34 weeks from 33 weeks in 2007.

*Maritime Infrastructure*

The result from the Maritime Infrastructure product segment (40% stake in Archirodon) rose to EUR 17.8 million (2007: EUR 15.9 million). This increase is in line with the development of revenue and was due in part to the stronger U.S. dollar. The weakened construction market in the Middle East in the final months of 2008 had a minimal effect on Archirodon. Archirodon's activities mainly concern infrastructural projects.

*Maritime and Terminal Services*

The result from this product segment (50% stake in Lamnalco) continued to grow, increasing to EUR 11.6 million (2007: EUR 10.8 million). The growth of the results in the second half of the year was lower than the revenue growth due to a number of one-off expense items.

***Other***

Depreciation amounted to EUR 110.2 million (2007: EUR 102.5 million). The increase was largely the result of higher depreciation costs on project-related equipment. During 2008 also impairment losses amounting to EUR 5.2 million were recognised.

The result from associated companies dropped to a negative EUR 28.6 million as a result of the EUR 35.3 million impairment charge. Adjusted for this effect, the result from associated companies amounted to EUR 6.7 million.

The tax burden amounted to EUR 60.9 million (2007: EUR 43.3 million). The tax rate climbed to 19.6%, mainly due to non tax-deductible exceptional charges (2007: 17.3%, mainly as a result of the favourable settlement of various foreign tax returns).

In 2008 the return on equity was 30.6% (2007: 29.5%).

### *Capital expenditure and balance sheet*

Net investments in equipment amounted to EUR 218 million. Excluding the effect of the W.D. Fairway settlement, net investments totalled EUR 279 million. Major investments concerned the construction of a new fallpipe vessel, payment installments on the 5,600 m3 and 12,000 m3 hoppers and the mid-section for the extension of the jumbo hopper Queen of the Netherlands. Furthermore, investments in project-related equipment were made mainly in the Middle East and at Archirodon and Lamnalco. Capital commitments were EUR 349 million at 31 December 2008, a slight decrease from the end of 2007.

The cash flow rose to EUR 365.6 million (2007: EUR 309.6 million).

On balance, the cash position rose to EUR 408 million in 2008 (end-2007: EUR 352 million), of which EUR 251 million was freely available (end-2007: EUR 198 million) and EUR 157 million was tied up in associated companies and projects being executed with third parties (end-2007: EUR 154 million).

The Company's solvency rate was 34.0% at 31 December 2008 (end-2007: 35.3%).

### *Cash flow*

The cash flow from operating activities was EUR 365.6 million, and including adjustments (amongst others movements in working capital and adjustments for other items) cash generated from operating activities was EUR 365.4 million. Net cash from investing activities, including Boskalis' net received dividend, interest paid and received and income taxes paid, amounted to EUR 313.3 million. Net cash used in investing activities was EUR 383.6 million, consisting mainly of investments in vessels and investments in associated companies. Net cash used in financing activities was EUR 119.6 million negative consisting of proceeds from loans, repayments of loans and dividends paid. Net increase in cash and cash equivalents was EUR 49.4 million.

### *Consolidated balance sheet and cash flow statement*

The following table shows a breakdown of Boskalis' summarised consolidated balance sheet for each of the year ended 2008 and 2007.

| (in millions of euros) | **As at 31 December (audited)** | |
|---|---|---|
| | **2008** | **2007** |
| **Summarised consolidated balance sheet** | | |
| Intangible assets | 19.4 | 3.5 |
| Property, plant and equipment | 979.3 | 857.4 |
| Other non-current assets | 233.5 | 17.6 |
| Non-current assets | 1,232.2 | 878.5 |
| Inventory and receivables | 910.8 | 969.7 |
| Cash and cash equivalents | 408.4 | 351.9 |
| Current assets | 1,319.2 | 1,321.6 |
| **Total assets** | 2,551.4 | 2,200.1 |
| Shareholders' equity | 860.1 | 768.1 |
| Minority interests | 7.6 | 8.7 |
| Total group equity | 867.7 | 776.8 |

| | | |
|---|---|---|
| Non-current liabilities and provisions | 100.2 | 113.9 |
| Current liabilities and provisions | 1,583.5 | 1,309.4 |
| Total liabilities | 1,683.7 | 1,423.3 |
| **Total group equity and liabilities** | 2,551.4 | 2,200.1 |

The following table shows a breakdown of Boskalis' summarised consolidated statement of cash flows for each of the year ended 2008 and 2007.

| (in millions of euros) | **Year (audited)** | |
|---|---|---|
| | **2008** | **2007** |
| **Summarised consolidated statements of cash flows** | | |
| **Cash flows from operating activities** | | |
| Net group profit | 250.1 | 207.1 |
| Depreciation and impairment losses | 115.5 | 102.5 |
| Cash flow | 365.6 | 309.6 |
| Adjustments for: | | |
| Finance income and expenses, taxation, results from disposals of property, plant and equipment, share in results of associated companies | (12.3) | 29.8 |
| Movement other financial fixed assets | (2.6) | 1.6 |
| Movement non-current liabilities | (12.4) | 5.7 |
| Movement in working capital (incl. inventories, excl. taxation and interest) | 27.1 | 88.8 |
| Cash generated from operating activities | 365.4 | 435.5 |
| Dividends received | 2.0 | 6.2 |
| Interest paid and received | 0.5 | (2.6) |
| Income taxes paid | (54.6) | (15.8) |
| Net cash from investing activities | 313.3 | 423.3 |
| **Cash flows from investing activities** | | |
| Net investments in intangible assets and property, plant and equipment | (119.0) | (242.1) |
| Net investments in associated companies | (264.6) | 0.7 |
| Net cash used in / from investing activities | (383.6) | (241.4) |

| | | |
|---|---|---|
| **Cash flows from financing activities** | | |
| Proceeds from loans | 343.5 | 34.0 |
| Repayment of loans | (118.6) | (10.2) |
| Dividends paid | (105.3) | (58.8) |
| Net cash used in financing activities | 119.6 | (35.0) |
| **Net increase / (decrease) in cash and cash equivalents** | 49.4 | 146.9 |
| Net cash and cash equivalents as at 1 January | 350.4 | 206.1 |
| Movement in cash and cash equivalents (including currency translation differences) | 51.7 | 144.3 |
| Net cash and cash equivalents as at the end of the reporting period | 402.1 | 350.4 |

## 9.6 Year ended 31 December 2007 compared to year ended 31 December 2006

The following tables shows a of Boskalis' consolidated income statement for the year ended 2007 compared to year ended 2006.

| (in millions of euros) | **Year (audited)** | |
|---|---|---|
| | **2007** | **2006** |
| **Summarised consolidated profit and loss account** | | |
| Revenue | 1,868.5 | 1,353.6 |
| Other income | 8.5 | 12.5 |
| Total operating revenue | 1,877.0 | 1,366.1 |
| Operational costs and personnel expenses | (1,529.0) | (1,129.2) |
| Depreciation and impairment losses | (102.5) | (86.6) |
| Total operating expenses | (1,631.5) | (1,215.8) |
| Operating result | 245.5 | 150.3 |
| Finance income and expenses | (2.6) | (0.7) |
| Share in result of associated companies | 7.5 | 2.8 |
| Profit before taxation | 250.4 | 152.4 |
| Taxation | (43.3) | (35.3) |
| **Net group profit** | 207.1 | 117.1 |
| Net profit attributable to minority interests | (2.7) | (0.5) |

| | Year (audited) 2007 | 2006 |
|---|---|---|
| Earnings per share (in euros) | 2.38 | 1.36 |
| Diluted earnings per share (in euros) | 2.38 | 1.36 |
| Average number of outstanding shares (x 1,000) | 85,799 | 85,799 |
| EBITDA | 348.1 | 236.8 |

| (in millions of euros) | Year (audited) 2007 | 2006 |
|---|---|---|
| **Consolidated statement of recognised income and expense** **Results recognised directly in group equity (after taxation)** | | |
| Currency translation differences on foreign operations | (12.3) | (14.3) |
| Actuarial gains and losses and asset limitation on defined benefit pension schemes | (1.9) | (5.4) |
| Movement in fair value effective cash flow hedges | 18.1 | 9.9 |
| | 3.9 | (9.8) |
| **Net group profit** | 207.1 | 117.1 |
| **Total recognised income and expense for the year** | 211.0 | 107.3 |
| **Total recognised income and expense for the year attributable to:** | | |
| Shareholders | 207.8 | 107.3 |
| Minority interests | 3.2 | - |
| | 211.0 | 107.3 |

In 2007, Boskalis realised a net profit of EUR 204.4 million, up 75% on 2006. Revenue rose 38% compared to 2006 to EUR 1,869 million. Growth was geographically widespread and across all market segments. Thanks to its selective contracting policy, Boskalis mainly worked on high-quality projects that generated healthy margins. Despite the high revenue level, a strong intake of new orders worth EUR 2.9 billion lifted the order book to an all-time high of EUR 3.6 billion.

***Market developments***

The international dredging market has been growing at an unprecedented pace since 2005. Demand for maritime infrastructure is driven by long-term growth factors that are felt both globally and widely across Boskalis' market segments. In 2007 Boskalis' people and equipment were once again fully utilised. With this in mind as well as continued strong demand in the market with various longer term projects and many attractive smaller projects, Boskalis again had to be selective when deciding which projects to tender for. In doing so, Boskalis was careful to monitor its wide geographical positioning, aimed at both existing markets and markets that have yet to be developed. Boskalis' order book reflects both its ongoing policy of realising a broad spread across its markets and its selective contracting policy. The order book is composed of various large projects that require a long-term basic utilisation of the fleet, on the one hand, and many smaller projects that provide a good price/risk balance, on the other. This ensures the balanced development of Boskalis' revenue and allows us to benefit fully from attractive opportunities in the market.

### *Revenue*

In 2007, revenue amounted to EUR 1,869 million (2006: EUR 1,354 million). This 38% rise was spread widely across the segments:

- Dredging and Earthmoving (+39%);
- Maritime Infrastructure (+33%); and
- Maritime and Terminal Services (+21%).

| (in millions of euros) | **Year (unaudited)** | |
|---|---|---|
| | **2007** | **2006** |
| **Revenue by markets** | | |
| Home markets in Europe | 445 | 396 |
| Home markets outside Europe | 55 | 132 |
| International projects ("hit and run") | 942 | 544 |
| Specialist niche markets | 187 | 98 |
| Total Dredging and Earthmoving | 1,629 | 1,170 |
| Maritime Infrastructure | 188 | 141 |
| Maritime & Terminal Services | 52 | 43 |
| Group | 1,869 | 1,354 |

| (in millions of euros) | **Year (audited)** | |
|---|---|---|
| | **2007** | **2006** |
| **Revenue by region** | | |
| The Netherlands | 240 | 230 |
| Rest of Europe | 340 | 271 |
| Australia / Asia | 224 | 173 |
| Middle East | 788 | 402 |
| Africa | 145 | 120 |
| North and South America | 132 | 158 |
| Group | 1,869 | 1,354 |

*Dredging and earthmoving - Home markets (revenue EUR 500 million)*

Revenue in the home markets equalled EUR 500 million (2006: EUR 528 million). In Europe, revenue rose on a wide front in the Netherlands, Scandinavia and the United Kingdom. Outside Europe, revenue was lower in Nigeria and Mexico, as well as in the United States, where Boskalis ended its cooperation with a local partner mid 2007. The revenue achieved in large-scale international projects meant that the share of the home markets in overall revenue fell to 27% (2006: 39%).

*Dredging and Earthmoving - International projects market (revenue EUR 942 million)*

On the international projects market, revenue from dredging rose to EUR 942 million (2006: EUR 544 million). While the activities were geographically widespread, growth was mainly achieved in the Middle East, where expansion of the Ras Laffan LNG harbour in Qatar generated revenue of around EUR 400 million (2006: about EUR 100 million). The majority of revenue was related to the construction of breakwaters and concerned non-dredging works. In addition to the numerous small and medium-sized projects that Boskalis undertook on every continent, it was also involved in major dredging projects in Brazil, Russia, Bahrain and Angola.

*Dredging and Earthmoving - Specialist niche markets (revenue EUR 187 million)*

Revenue from specialist offshore services for the oil and gas industry rose to EUR 187 million (2006: EUR 98 million). These activities consisted mainly of the construction and protection of offshore oil and gas pipelines in countries including Taiwan, Thailand, India and Russia, and in the North Sea.

*Maritime Infrastructure (revenue EUR 188 million)*

Revenue from maritime infrastructure – mainly generated in the Middle East by Boskalis' 40%-owned affiliate Achirodon – equalled EUR 188 million (2006: EUR 141 million). Archirodon focuses mainly on specialist projects that generate attractive margins.

*Maritime and Terminal Services (revenue EUR 52 million)*

Energy-driven revenue from maritime service provider Lamnalco continued to grow in the past year. Boskalis' 50% share in revenue amounted to EUR 52 million (2006: EUR 43 million).

***Order book***

The high order intake in 2007 (EUR 2,887 million) involved many projects and was spread broadly across the world and the various market segments. The order book grew to a record level of EUR 3,562 million (year end 2006: EUR 2,543 million). Growth was particularly strong in the dredging and earthmoving and maritime infrastructure segments.

| (in millions of euros) | **As at 31 December (unaudited)** | |
|---|---|---|
| | **2007** | **2006** |
| **Order book by segments** | | |
| Home markets in Europe | 543 | 363 |
| Home markets outside Europe | 76 | 24 |
| International projects ("hit and run") | 1,954 | 1,537 |
| Specialist niche markets | 121 | 96 |
| Total Dredging and Earthmoving | 2,694 | 2,020 |
| | | |
| Maritime Infrastructure | 649 | 344 |
| Maritime and Terminal services | 219 | 179 |
| Group | 3,562 | 2,543 |

Noteworthy new dredging orders included Port Khalifa in Abu Dhabi (together with Boskalis' affiliate Archirodon), a new part of the St. Petersburg Flood Protection Barrier in Russia, the Port of Melbourne and Pluto LNG (both in Australia), PPC Container Terminal in Panama, Soyo LNG in Angola, Godavari Krishna in India, Brass LNG in Nigeria, and Harderwijk Waterfront in the Netherlands. In addition, the Port Authority of Rotterdam announced in December its intention to award a contract for construction work on Maasvlakte 2 to the consortium in which Boskalis has a 50% interest. The contract was signed on 27 February 2008.

Archirodon (maritime infrastructure segment) also took on a great deal of work and Boskalis' 40% share in the order book rose to EUR 649 million (year end 2006: EUR 344 million). A key order was the Port Khalifa harbour project in Abu Dhabi.

The supply of new work also grew at Lamnalco, which executes long-term oil and gas contracts in the maritime and terminal services segment. Boskalis' 50% share in the order book rose to EUR 219 million (year end 2006: EUR 179 million). Lamnalco won new contracts mainly in West Africa and the Middle East.

The order book includes an amount of EUR 231 million for land reclamation work that has yet to be carried out in Singapore (year end 2006: EUR 271 million). The timing of full resumption of this work is still uncertain due to the unclear sand supply situation.

***Results***

Net profit rose to EUR 204.4 million (2006: EUR 116.6 million). Group EBITDA rose to EUR 348.1 million (2006: EUR 236.8 million), largely on the back of higher revenue and good margins in Boskalis' key dredging and earthmoving activities.

A higher profit contribution from Boskalis' dredging and earthmoving segment was a major factor in the increase in earnings. In addition, maritime infrastructure and maritime and terminal services also increased their contributions to earnings.

**Results by segment (in millions of euros)**

| (in millions of euros) | **Year (audited)** | |
|---|---|---|
| | **2007** | **2006** |
| **EBIT** | | |
| Dredging and Earthmoving | 226.6 | 135.2 |
| Maritime Infrastructure | 15.9 | 11.7 |
| Maritime and Terminal Services | 10.8 | 9.6 |
| Non-allocated group costs | (7.8) | (6.2) |
| EBIT (operating result) | 245.5 | 150.3 |

*Dredging and Earthmoving*

The result in this segment rose to EUR 226.6 million (2006: EUR 135.2 million), with the rise mainly due to underlying growth in revenue and good operating margins. In addition, various attractive projects achieved above-average margins. The sharp rise in revenue was achieved with a high rate of equipment utilisation. The average utilisation rate of the hopper fleet hit a historic high of 44 weeks on an annual basis (2006: 43 weeks). After a relatively weak first half of the year, utilisation of the cutter fleet was strong in the second half, resulting in an average utilisation rate of 33 weeks (2006: 34

weeks). Since the collision in March 2007, the mega hopper W.D. Fairway has not been deployed and is therefore no longer included in utilisation reporting.

*Maritime Infrastructure*

The result from the Maritime infrastructure segment (40% stake in Archirodon) rose to EUR 15.9 million (2006: EUR 11.7 million), in line with the rise in revenue. Despite sharp rises in the costs of personnel, building materials and subcontractors in the Middle East, the margin remained at a good level. This was due to Achirodon's selective contracting policy and good project execution.

*Maritime and Terminal Services*

The result in this segment (50% stake in Lamnalco) grew to EUR 10.8 million (2006: EUR 9.6 million), largely due to increased revenue and the strong operational performance also achieved in this segment.

***Other***

Depreciation amounted to EUR 102.5 million, compared to EUR 86.6 million in 2006. The rise was largely the result of higher depreciation costs for project-related equipment which has relatively short depreciation periods.

The result from associated companies rose to EUR 7.5 million (2006: EUR 2.8 million), mainly due to the one-off effect in the first half of the year of the termination of Boskalis' partnership in the United States. The higher result led to an increase in taxes to EUR 43.3 million (2006: EUR 35.3 million). The tax rate fell to 17.3% (2006: 23.2%), mainly due to the impact in the first half of the year of favourable settlements of various foreign tax returns.

The return on equity was 29.5% (2006: 20.1%).

***Capital expenditure and balance sheet***

Net investments amounted to EUR 249 million. While this also included investment in small equipment and modifications for specific projects and general application, it mainly concerned the construction of the jumbo cutter Phoenix, the mid-section for the extension of the jumbo hopper Queen of the Netherlands, the construction of a number of new hoppers and the purchase of the backhoe Wodan. To take advantage of the strong market growth in the maritime and terminal services segment, Lamnalco executes an ambitious expansion plan and it invested again in several ships in 2007. As a result of the further implementation of the long-term investment program, capital commitments rose to EUR 360 million as at 31 December 2007.

The cash flow rose to EUR 310 million (2006: EUR 204 million).

Despite the relatively high level of investment and the distribution of an amount of EUR 58 million as dividend for the 2006 financial year, the cash position rose to EUR 352 million (year end 2006: EUR 216 million) as a result of the sharp rise in cash flow and improved working capital position. In the year under review an initial amount of EUR 40 million related to the damage to the W.D. Fairway was received from insurers. Of the cash position, EUR 198 million was freely available (year end 2006: EUR 110 million) and EUR 154 million was tied up in associated companies and projects being executed with third-parties (year end 2006: EUR 106 million).

The strong rise in revenue resulted in a considerable increase in the balance sheet total. As a result, solvency declined to 35.3% as at 31 December 2007 (2006: 39.4%).

### *Cash flow*

The cash flow from operating activities was EUR 309.6 million, and including adjustments (amongst others movements in working capital and adjustments for other items) cash generated from operating activities was EUR 435.1 million. Net cash from investing activities, including Boskalis' net received dividend, interest paid and received and income taxes paid, amounted to EUR 423.3 million. Net cash used in investing activities was EUR 241.4 million, consisting mainly of investments in vessels and investments in associated companies. Net cash used in financing activities was EUR 35.0 million consisting of proceeds from loans, repayments of loans and dividends paid. Net increase in cash and cash equivalents was EUR 146.9 million.

### *Consolidated balance sheet and cash flow statement*

The following table shows a breakdown of Boskalis' summarised consolidated balance sheet for each of the year ended 2007 and 2006.

| (in millions of euros) | **As at 31 December (audited)** | |
|---|---|---|
| | **2007** | **2006** |
| **Summarised consolidated balance sheet** | | |
| Non-current assets | | |
| Intangible assets | 3.5 | 2.2 |
| Property, plant and equipment | 857.4 | 721.9 |
| Other non-current assets | 17.6 | 20.7 |
| | 878.5 | 744.8 |
| Current assets | | |
| Inventories and receivables | 969.7 | 623.3 |
| Cash and cash equivalents | 351.9 | 215.8 |
| | 1,321.6 | 839.1 |
| **Total assets** | 2,200.1 | 1,583.9 |
| Group equity | | |
| Shareholder's equity | 768.1 | 618.6 |
| Minority interests | 8.7 | 6.0 |
| | 776.8 | 624.6 |
| Liabilities | | |
| Non-current liabilities | 113.9 | 118.1 |
| Current liabilities | 1,309.4 | 841.2 |
| | 1,423.3 | 959.3 |
| **Total group equity and liabilities** | 2,200.1 | 1,583.9 |

The following table shows a breakdown of Boskalis' summarised consolidated statement of cash flows for each of the year ended 2007 and 2006.

| (in millions of euros) | **Year (audited)** 2007 | 2006 |
|---|---|---|
| **Summarised consolidated statements of cash flows** | | |
| **Cash flows from operating activities** | | |
| Net group profit | 207.1 | 117.1 |
| Depreciation and impairment losses | 102.5 | 86.6 |
| Cash flow | 309.6 | 203.7 |
| Adjustments for: | | |
| Finance income and expenses, taxation, results from disposals of property, plant and equipment, share in results of associated companies | 29.8 | 21.9 |
| Movement other financial fixed assets | 1.6 | (0.4) |
| Movement non-current liabilities | 5.7 | 1.3 |
| Movement in working capital (incl. inventories, excl. taxation and interest) | 88.4 | (37.2) |
| Cash generated from operating activities | 435.1 | 189.3 |
| Dividends received | 6.2 | 6.1 |
| Interest paid and received | (2.6) | (0.7) |
| Income taxes paid | (15.8) | (12.5) |
| Net cash from investing activities | 423.3 | 182.2 |
| **Cash flows from investing activities** | | |
| Net investments in intangible assets and property, plant and equipment | (242.1) | (153.8) |
| Net investments in associated companies | 0.7 | 0.9 |
| Net cash used in / from investing activities | (241.4) | (152.9) |
| **Cash flows from financing activities** | | |
| Proceeds from loans | 34.0 | 65.9 |
| Repayment of loans | (10.2) | (46.9) |
| Dividends paid | (58.8) | (31.5) |
| Net cash used in financing activities | (35.0) | (12.5) |
| **Net increase / (decrease) in cash and cash equivalents** | 146.9 | 16.8 |
| Net cash and cash equivalents as at 1 January | 206.1 | 191.9 |

| | | |
|---|---|---|
| Movement in cash and cash equivalents (including currency translation differences) | 144.3 | 14.2 |
| Net cash and cash equivalents as at the end of the reporting period | 350.4 | 206.1 |

## 9.7 Year ended 31 December 2006 compared to year ended 31 December 2005

The following tables show a breakdown of Boskalis' consolidated income statement for the year ended 2006 compared to year ended 2005.

| (in millions of euros) | **Year (audited)** | |
|---|---|---|
| | **2006** | **2005** |
| **Summarised consolidated profit and loss account** | | |
| Revenue | 1,353.6 | 1,155.7 |
| Other income | 12.5 | 7.5 |
| Total operating revenue | 1,366.1 | 1,163.2 |
| Operational costs and personnel expenses | (1,129.2) | (1,000.7) |
| Depreciation and impairment losses | (86.6) | (80.2) |
| Total operating expenses | (1,215.8) | (1,080.9) |
| Operating result | 150.3 | 82.3 |
| Finance income and expenses | (0.7) | (1.2) |
| Share in result of associated companies | 2.8 | 0.3 |
| Profit before taxation | 152.4 | 81.4 |
| Taxation | (35.3) | (18.1) |
| **Net group profit** | 117.1 | 63.3 |
| Net profit attributable to minority interests | (0.5) | (0.6) |
| **Net profit attributable to Shareholders** | 116.6 | 62.7 |

| | **Year (audited)** | |
|---|---|---|
| | **2006** | **2005** |
| Earnings per share (in euros) | 4.08 | 2.21 |
| Diluted earnings per share (in euros) | 4.08 | 2.21 |
| Average number of outstanding shares (x 1,000) | 28,600 | 28,418 |
| EBITDA | 236.8 | 162.5 |

Boskalis achieved a net profit of EUR 116.6 million in 2006, which is 86% more than in 2005. 2006 was closed with a 17% higher record revenue of EUR 1,354 million. Boskalis continued its selective contracting policy and benefited from market growth in the more traditional market areas such as Europe, the Middle East and Australia/Asia, as well as opportunities in emerging markets such as Brazil, Russia, India and China. The order book reached a new historical high of more than EUR 2.5 billion.

### *Market developments*

The volume of work on the international dredging market reached unprecedented heights, with many large projects in the pipeline. The Company followed a policy based on a broad market spread, targeting both existing and new markets. Even more than previously, this meant that Boskalis was making deliberate choices about the deployment of people and equipment. This selective contracting policy also produced good results in 2006.

The high market demand was primarily a feature of the markets driven by energy and raw materials. The core activity of dredging and earthmoving, and the partners Archirodon and Lamnalco, generated a strong flow of new contracts. The selective contracting policy made it possible to take appealing opportunities in the Middle East and Australia, and to respond well to new developments in Brazil, Russia, India and China. But the prospects for Europe were also favourable. Preparations were underway for a range of extensions to container ports, particularly in Germany, the United Kingdom, the Netherlands, France and Spain.

### *Revenue*

In 2006, revenue was EUR 1,354 million (2005: EUR 1,156 million). The rise in revenue of 17% was mainly accounted for by Dredging and Earthmoving. But revenue also increased – by 16% – in the energy-driven segment of Maritime and Terminal Services. Revenue fell in Maritime Infrastructure, in particular because of the selective contracting policy followed by Archirodon in the booming Middle East market.

| (in millions of euros) | **Year (unaudited)** | |
|---|---|---|
| | **2006** | **2005** |
| **Net revenue by market** | | |
| Home markets Europe | 396 | 360 |
| Home markets non-Europe | 132 | 115 |
| International projects | 544 | 392 |
| Specialist niche services | 98 | 93 |
| Total Dredging and Earthmoving | 1,170 | 960 |
| Maritime Infrastructure | 141 | 159 |
| Maritime and Terminal Services | 43 | 37 |
| **Group** | **1,354** | **1,156** |

| (in millions of euros) | **Year (unaudited)** | |
|---|---|---|
| | **2006** | **2005** |
| **Net revenue by geographic region** | | |
| The Netherlands | 230 | 182 |
| Rest of Europe | 271 | 218 |

| | | |
|---|---|---|
| Australia / Asia | 173 | 240 |
| Middle East | 402 | 248 |
| Africa | 120 | 129 |
| North and South America | 158 | 139 |
| **Group** | **1,354** | **1,156** |

*Dredging and Earthmoving – Home markets (revenue EUR 528 million)*

Revenue on the home markets rose to EUR 528 million (2005: EUR 475 million). In Europe, the increase in revenue was particularly strong in the Netherlands. Revenue on the other European home markets was, on balance, stable. Outside Europe, revenue was higher on all of the home markets: Nigeria, Mexico and the United States.

The share of the home markets in revenue matched 2005 at some 40%. The Boskalis home markets at that time were:

- The Netherlands
- Northwestern Europe (Germany, United Kingdom, Nordic)
- United States
- Nigeria
- Mexico

*Dredging and Earthmoving – International projects market (revenue EUR 544 million)*

On the international projects market, the revenue in dredging increased to EUR 544 million (2005: EUR 392 million). In the Australia/Asia region there was a strong rise in revenue in the Australian market, which is driven by energy and raw materials and where Boskalis was engaged in a number of major projects. In addition, substantial revenue was achieved in Korea and with a new position in China, on the Tianjin harbour expansion. For the first time, Boskalis was at work in Russia, on a new fairway for Saint Petersburg. There was a strong increase in revenue in the Middle East, in particular because of the major LNG harbour project in Qatar and land reclamation activities in Bahrain and Oman. Revenue in South America moved upwards with major projects in Brazil and Suriname, and beach replenishment in the Dominican Republic.

*Dredging and Earthmoving – Specialist niche markets (revenue EUR 98 million)*

Revenue from specialist offshore services for the oil and gas industry rose to EUR 98 million (2005: EUR 93 million). These activities consisted mainly of the construction and protection of offshore oil and gas pipelines, for example in Russia, Thailand, Kuwait and the Netherlands, and in the North Sea.

*Maritime Infrastructure (revenue EUR 141 million)*

Revenue from Maritime Infrastructure, which is mainly generated in the Middle East by the 40% participating interest in Archirodon, amounted to EUR 141 million (2005: EUR 159 million). Archirodon has a selective contracting policy in a booming Middle East region, where strong market expansion is accompanied by sharp increases in costs for building materials and subcontractors. The Company focuses particularly on specialist projects, where attractive margins are possible.

*Maritime and Terminal Services (revenue EUR 43 million)*

The increase in revenue generated by the maritime service provider Lamnalco is primarily energy-driven. Boskalis' 50% share in the revenue amounted to EUR 43 million (2005: EUR 37 million).

### *Order book*

Orders worth a total of EUR 1,470 million were acquired in 2006, with a broad spread over the various activities and geographical segments. The order book expanded to EUR 2,543 million (year end 2005: EUR 2,427 million). The order book rose particularly in the segments Maritime Infrastructure (among others a tunnel project in Thessaloniki, Greece) and Maritime and Terminal Services (among others a contract in the port of Aqaba, Jordan). The order book included EUR 271 million for the land reclamation work in Singapore (year end 2005: EUR 317 million).

| (in millions of euros) | **As at 31 December (unaudited)** | |
|---|---|---|
| | **2006** | **2005** |
| **Order book by market** | | |
| Home markets Europe | 363 | 336 |
| Home markets non-Europe | 24 | 82 |
| International projects | 1,537 | 1,606 |
| Specialist niche services | 96 | 39 |
| Total Dredging and Earthmoving | 2,020 | 2,063 |
| Maritime Infrastructure | 344 | 242 |
| Maritime and Terminal Services | 179 | 122 |
| **Group** | **2,543** | **2,427** |

### *Results*

The rise in revenue, higher operating margins and good fleet utilisation pushed up the Group result before depreciation, result associated companies, interest and taxation (EBITDA) to EUR 236.8 million (2005: EUR 162.5 million).

The operating result was EUR 150.3 million (2005: EUR 82.3 million); net profit increased to EUR 116.6 million (2005: EUR 62.7 million).

| (in millions of euros) | **Year (audited)** | |
|---|---|---|
| | **2006** | **2005** |
| **Segment results** | | |
| Dredging and Earthmoving | 135.2 | 65.3 |
| Maritime Infrastructure | 11.7 | 16.3 |
| Maritime and Terminal Services | 9.6 | 6.2 |

*Higher contribution particularly from Dredging and Earthmoving work*

The increase in the contribution from the segment Dredging and Earthmoving was the major factor behind the higher result. The rapidly growing Maritime and Terminal Services also made a greater contribution to the profit. Lower revenue led to a fall in the contribution from the Maritime Infrastructure activities.

*Dredging and Earthmoving*

The result from this segment increased to EUR 135.2 million (2005: EUR 65.3 million), primarily because of the increase in revenue, higher margins and good equipment utilisation. The result for the segment includes exceptional income of EUR 11.6 million (before taxation). This is a payment on an old claim under international debt restructuring for Nigeria.

The average utilisation rate for the hopper fleet rose to 43 weeks on an annual basis (2005: 37 weeks), primarily because of the increased utilisation of the large trailing suction hopper dredgers. Utilisation of the cutter fleet was also good, mainly because of the deployment of the larger cutter suction dredgers on a few major projects: 34 weeks on an annual basis (2005: 36 weeks).

*Maritime Infrastructure*

The result from Maritime Infrastructure (40% holding in Archirodon) was down at EUR 11.7 million (2005: EUR 16.3 million) as a result of the selective contracting policy and the associated lower revenue.

*Maritime and Terminal Services*

The result in this segment (50% holding in Lamnalco) rose further to EUR 9.6 million (2005: EUR 6.2 million), particularly as the result of increasing revenue and good operating performance.

***Other***

Depreciation amounted to EUR 86.6 million, compared to EUR 80.2 million in 2005. This increase was mainly attributable to depreciation on the equipment brought in by the acquisitions of Wasa Dredging in Finland and Blankevoort in the Netherlands, and to additional depreciation charges in a number of large project joint ventures.

The result from associated companies was EUR 2.8 million (2005: EUR 0.3 million). Compared to 2005, there was an improvement in the result from a number of American participating interests operating dredging equipment.

The higher result led to an increase in taxes to EUR 35.3 million (2005: EUR 18.1 million). The effective tax rate was 23.2% (2005: 22.2%). For 2006, the return on equity was 20.1% (2005: 12.4%).

***Capital expenditure***

In 2006 capital expenditure reached EUR 185 million. Large investments were made in the Dredging and Earthmoving segment: approximately EUR 40 million in the equipment of the acquired dredging companies Wasa Dredging and Blankevoort, and some EUR 104 million in fleet extensions and overhauls, as well as pipelines and auxiliary equipment. A major proportion of the capital expenditure (EUR 23 million) came from Lamnalco (Maritime and Terminal Services segment), which is implementing an ambitious growth strategy, mainly in response to rapidly increasing demand for services at LNG import and export terminals. In addition, Archirodon (Maritime Infrastructure segment) made investments, particularly in equipment for specific projects (EUR 18 million).

Divestments totalled EUR 18 million, this concerned mainly the loss of the trailing suction hopper dredger Nautilus, that capsized in Congo at the end 2005.

On balance net investments amounted to EUR 167 million (2005: EUR 79 million).

***Balance sheet***

In line with the increased operating results, the cash flow in 2006 rose to EUR 203.6 million (2005: EUR 143.5 million).

Particularly as a result of the relatively high level of investments in relation to the cash flow and the distribution of EUR 31.5 million of dividend over the 2005 financial year, there was a limited increase in the cash position to EUR 216 million (year end 2005: EUR 201 million). Part of this amount, EUR 110 million, was freely available (year end 2005: EUR 116 million) and EUR 106 million was tied up in associated companies and projects that are being executed in cooperation with third parties (year end 2005: EUR 85 million).

Solvency as at 31December 2006 was 39.4% (2005: 41.3%).

***Cash flow***

The cash flow from operating activities was EUR 203.7 million, and including adjustments (amongst others movements in working capital and adjustments for other items) cash generated from operating activities was EUR 191.5 million. Net cash from investing activities, including Boskalis' net received dividend, interest paid and received and income taxes paid, amounted to EUR 184.4 million. Net cash used in investing activities was EUR 155.1 million, consisting mainly of investments in vessels and investments in associated companies. Net cash used in financing activities was EUR 12.5 million consisting of proceeds from loans, repayments of loans and dividends paid. Net increase in cash and cash equivalents was EUR 16.8 million.

***Consolidated balance sheet and cash flow statement***

The following table shows a breakdown of Boskalis' summarised consolidated balance sheet for each of the year ended 2006 and 2005.

| (in millions of euros) | **As at 31 December (audited)** | |
|---|---|---|
| | **2006** | **2005** |
| **Summarised consolidated balance sheet** | | |
| Intangible assets | | |
| Property, plant and equipment | 721.9 | 653.3 |
| Other non-current assets | 22.9 | 31.1 |
| Non-current assets | 744.8 | 684.4 |
| Inventory and receivables | 623.3 | 444.9 |
| Cash and cash equivalents | 215.8 | 200.6 |
| Current assets | 839.1 | 645.5 |
| **Total assets** | 1,583.9 | 1,329.9 |
| Shareholders' equity | 618.6 | 542.9 |
| Minority interests | 6.0 | 6.2 |
| Total group equity | 624.6 | 549.1 |
| Non-current liabilities and provisions | 118.1 | 83.1 |
| Current liabilities and provisions | 841.2 | 697.7 |
| Total liabilities | 959.3 | 780.8 |
| **Total group equity and liabilities** | 1,583.9 | 1,329.9 |

The following table shows a breakdown of Boskalis' summarised consolidated statement of cash flows for each of the year ended 2006 and 2005.

| (in millions of euros) | Year (audited) | |
|---|---|---|
| | **2006** | **2005** |
| **Summarised consolidated statements of cash flows** | | |
| **Cash flows from operating activities** | | |
| Net group profit | 117.1 | 63.3 |
| Depreciation and impairment losses | 86.6 | 80.2 |
| Cash flow | 203.7 | 143.5 |
| Adjustments for: | | |
| Finance income and expenses, taxation, results from disposals of property, plant and equipment, share in results of associated companies | 21.9 | 11.7 |
| Movement other financial fixed assets | 1.8 | 1.3 |
| Movement non-current liabilities | 1.3 | (1.7) |
| Movement in working capital (incl. inventories, excl. taxation and interest) | (37.2) | (16.4) |
| Cash generated from operating activities | 191.5 | 138.4 |
| Dividends received | 6.1 | 0.3 |
| Interest paid and received | (0.7) | (1.3) |
| Income taxes paid | (12.5) | (16.7) |
| Net cash from investing activities | 184.4 | 120.7 |
| **Cash flows from investing activities** | | |
| Net investments in intangible assets and property, plant and equipment | (156.0) | (71.9) |
| Net investments in associated companies | 0.9 | 0.5 |
| Net cash used in / from investing activities | (155.1) | (71.4) |
| **Cash flows from financing activities** | | |
| Proceeds from loans | 65.9 | 64.2 |
| Repayment of loans | (46.9) | (54.2) |
| Dividends paid | (31.5) | (8.4) |
| Net cash used in financing activities | (12.5) | 1.6 |
| **Net increase / (decrease) in cash and cash equivalents** | 16.8 | 50.9 |
| Net cash and cash equivalents as at 1 January | 191.9 | 138.3 |

| | | |
|---|---|---|
| Movement in cash and cash equivalents (including currency translation differences) | 14.2 | 53.6 |
| Net cash and cash equivalents as at the end of the reporting period | 206.1 | 191.9 |

## 9.8 Current trading

***Review of operations***

In the third quarter of 2009, Boskalis booked revenue that was slightly higher than in the same period in 2008. The utilisation of both the hopper and cutter fleet was also slightly up in the third quarter, maintaining the outstanding level seen in the first half year.

During the second half of 2009, Boskalis has acquired a number of major assignments. In terminal services, Boskalis won a long-term contract through its subsidiary Lamnalco for supplying oil-related support services to the Caspian Pipeline Consortium. Boskalis also obtained a contract for the expansion of, among others, the port of Fremantle in Australia. Recently, and once again in Australia, a contract worth approximately EUR 500 million was awarded for the construction of a port for the Gorgon LNG project. One of the striking features of the Gorgon LNG project is the large amount of non-dredging activities, including maritime services. The order book level in early November was comparable with the end of the first half year of 2009 (EUR 3 billion).

Boskalis' financial position continues to be strong. The Company is net debt-free and has a solid cash position.

***Fleet developments***

The announced study into the rationalisation of the fleet will be rounded off in the fourth quarter. In view of the high utilisation of the fleet and the strong order book, the first hoppers and cutters are not expected to be decommissioned before the second half of 2010.

As a part of the fleet replacement program, late September 2009 saw the naming and launch ceremony in Hardinxveld-Giessendam, the Netherlands, of the "Gateway", a trailing suction hopper dredger with a hopper capacity of 12,000m3. The fitting-out of the ship is proceeding smoothly and she is expected to enter service in the course of the first quarter 2010. Furthermore, the naming and launch of her sister ship, the "Willem van Oranje", has taken place in Kinderdijk, the Netherlands, on 10 February 2010.

## 9.9 Working capital

Boskalis is of the opinion that its current cash resources, including the proceeds from the Private Placement and the Accelerated Bookbuild Process, provide it with sufficient working capital for its present requirements, that is for at least the next twelve months following the date of this Prospectus.

## 10. UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION FOR THE FIRST HALF YEAR OF 2009

### 10.1 Introduction

The unaudited pro forma combined financial information for the first half year of 2009 set out below has been prepared to illustrate the impact of the proposed acquisition of Smit on the Company's consolidated income statement and balance sheet. It shows the effect of the proposed acquisition of Smit as if it had occurred on 1 January 2009 and combines:

- the Company's historical unaudited condensed consolidated income statement for the first half year of 2009 with the unaudited condensed consolidated interim income statement of Smit for the period ended 30 June 2009;

- the Company's historical unaudited condensed consolidated balance sheet as at the end of the first half year of 2009 with the unaudited condensed consolidated interim balance sheet of Smit as at 30 June 2009.

The pro forma adjustments are based upon available information and certain assumptions that are factually supportable and that the Company believes are reasonable under the circumstances. The unaudited pro forma combined financial information is included for illustrative purposes only. Because of its nature, the unaudited pro forma combined financial information addresses a hypothetical situation and, therefore, does not represent the combination's actual financial position or results. The Company does not claim or represent that the unaudited pro forma combined financial information is indicative of the financial position or results that would have been achieved had the proposed acquisition taken place as at the date indicated or that may be achieved in the future. There can be no assurance that the assumptions used in the preparations of the unaudited pro forma combined financial information will prove to be correct.

The unaudited pro forma condensed combined interim income statement and unaudited pro forma condensed combined balance sheet should be read in conjunction with the respective notes to the unaudited pro forma condensed combined interim income statement and the unaudited pro forma combined balance sheet, and the Company's condensed consolidated interim financial statements as at the end of and for the first half year of 2009 and the related notes thereto incorporated by reference in this Prospectus.

We have derived the unaudited pro forma combined financial information as at the end of and for the first half year of 2009 set out below by applying the pro forma adjustments described below to the Company's unaudited condensed consolidated interim financial statements as at the end of and for the first half year of 2009 and the condensed consolidated interim financial statements as at and for the period ended 30 June 2009 of Smit, which are incorporated by reference in this Prospectus. The assumptions underlying the pro forma adjustments are set out in Paragraph 10.3 ”Purchase accounting adjustments / provisional accounting” and in the notes to the unaudited pro forma condensed combined interim income statement and the unaudited pro forma condensed balance sheet, which should be read in conjunction with the unaudited pro forma condensed combined interim income statement and the unaudited pro forma condensed balance sheet, respectively.

## 10.2 Unaudited pro forma combined financial information as at the end of and for the first half year of 2009

Unaudited pro forma condensed combined interim income statement
for the 1st half year 2009
*(in EUR 1,000,000)*

| | Boskalis (A) | | SMIT (B) | | Pro forma adjustments | | notes | Combined Boskalis-SMIT (C) | |
|---|---|---|---|---|---|---|---|---|---|
| **Operating income** | | **989.6** | | **307.2** | | - | | | **1,296.8** |
| Operational costs and personnel expenses | -808.9 | | -216.3 | | - | | | -1,025.2 | |
| Depreciation, amortization and impairment losses | -60.5 | | -36.0 | | - | | | -96.5 | |
| **Operating expenses** | | **-869.4** | | **-252.3** | | - | | | **-1,121.7** |
| **Operating result** | | **120.2** | | **54.9** | | - | | | **175.1** |
| Finance income and expenses | | -3.2 | | -3.4 | | -17.6 | ( D ) | | -24.2 |
| Share in results of associates and joint ventures | | 12.5 | | 12.8 | | 22.1 | ( E ) / ( F ) | | 47.4 |
| **Profit before taxation** | | **129.5** | | **64.3** | | **4.5** | | | **198.3** |
| Taxation | | -26.2 | | -12.1 | | 1.0 | ( G ) | | -37.3 |
| **Net group profit** | | **103.3** | | **52.2** | | **5.5** | | | **161.0** |
| **Net profit attributable to:** | | | | | | | | | |
| Shareholders | | 102.7 | | 51.9 | | 5.5 | | | 160.1 |
| Minority interests | | 0.6 | | 0.3 | | - | | | 0.9 |
| | | **103.3** | | **52.2** | | **5.5** | | | **161.0** |

### *Notes to unaudited pro forma condensed combined interim income statement*

(A) The information in this column has been derived without adjustments from the Company's unaudited condensed consolidated interim financial statements as at the end of and for the first half year of 2009.

(B) The information in this column has been derived without adjustments from the unaudited half year report 2009 of Smit.

(C) Reference is made to the Paragraph 10.3 "Purchase accounting adjustments / provisional accounting".

(D) Adjustment is made to reflect the additional net financing costs as if the new credit facility to finance the proposed acquisition of Smit had been drawn on 1 January 2009. The existing financing is assumed to be redeemed.

(E) The adjustment made contains two movements:

1. the elimination of the share in the result of Smit for the first half year of 2009 as recognised by Boskalis;

2. the reversal of the 2008 impairment charge on the participation in Smit as recognised as at 31 December 2008.

(F) The accounting principles of Smit regarding the consolidation of joint ventures ("equity"-method) differ from the accounting principles of Boskalis (proportionate consolidation of joint ventures). Because no further information regarding the results of the joint ventures of

Smit is available at the publication date no adjustment is made to the share in results of associates and joint ventures.

Reference is made to "Additional information relating to the investments in associates and joint ventures of Smit" set out below for further financial details relating to the associates and joint ventures of Smit.

(G) The tax adjustment reflects the income tax effect for note (D), using the applicable statutory rate.

The pro forma adjustment (E)-1 is a technical adjustment that is recurring. The pro forma adjustment (E)-2 presented in the unaudited pro forma condensed combined interim income statement for the first half year of 2009 is non-recurring. The pro forma adjustment (D) with the associated effect on taxation will be recurring.

Unaudited pro forma condensed combined balance sheet
As at the end of the 1st half year 2009
*(in EUR 1,000,000)*

| | Boskalis (a) | | SMIT (b) | | Pro forma adjustments | | notes | Combined Boskalis-SMIT (c) | |
|---|---|---|---|---|---|---|---|---|---|
| **Non-current assets** | | | | | | | | | |
| Intangible assets | 22.5 | | 129,0 | | 541.9 | | ( d ) | 693.4 | |
| Property, plant and equipment | 1,061.9 | | 664.7 | | - | | | 1,726.6 | |
| Other non-current assets | 261.9 | | 129.0 | | -239.7 | | ( e ) / ( f ) | 151.2 | |
| | | 1,346.3 | | 922.7 | | 302.2 | | | 2,571.2 |
| **Current assets** | | | | | | | | | |
| Inventories and receivables | 832.2 | | 230.6 | | - | | | 1,062.8 | |
| Cash and cash equivalents | 372.0 | | 69.6 | | -254.1 | | ( g ) | 187.5 | |
| | | 1,204.2 | | 300.2 | | -254.1 | | | 1,250.3 |
| **TOTAL ASSETS** | | **2,550.5** | | **1,222.9** | | **48.1** | | | **3,821.5** |
| **Group equity** | | | | | | | | | |
| Shareholder's equity | 930.5 | | 594.6 | | -333.3 | | ( h ) | 1,191.8 | |
| Minority interest | 9.0 | | 0.9 | | - | | | 9.9 | |
| | | 939.5 | | 595.5 | | -333.3 | | | 1,201.7 |
| **Liabilities** | | | | | | | | | |
| Non-current liabilities | 133.6 | | 373.3 | | 296.9 | | ( i ) | 803.8 | |
| Current liabilities | 1,477.4 | | 254.1 | | 84.5 | | ( j ) | 1,816.0 | |
| | | 1,611.0 | | 627.4 | | 381.4 | | | 2,619.8 |
| **TOTAL GROUP EQUITY AND LIABILITIES** | | **2,550.5** | | **1,222.9** | | **48.1** | | | **3,821.5** |

### *Notes to unaudited pro forma condensed combined balance sheet*

(a) The information in this column has been derived without adjustments from the Company's unaudited condensed consolidated interim financial statements as at the end of and for the first half year of 2009.

(b) The information in this column has been derived without adjustments from the unaudited half year report 2009 of Smit.

(c) Reference is made to the Paragraph 10.3 "Purchase accounting adjustments / provisional accounting".

(d) Adjustment made contains two movements:

1. elimination of goodwill as recognised on the Smit balance sheet as at 1 January 2009;

2. preliminary goodwill, representing the preliminary excess of the purchase price over the respective fair value of the underlying net assets of Smit. For determining the

preliminary goodwill the distribution of the interim dividend of EUR 2.75 per ordinary Smit share is accounted for as already being payable.

(e) Adjustment is made to reflect:

- the elimination of the book value of the investment of Boskalis in Smit;
- the realisable effect on deferred income tax asset of adjustments on balance sheet items.

(f) The accounting principles of Smit regarding the consolidation of joint ventures ("equity"-method) differ from the accounting principles of Boskalis (proportionate consolidation of joint ventures). Because no further information regarding the (share in the) assets, liabilities and equity of the joint ventures of Smit is available at the publication date no adjustment is made to investments in associates and joint ventures, as recognized under other non-current assets.

Reference is made to "Additional information relating to the investments in associates and joint ventures of Smit" set out below for further financial details relating to the associates and joint ventures of Smit.

(g) Adjustment is made to reflect:

- the net proceeds from the issue of new Ordinary Shares;
- the proceeds from the use of the credit facilities, including assumed interest in the first half year of 2009 and costs related to the financing;
- redemption of the existing Smit financing and a short term credit facility of Boskalis;
- the cash needed to buy the remaining shares of Smit and the costs of services rendered in the transaction;
- the distribution of the interim cash dividend of EUR 2.75 per ordinary Smit share.

(h) Adjustment is made mainly to reflect:

- the net proceeds from the issue of new Ordinary Shares;
- the elimination of the shareholders' equity of Smit.

(i) Adjustment is made to reflect:

- the non-current portion of the net proceeds from the use of the credit facilities;
- the effect of purchase accounting on the pension obligation.

(j) Adjustment is made to reflect:

- the effect of repayment of a short term credit facility;
- the current portion of the net proceeds from the use of the new credit facilities.

*Additional information relating to the investments in associates and joint ventures of Smit*

- The following data relating to the associates and joint ventures of Smit have been derived without adjustment from the unaudited half year report 2009 of Smit.

| Share in results of associates and joint ventures<br>*(in EUR 1,000,000)* | 2009 | 2008 |
|---|---|---|
| For the six months ended 30 June | 12.8 | 11.9 |

- The following data relating to the associates and joint ventures of Smit have been derived without adjustment from the annual accounts for 2008 of Smit (in millions of euros).

| | |
|---|---|
| Investments in associates | 0.4 |
| Investments in joint ventures | 72.6 |
| Investments in associates and joint ventures | 73.0 |

Summary of financial information - based on Smit's interest:

| | **Associates** | **Joint ventures** | **Total** |
|---|---|---|---|
| Assets | 0.6 | 156.2 | 156.8 |
| Liabilities | -0.2 | -83.6 | -83.8 |
| **Equity** | **0.4** | **72.6** | **73.0** |
| Revenues | 1.2 | 77.9 | 79.1 |
| **Result** | **0.1** | **25.3** | **25.4** |

## 10.3 Purchase accounting adjustments / provisional accounting

Purchase accounting is an accounting method required under IFRS for business combinations. In the pro forma condensed financial information Boskalis has applied the purchase accounting as prescribed in IFRS 3 (2004). IFRS purchase accounting provides for an allocation of the excess of the purchase price over the fair value of assets and liabilities acquired. The allocation of the purchase price is based on a number of preliminary estimates.

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 Boskalis. Goodwill and intangible assets with an infinite useful life are not systematically amortised, but are tested for impairment every year or in case of an indication for impairment. Negative goodwill that may arise upon acquisition is added directly to the income statement. Straight-line amortisation is applied to other intangible assets with a limited useful life. In case of investments accounted for using the equity method the book value of the goodwill is contained in the book value of the investment.

As at the publication date of this Prospectus, Boskalis has not completed the detailed valuation studies necessary to arrive at the required estimates of the fair market value of the Smit assets to be acquired and the Smit liabilities to be assumed and the related allocation of the purchase price. IFRS allows for the possibility to determine these effects on a provisional basis, as long as the final valuations are determined within twelve months from the date of acquisition. The figures in this unaudited pro forma combined financial information are based on provisional accounting. Had Boskalis been able to complete the valuations the purchase price allocation may have had resulted in a different outcome, affecting, among others, intangible assets (including goodwill), group equity and the net group profit included in the unaudited pro forma combined financial information.

Actual results will differ from this unaudited pro forma combined financial information once Boskalis has completed the valuation studies necessary to finalise the required purchase price allocation and the final purchase price for Smit is known. Actual results will also differ from this unaudited pro forma combined financial information once IFRS 3 (revised 2008) will be applied.

The above mentioned state of detailed valuation studies at the publication date of this Prospectus is mainly due to the lack of access to information needed to make a proper preliminary valuation of items such as, not exhaustive:

- property, plant and equipment;
- marketing related intangible assets;
- customer-related intangible assets;
- contract-based intangible assets.

As a consequence, the excess of the purchase price over the respective fair value of the underlying net assets, as can be derived from publically available recent financial information of Smit, for instance the Smit annual report for 2008, has been accounted for being goodwill and therefore no adjustments to property, plant and equipment and no adjustments to definitive-lived intangibles and related depreciation and amortisation charge have been included. The purchase accounting adjustments in this section are included in the unaudited pro forma combined financial information as at the end of the first half year of 2009, unless stated otherwise. The unaudited pro forma combined financial information does not take into account any synergy benefits and one-off costs of realising such synergies, nor any adjustments for liabilities that may result from integration activities.

**Auditor's Assurance Report on the Unaudited Pro Forma Combined Financial Information for the first half year of 2009**

To: the Board of Management of Royal Boskalis Westminster N.V.

**Introduction**

We report on the Unaudited Pro Forma Combined Financial Information for the first half year of 2009 as set out on page 81 to 86 of this Prospectus which has been compiled on the basis described in the Notes to the Unaudited Pro Forma Combined Financial Information for the first half year of 2009, for illustrative purposes only, to provide information about how the acquisition of Smit that results in a significant gross change might have affected the financial information presented on the basis of the accounting policies adopted by Royal Boskalis Westminster N.V. (the "Company") in preparing condensed consolidated interim financial statements for the first half year of 2009.

Management of the Company is responsible for the compilation of the Unaudited Pro Forma Combined Financial Information for the first half year of 2009 in accordance with the requirements of the Commission Regulation (EC) No 809/2004. Our responsibility is to express a conclusion as required by item 7 of Annex II of the Commission Regulation (EC) No 809/2004, as to the proper compilation of the Unaudited Pro Forma Combined Financial Information for the first half year of 2009 and as to the consistency of the basis with the accounting policies of the Company. In providing this conclusion we are not updating or refreshing any reports or opinions previously issued by us on any financial information used in the compilation of the Unaudited Pro Forma Combined Financial Information for the first half year of 2009, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue and nor does the aforementioned conclusion require an audit of historical financial information on the assumptions summarized in the accompanying notes.

**Scope**

We conducted our work in accordance with Dutch law, including COS 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, including their adjustment to the Company's accounting policies nor of the pro forma assumptions stated in the pro forma notes, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the pro forma adjustments and discussing the Unaudited Pro Forma Combined Financial Information for the first half year of 2009 with the management of the Company. We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Unaudited Pro Forma Combined Financial Information for the first half year of 2009 has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

**Conclusion**

We conclude that the Unaudited Pro Forma Combined Financial Information for the first half year of 2009 has been properly compiled on the basis stated in Notes to the Pro Forma Combined Financial Information for the first half year of 2009 and such basis is consistent with the accounting policies of the Company as described in the notes to the condensed consolidated interim financial statements of the Company for the first half year of 2009.

**Other matters**

1. Realization of future outcomes

   Because of its nature, Unaudited Pro Forma Combined Financial Information for the first half year of 2009 addresses a hypothetical situation and therefore does not represent the Company's actual financial position or results had the transaction or event occurred at the beginning of the reporting period.

2. Restriction of use (and distribution)

   This report is required by the Commission Regulation (EC) No 809/2004 and is given for the purpose of complying with that Regulation and for no other purpose.

Rotterdam, 11 March 2010

KPMG ACCOUNTANTS N.V.

M. Blöte RA

## 11. CAPITALISATION

The following table sets out Boskalis' consolidated capitalisation as at the end of the first half year of 2009. The information in this table should be read in conjunction with Chapter 9 "Operating and Financial Review".

In the period between the end of the first half year of 2009 and the date of this Prospectus, there have been significant changes in Boskalis' capitalisation as a result of (i) the issuance of 4,913,568 new Ordinary Shares at an Issue Price of EUR 25.50 per Ordinary Share to institutional investors by means of the Accelerated Bookbuild Process on 10 December 2009 and (ii) the issuance of 4,106,038 new Ordinary Shares at an Issue Price of EUR 25.50 per Ordinary Share to the Company's large Shareholders HAL and Delta Lloyd Group by means of the Private Placement on 15 December 2009.

In addition to the EUR 230 million proceeds of the Private Placement and the Accelerated Bookbuild Process, Boskalis announced on 15 December 2009 that it has also ensured debt financing for the intended public offer on Smit. The debt financing package, for which term sheets have been signed, comprises of a combination of a 3- and 5-year bank facility of EUR 650 million in total and a temporary bridge facility of EUR 400 million. In the months after the signing of the EUR 650 million bank facility agreement and the EUR 400 million bridge facility agreement (which is expected to occur in the second half of March 2010), the temporary bridge facility of EUR 400 million will be replaced by a permanent debt financing. The entire financing package will be used to finance the intended acquisition of Smit as well as to refinance and replace Smit's existing bank facilities. Furthermore, these facilities will provide sufficient room for the new combination to make future investments.

For information on selected audited financial statements for the financial years ended on 31 December 2006, 2007 and 2008, please refer to Chapter 8 "Selected Financial Data".

| **Capitalisation and indebtedness as at ultimo 1st half year 2009 in millions of euros** | **As at ultimo 1st half year 2009 (unaudited)** | |
|---|---|---|
| Guaranteed | | |
| Secured* | 54.4 | |
| Unguaranteed/unsecured | 13.3 | |
| **Total non-current debt** | | **67.7** |
| Guaranteed | | |
| Secured* | 4.3 | |
| Unguaranteed/unsecured | 238.6 | |
| **Total current debt** | | **242.9** |
| **Total debt** | | **310.6** |
| Issued capital | 71.7 | |
| Share premium reserves | 11.9 | |
| Other reserves | 846.9 | |
| Total shareholder's equity | | **930.5** |
| **Total capitalisation** | | **1,241.1** |

* The secured assets comprise of terminal service and support vessels.

| Net indebtedness in the short term and in the medium long term as at ultimo 1st half year 2009 in millions of euros | As at ultimo 1st half year 2009 (unaudited) | |
|---|---|---|
| Current bank debt | 220.0 | |
| Current portion of non current debt | 22.2 | |
| Other current financial debt | 0.7 | |
| **Current Financial debt** | | **242.9** |
| Cash | 372.0 | |
| Cash equivalent | | |
| Trading securities | | |
| **Liquidity** | | **372.0** |
| Current financial receivable | | |
| **Net current financial indebtedness** | | **-129.1** |
| Non current bank loans | 67.7 | |
| Bonds issued | | |
| Other non current loans | | |
| **Non current financial indebtedness** | | **67.7** |
| **Net financial indebtedness** | | **-61.3** |

As per the first half year of 2009, Boskalis had a gross cash position of EUR 372 million. Together with the proceeds from the equity issue in December 2009 and the ensured financing as described in Chapter 7.10 “Material contracts” (consisting of the EUR 650 million bank facility and the EUR 400 million temporary bridge facility), Boskalis has sufficient capital resources to run its day to day business, to fulfil its committed capital expenditure program, and to complete the offer for Smit.

## 12. DESCRIPTION OF SHARE CAPITAL AND CORPORATE STRUCTURE

Set out below is a summary of certain relevant information concerning the Ordinary Shares and a brief summary of some of the provisions of the Articles of Association and Dutch corporate law.

This summary does not purport to give a complete overview and is qualified in its entirety by reference to, and should be read in conjunction with, the Articles of Association or Dutch law, as the case may be. The full text of the Articles of Association is incorporated into this Prospectus by reference and is available in Dutch and in English at the Company's head office during regular business hours and on the Company's website (www.boskalis.com).

### 12.1 General

The Company was incorporated under Dutch law as a public limited liability company (*naamloze vennootschap*) by deed executed on 22 February 1930, before R. Boer, at the time civil law notary in Klaaswaal, the Netherlands. The Company's statutory seat is in Sliedrecht, the Netherlands, with its registered address being Rosmolenweg 20, 3356 LK Papendrecht, the Netherlands (Tel: +31 78 696 9310). The Articles of Association, which are incorporated by reference herein, were last amended by deed of 18 May 2007, executed before mr. C.W. de Monchy, civil law notary in Rotterdam, the Netherlands. The declaration of no objection from the Minister of Justice to that amendment was issued on 1 May 2007, number N.V. 42.585. The Company is registered with the Rotterdam Chamber of Commerce under trade registry number 23008599.

### 12.2 Corporate objects

As stated in article 2 of the Articles of Association, the Company's objects are to participate in and to conduct the management of other companies and enterprises of any kind, to finance them and to arrange finance for them and to undertake all actions, which may include the contracting of work, that may be incidental or conducive for the foregoing.

### 12.3 Share capital

***Share capital***

The Company has two types of Shares: Ordinary Shares and Cumulative Protective Preference Shares, all of which have been created under the Dutch Civil Code.

The Cumulative Protective Preference Shares are registered shares. The Ordinary Shares may either be registered or bearer shares, at a Shareholder's discretion, provided that a holder of bearer shares may only request that its bearer shares are converted into registered shares if, after the conversion, such Shareholder holds at least 5% of the Company's issued capital. The Management Board maintains a register containing the names and addresses of all holders of the registered Ordinary Shares and the Cumulative Protective Preference Shares at its head office situated at Rosmolenweg 20, 3356 LK Papendrecht, the Netherlands. A holder of registered shares may request an extract of the register regarding the Shares registered in his name; the Company is required to provide such an extract free of charge. There are no statutory transfer restrictions regarding the transfer of Ordinary Shares.

***Stock exchange listing***

Most of the Ordinary Shares are bearer shares and admitted to trading on Euronext Amsterdam; some of the Ordinary Shares (including the New Shares) are registered shares and are (with the exclusion of the New Shares) also admitted to trading on Euronext Amsterdam. The Company is seeking admission to trading of the New Shares and has prepared this Prospectus for that purpose. If the Listing succeeds, all the New Shares will be traded on Euronext Amsterdam.

Since March 2009 the Ordinary Shares are included in Euronext's AEX Index (Amsterdam Exchange Index); before that the Ordinary Shares were included in Euronext's AMX Index (Amsterdam Midkap Index) (symbol: BOKA, stock code: 85258, ISIN code: NL0000852580). The Ordinary Shares are also a component of the Euronext Next 150 Index and the Dow Jones STOXX 600 Index. The Company's market capitalisation as at year-end 2009 amounted to around EUR 2.669 billion.

Cumulative Protective Preference Shares are not tradable on Euronext Amsterdam. Options on the Ordinary Shares have been traded on Euronext option exchange (Liffe) since September 2007.

***Number of authorised and issued Shares***

The authorised share capital of the Company consists of 200,000,000 Shares and is composed as follows.

| **As at 31 December 2009** | **Authorised** | **Issued** |
|---|---:|---:|
| Ordinary Shares with a nominal value of EUR 0.80 each | 150,000,000 | 98,651,289 |
| Cumulative Protective Preference Shares with a nominal value of EUR 2.40 each[1] | 50,000,000 | - |
| Total | 200,000,000 | 98,651,289 |

[1] Not tradable on Euronext Amsterdam; no Cumulative Protective Preference Shares have been issued so far.

***Number of issued and fully paid-up Shares***

As at 31 December 2009, the number of issued and fully paid up Ordinary Shares was 98,651,289, representing an amount of EUR 78,921,031.20. The increase in the number of Ordinary Shares compared with 31 December 2008 was due to the issue of the New Shares, the issue of 4,913,568 new Ordinary Shares in the Accelerated Bookbuild Process and the issue of 3,832,322 new Ordinary Shares as part of the stock dividend. The Company does not have any issued Ordinary Shares that are not fully paid up. The Company holds six Ordinary Shares in its own share capital. As at 31 December 2009 no Cumulative Protective Preference Shares were issued.

On 14 December 2009 the Supervisory Board and the Management Board approved the execution of the Private Placement and the Accelerated Bookbuild Process authorising the issue of an additional 9,019,606 new Ordinary Shares, which took place on 15 December 2009.

| **As at 31 December** | **2009** | **2008** | **2007** | **2006** | **2005** |
|---|---|---|---|---|---|
| Bearer and registered Ordinary Shares | 98,651,289 | 85,799,361 | 85,799,361* | 28,599,787 | 28,599,787 |
| Registered Cumulative Protective Preference Shares[1] | - | - | - | - | - |
| Total | 98,651,289 | 85,799,361 | 85,799,361 | 28,599,787 | 28,599,787 |

* Boskalis undertook a three-for-one share split in May 2007.
[1] Not tradable on Euronext Amsterdam; no Cumulative Protective Preference Shares have been issued so far.

***Ordinary Shares***

All bearer Ordinary Shares outstanding from time to time are represented by one single share certificate (the **Global Share Certificate**) that is kept in safe custody by Euroclear Nederland for the benefit of the Euroclear Nederland beneficiaries. No individual bearer Ordinary Share shall be delivered and no share certificates will be issued for Shares in registered form.

A Euroclear Nederland beneficiary may at any time require the conversion of one or more bearer Ordinary Shares represented by the Global Share Certificate, up to the maximum number it is entitled to, into registered Ordinary Shares, provided that, after the conversion, such Shareholder holds at least 5% of the Company's issued capital. A holder of registered Ordinary Shares may at any time require the conversion of his registered Ordinary Shares into bearer Ordinary Shares represented by the Global Share Certificate in accordance with the method described in the Articles of Association.

The Global Share Certificate, representing all bearer Ordinary Shares outstanding from time to time, is held in safe custody by Euroclear Nederland on the basis of the Dutch Securities Giro Act (*Wet giraal effectenverkeer*). For the purposes of the provisions of the Articles of Association, a participant in the collective deposit (*verzameldepot*) of a financial institution that is a Euroclear Nederland participant will be treated as a holder of Ordinary Shares. The transfer of bearer Ordinary Shares is effected through the book-entry system (*giro*) maintained by Euroclear Nederland. As with all other shares in registered form in the capital of listed companies, registered Ordinary Shares are transferred by means of a private deed of transfer and, unless the Company itself is a party to the transaction, the written acknowledgement by the Company of the transfer of such registered Ordinary Shares.

Application has been made for the New Shares to be accepted for delivery through the book-entry system (*giro*) maintained by Euroclear Nederland. Euroclear Nederland is located at Herengracht 459-469, 1017 BS Amsterdam, the Netherlands.

***Cumulative Protective Preference Shares***

On 23 May 2001 Stichting Continuïteit KBW (the **Foundation**) was established. The Foundation's objects are to attend to Boskalis' interests in such a manner that Boskalis' interests are safeguarded in the best possible way and that influences that may threaten Boskalis' independence, continuity or identity are prevented. The Foundation can safeguard these interests through acquiring and managing the Company's Cumulative Protective Preference Shares and by exercising the rights attached to these Shares, in particular the voting rights. On 29 May 2001 the Foundation was granted the right to acquire Cumulative Protective Preference Shares for a maximum nominal amount which shall be equal to 100% of the nominal amount of Ordinary Shares outstanding at the time of the issue, less the nominal amount of one Ordinary Share. The Foundation may *inter alia* exercise this right as a (protective) measure against a hostile acquisition of control or takeover bid. The Cumulative Protective Preference Shares will not be listed and do not carry pre-emptive rights. To date no Cumulative Protective Preference Shares have been issued. The Foundation is an independent foundation and operates independently from the Company, as referred to in article 5:71 paragraph 1 under c of the Financial Supervision Act. The board of the Foundation consists of three independent members: J.A. Dekker (chairman), J.F. van Duyne and P.N. Wakkie.

Holders of Cumulative Protective Preference Shares will be paid an annual dividend consisting of a percentage of the mandatory amount paid up on the Cumulative Protective Preference Shares as of the commencement date of the financial year to which the dividend payment relates. The percentage referred to in the previous sentence 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 dividend payment relates, increased by four percentage points at most (this increase shall be determined by the Management Board, subject to the approval of the Supervisory Board, every five years). If, in the financial year in respect of which the dividend payment relates, the amount that must be paid on the Cumulative Protective Preference Shares has been reduced or increased, the dividend payment will be reduced or, if possible, increased with an amount equal to the aforementioned percentage of the amount of the reduction or increase, as the case may be, calculated from the moment that the reduction or increase became compulsory. In addition, if, in the course of a financial year, Cumulative Protective Preference Shares are issued, the dividend payment on those Cumulative Protective Preference Shares will be reduced for that year in proportion to the day of the issue, whereby a part of a month shall be considered a full month.

If, pursuant to an issue of Cumulative Protective Preference Shares by virtue of a resolution of the Management Board, subject to the prior approval of the Supervisory Board, the value of outstanding Cumulative Protective Preference Shares would exceed 100% of the value of outstanding Ordinary Shares, such issue cannot be effected without the prior specific cooperation of the General Meeting. If, pursuant to an issue of Cumulative Protective Preference Shares by virtue of a resolution of the Management Board, subject to the prior approval of the Supervisory Board, the value of outstanding Cumulative Protective Preference Shares would not exceed 100% of the value of outstanding Ordinary Shares, the reasons for such issue must be explained within four weeks thereof at a General Meeting.

Where Cumulative Protective Preference Shares have been issued by virtue of a resolution of the Management Board, subject to the prior approval of the Supervisory Board, without the prior approval or other cooperation of the General Meeting, the Management Board is obliged to convene a General Meeting within two years after the issue and to submit a proposal to the General Meeting to redeem or cancel the issued Cumulative Protective Preference Shares. If at this General Meeting no such resolution is adopted, the Management Board is obliged to convene another General Meeting within two years of the previous General Meeting and to again submit a proposal to redeem or cancel the issued Cumulative Protective Preference Shares. This procedure is to be repeated until no more Cumulative Protective Preference Shares are issued or held by anyone other than the Company. This procedure is not applicable to Cumulative Protective Preference Shares issued with the prior approval or other cooperation of the General Meeting.

The Financial Supervision Act and the Public Takeover Bids (Financial Supervision Act) Decree (*Besluit openbare biedingen Wft*) (the **Decree**) contain the substantive bid rules for a mandatory bid. Any party, acting alone or in concert with others, that, directly or indirectly, acquires a controlling interest in a Dutch public limited liability company whose shares (and/or depositary receipts for shares issued with the cooperation of the public limited liability company) are admitted to trading on a regulated market, must make a public offer for all listed and non-listed shares (and/or depositary receipts for shares issued with the cooperation of the public limited liability company) in the capital of that public limited liability company. A controlling interest is defined as the ability to exercise at least 30% of the voting rights at a general meeting of shareholders of a public limited liability company. A party that already had a controlling interest on 28 October 2007 (i.e. the date on which the mandatory bid rules were implemented in the Financial Supervision Act and the Decree) is exempt from making a mandatory bid.

Anti-takeover measures whereby a legal entity (usually a foundation) receives defensive preference shares to prevent a hostile takeover are still allowed. As long as the foundation meets the requirements outlined below, it is exempt from the obligation to make a public bid:

- the board of the foundation must be independent from the target company; and
- the objects of the foundation must be “to attend to the interests of the target company and its enterprise”.

The exemption from the public bid obligation is strictly limited to a situation where there is a real takeover threat. The foundation may only begin holding preference shares in excess of 30% once an announcement has been made for a public bid. Finally, the foundation may hold the preference shares for a maximum of two years only to protect the target company. This means that the target company must redeem or cancel the preference shares within two years after the issue. These rules should be taken into account by the board of the Foundation in case Cumulative Protective Preference Shares are issued. Cumulative Protective Preference Shares are not tradable on Euronext Amsterdam.

***Issue of Shares and pre-emptive rights***

Subject to the prior approval of the Supervisory Board, the General Meeting or the Management Board, if so designated by the General Meeting for a period of no more than five years, may resolve (i) to issue Shares or grant rights to subscribe for Shares, and (ii) to limit or exclude the pre-emptive right for holders of Ordinary Shares with respect to a Share issue.

Ordinary Shares may not be issued below par value and must be fully paid upon issue. Cumulative Protective Preference Shares may be issued below par value but must be paid up to at least 25% upon issue. The Management Board may request, subject to the prior approval of the Supervisory Board, payment of the remaining unpaid par value (if any) on the Cumulative Protective Preference Shares. A resolution by the General Meeting to issue Shares or to authorise the Management Board to do so, requires, in addition to the prior approval of the Supervisory Board, the prior or simultaneous approval of each class of individual Shareholders whose rights are affected by the issue.

Unless limited or excluded by the General Meeting or the Management Board, if so designated by the General Meeting, holders of Ordinary Shares have a *pro rata* pre-emptive right to subscribe for any newly issued Ordinary Shares. Exceptions to this pre-emptive right include the issue of Ordinary Shares and the grant of rights to subscribe for Ordinary Shares (i) against payment in kind, (ii) to employees of the Company or of another legal entity or company with which the Company is associated as part of a group, or (iii) the issue of Shares to persons exercising a previously granted right to subscribe for Ordinary Shares. Holders of Ordinary Shares do not have a pre-emptive right with respect to Cumulative Protective Preference Shares to be issued and holders of Cumulative Protective Preference Shares do not have a pre-emptive right with respect to Ordinary Shares to be issued.

Subject to the prior approval of the Supervisory Board, the General Meeting or the Management Board, if so designated by the General Meeting, may limit or exclude the pre-emptive right to subscribe for any newly issued Ordinary Shares. A resolution by the General Meeting to limit or exclude the pre-emptive right or to delegate the authority to limit or exclude the pre-emptive right to the Management Board requires a majority of at least two-thirds of the votes cast, if less than 50% of the Company's issued share capital is present or represented at the General Meeting.

On 7 December 2009 the General Meeting resolved to delegate to the Management Board, subject to the prior approval of the Supervisory Board, the authority (i) to issue Ordinary Shares or grant rights to subscribe for Ordinary Shares, and (ii) to limit or exclude the pre-emptive right of the Company's Shareholders in respect of the issue of Ordinary Shares. The delegation by the General Meeting applies for a period of twelve months (subject to extension by the General Meeting for a period of no more than five years) and for a total of 20% of the issued share capital as at 7 December 2009.

## 12.4 Corporate structure

***Large company regime***

The Company is a public limited liability company that has adopted the regime for large companies (*structuurregime*) as set out in articles 158 up to and including 164 of book 2 of the Dutch Civil Code. Under this regime, companies must adopt a two-tier system of corporate governance, comprising a management board (*raad van bestuur*) and a supervisory board (*raad van commissarissen*).

The General Meeting appoints the members of the Supervisory Board on the recommendation of the Supervisory Board. The General Meeting can reject the nomination by an absolute majority of the votes cast by Shareholders representing at least one-third of the issued share capital.

The General Meeting and the works council both have a right of recommendation regarding the nomination of members of the Supervisory Board. One-third of the members of the Supervisory Board must be nominated on the basis of the enhanced recommendation (*versterkt aanbevelingsrecht*) of the works council. For these members of the Supervisory Board, the Supervisory Board can only object to the recommendation of the works council on the grounds that the recommended candidate is not suitable to fulfil the duties of a member of the Supervisory Board or that the Supervisory Board will not be properly composed if the nominated candidate would be appointed.

***Management Board***

The Management Board is responsible for the Company's day-to-day management of the business and for setting out and realising the Company's long-term strategy. It is responsible for establishing the Company's objectives, implementing its business policies and for its resulting performance. The Management Board is accountable to the Supervisory Board, to whom it must provide in good time all necessary information which the Supervisory Board requires to complete its task, and the General Meeting. In performing its task, it is guided by the interests of the Company and its business and takes into account any relevant interests of parties involved with the Company.

The number of members of the Management Board is determined by the Supervisory Board. The Management Board and each of its members individually is authorised to represent the Company. The members of the Management Board are appointed by the Supervisory Board. The Supervisory Board shall notify the General Meeting of any proposed appointment of a member of the Management Board. The Supervisory Board may at any time suspend or dismiss a member of the Management Board, provided, however, that the Supervisory Board shall not dismiss a member of the Management Board until after the General Meeting has been consulted about the proposed dismissal.

The Dutch Civil Code requires the Company to establish a policy in respect of the remuneration of the members of the Management Board. This policy must be proposed by the Supervisory Board and adopted by the General Meeting. More information on the Company's remuneration policy is set out in Chapter 13 "Management and Employees".

The Supervisory Board determines the remuneration of the members of the Management Board, provided that if the remuneration (also) consists of shares or options, the shares and/or option schemes require the approval of the General Meeting.

Certain resolutions of the Management Board require the approval of the Supervisory Board. Furthermore, resolutions of the Management Board entailing a significant change in the identity or character of the Company or its business require the approval of the General Meeting. This applies in any event to resolutions in respect of:

- the transfer of all of the Company's business or almost all of the Company's business to a third party;
- the entry into or the discontinuance of any long-term cooperation of the Company or one of its subsidiaries with another legal entity or company or as a fully liable partner in a limited or general partnership if the entry into or the discontinuance of such cooperation is of major significance to the Company; and
- the acquisition or disposal of a participation with a value of at least one-third of the sum of the assets as shown on the Company's (consolidated) balance sheet total plus explanatory

notes as per the Company's most recently adopted annual accounts by the Company or one of its subsidiaries.

In the event of a conflict of interest between the Company and one or more members of the Management Board, the Company may nevertheless be represented by each member of the Management Board, except in the case of an agreement which a member of the Management Board has concluded in private with the Company or a private legal action which a member of the Management Board has raised against the Company, in which case the Company will be represented by the Supervisory Board or by a member of the Supervisory Board appointed by the Supervisory Board. If one or more members of the Management Board are absent or unable to act, the remaining member or members of the Management Board will be temporarily charged with the tasks of the full Management Board. If all members of the Management Board are absent or unable to act, the Supervisory Board will be temporarily charged with the Company's management and will in that event be authorised to appoint one or more temporary board members, either from among its members or otherwise.

The Management Board must at least once a year inform the Supervisory Board in writing of the main aspects of the strategic policy, the general and financial risks and the Company's management and control systems.

***Supervisory Board***

The responsibilities and working methods of the Supervisory Board are laid down in the Articles of Association and in the charters of the Supervisory Board and its committees; the Articles of Association currently in force are available on the Company's website (www.boskalis.com). The task of the Supervisory Board is to supervise the policy of the Management Board and the general course of the Company's business, as well as to advise the Management Board. It further assists the General Meeting by providing advice in relation to the adoption of the annual accounts. In performing its task, the Supervisory Board is required to act in the interests of the Company and its business.

The Supervisory Board consists of at least three members. The number of members of the Supervisory Board is determined by the General Meeting, taking into account the aforementioned minimum number of three members. The resignation schedule is designed to prevent an unnecessary number of appointments or reappointments at any one time.

Each member of the Supervisory Board must resign no later than on the date on which he or she has been a member of the Supervisory Board for four years after his or her (last) appointment. Resignation by rotation will take place at the time of closure of the annual General Meeting but a Supervisory Board member resigning by rotation may be reappointed immediately, provided that he or she still meets the relevant criteria. The General Meeting can award the Supervisory Board or one or more of its members a fixed remuneration and their expenses will be reimbursed.

Resolutions of the Supervisory Board taken in a meeting are validly adopted by an absolute majority of votes whereby the majority of the members of the Supervisory Board is present or represented. The chairman will have a casting vote in case the votes are evenly divided. Meetings of the Supervisory Board are convened by the chairman. If at least one-third of the number of Supervisory Board members requests the chairman to convene a meeting, the chairman is obliged to comply with that request.

The members of the Supervisory Board are appointed by the General Meeting on the recommendation of the Supervisory Board. The Supervisory Board appoints a chairman from among its members and a secretary from among its members or otherwise.

The Supervisory Board will make a nomination for the appointment of a member of the Supervisory Board. Before the Supervisory Board decides on the nomination, both the General Meeting and the works council may make recommendations for persons to be nominated. The works council has an enhanced right of recommendation for at least one-third of the members of the Supervisory Board, which recommendation may only be put aside under certain circumstances. The General Meeting can reject the nomination of the Supervisory Board, including the one recommended by the works council, by means of a resolution adopted by an absolute majority of the votes cast by Shareholders representing at least one-third of the issued share capital. If the General Meeting resolves by means of a resolution adopted by an absolute majority of the votes cast to reject the nomination of the Supervisory Board, but this absolute majority does not represent at least one-third of the issued share capital, a second General Meeting can be convened in which the resolution to reject the nomination of the Supervisory Board can be adopted by an absolute majority of the votes cast without any quorum requirement.

The General Meeting can, by means of a resolution adopted by an absolute majority of the votes cast by Shareholders representing at least one-third of the issued share capital, dismiss the Supervisory Board in its entirety for reasons of lack of confidence.

The Enterprise Chamber of the Amsterdam Court of Appeal (the **Enterprise Chamber**) may, on application, dismiss an individual member of the Supervisory Board. The grounds for dismissal are neglect of his or her duties, certain other material reasons or a far-reaching change in circumstances as a result of which the Company cannot reasonably be required to maintain him or her as a Supervisory Board member.

The Supervisory Board can suspend a member of the Supervisory Board; the suspension will terminate by operation of law unless the Company requests the Enterprise Chamber within one month to dismiss the Supervisory Board member concerned.

The Supervisory Board has a profile for its size and composition, taking into account the nature of the business, its activities and the desired expertise and background of the members of the Supervisory Board.

The following powers, among others, are vested in the Supervisory Board:

- the nomination of the members of the Supervisory Board for appointment by the General Meeting;
- the appointment of the members of the Management Board; and
- the approval of certain resolutions of the Management Board.

***Amendment of the Articles of Association and dissolution***

The General Meeting may resolve to amend the Articles of Association or to dissolve (*ontbinding*) the Company only upon a proposal by the Management Board approved by the Supervisory Board.

***Dividends***

Subject to certain exceptions, dividends are payable by the Company out of the annual profits as shown in the annual financial statements as adopted by the General Meeting and, in the case of Ordinary Shares, after the establishment of any reserves determined by the Management Board with the approval of the Supervisory Board. The Company may not pay dividends if the dividend payment would reduce the Company's equity capital so that the issued capital and the reserves would be reduced to below the levels required by law or the Articles of Association. Upon the proposal of the Management Board, the General Meeting may determine that a dividend payment shall be made, in whole or in part, in the form of Shares in the Company's capital in lieu of cash. The Management Board, with the approval of the Supervisory Board, may decide to distribute one or more interim dividends before the accounts for any year have been determined, taking into account the preference of the Cumulative Protective Preference Shares and certain statutory provisions. Dividends which have not been collected within five years after the first day on which they became payable will revert to the Company.

According to the Articles of Association, dividends are paid in the following order: first, the amount to be paid on each outstanding Cumulative Protective Preference Share is distributed, and second, any remaining profit, after any reservations have been made, is distributed among the holders of Ordinary Shares. No dividends will be paid on the Ordinary Shares as long as the dividends on the Cumulative Protective Preference Shares have not been paid in full.

For more information on dividends, please refer to Chapter 4 “Dividend and Dividend Policy”.

***Voting rights and General Meetings***

The General Meeting discusses the annual report, adopts the annual accounts, declares the dividend, discharges the members of the Management Board in respect of their management duties and discharges the members of the Supervisory Board in respect of their supervisory duties. The General Meeting appoints, on the recommendation of the Supervisory Board, the members of the Supervisory Board and may award the Supervisory Board or one or more of its members a fixed remuneration. In addition, on the proposal of the Supervisory Board, the General Meeting adopts the remuneration policy of the Management Board. Resolutions of the Management Board entailing a significant change in the identity or character of the Company or its business also require the approval of the General Meeting, and the General Meeting furthermore has powers of decision in relation to the acquisition of Shares in its own capital.

The annual General Meeting is to be held not later than six months after the end of each financial year. The agenda of the annual General Meeting includes, among other things, the adoption of the annual accounts and the discharge of members of the Management Board and the Supervisory Board. In addition to the annual General Meeting, extraordinary general meetings of shareholders may be held as frequently as the Management Board or the Supervisory Board deems desirable.

The Company gives notice of a General Meeting on its website (www.boskalis.nl) and by means of an advertisement in a Dutch daily newspaper with a national circulation as well as in (the digital version of) the Official List (*Officiële Prijscourant*) of Euronext Amsterdam. The notice includes the requirements for attending the meeting and is to be issued not later than on the fifteenth day prior to the day of the meeting and is to state the agenda or that the agenda may be inspected at the Company’s offices.

All voting Shareholders and all usufructuaries and pledgees of Shares who have been granted the voting rights shall be entitled to attend General Meetings, to take the floor at such General Meetings and to exercise their voting rights. Where registered Shares are concerned, the Management Board must be notified in writing of the holder’s intention to attend and vote at the General Meeting.

Prior to being admitted to a General Meeting a shareholder, usufructuary, pledgee or proxy must sign an attendance list, stating his name and, if applicable, the number of votes to which he is entitled. In the case of a proxy, the name(s) of the person(s) on whose behalf such proxy is attending the General Meeting must also be stated.

With regard to bearer Ordinary Shares the following applies. As for the voting rights and/or the rights exercisable at General Meetings, the Company shall also regard as a shareholder any person named in a written declaration of an affiliated institution, stating that the number of bearer Ordinary Shares mentioned in the declaration is held in its collective deposit and that the person named in the declaration is and shall continue to be entitled to the said number of bearer Ordinary Shares as a participant in the collective deposit until the end of the General Meeting, provided that the declaration is deposited in a timely fashion at the Company's offices. The same applies to usufructuaries and pledgees of one or more bearer Ordinary Shares. The notice of the meeting shall specify the date by which this must have been effected, which date may not be earlier than seven days prior to the General Meeting.

Voting shareholders and usufructuaries and pledgees of bearer Ordinary Shares may attend General Meetings either in person or by written proxy.

The chairman of the Supervisory Board or, in his absence, another member of the Supervisory Board to be designated by the Supervisory Board, will be the chairman of the General Meeting. Resolutions are adopted at a General Meeting by an absolute majority of the votes cast (unless a higher proportion of votes is required by the Articles of Association or Dutch law). At a General Meeting, each Ordinary Share entitles the holder to cast one vote and each Cumulative Protective Preference Shares entitles the holder to cast three votes. The members of the Management Board and the Supervisory Board have an advisory vote.

One or more Shareholders may submit proposals for discussion at the General Meeting in the event that such Shareholders, either individually or collectively, represent at least one hundredth part of the entire issued capital or in case their Shares, at the date of submission of such proposals, have a stock market value of at least EUR 50,000,000. These proposals must be submitted in writing no later than 60 days before the General Meeting, unless there are substantial reasons for not including such proposals on the agenda.

***Adoption of annual accounts***

Within four months after the end of the financial year, the Management Board shall prepare the annual accounts. The annual accounts must be accompanied by the annual report, the auditors' report and certain other information required under Dutch law. The annual accounts must be signed by all members of the Management Board and the Supervisory Board; if the signature of one or more of them is missing, that fact and the underlying reasons for it must be duly stated.

The Supervisory Board must submit the annual accounts, the annual report and the other information required under Dutch law to the General Meeting for adoption and at the same time to the works council for discussion. The annual accounts, the annual report, the auditors' report and the other information required under Dutch law must be made available to the Shareholders for their review as from the date of the notice convening the annual General Meeting at the Company's offices and the Management Board must at the same time send the annual accounts to the works council. The annual accounts shall be adopted by the General Meeting.

On 1 January 2009 section 5.1a of the Financial Supervision Act came into effect for the (further) implementation of the European Transparency Directive (2004/109/EC) (the **Transparency Directive**) and the Transparency Implementing Directive (2007/14/EC). The Transparency Directive introduces a common European system for the publication of annual, semi-annual and interim financial information by issuers. The provisions of the Transparency Directive are now mainly incorporated in the Financial Supervision Act and the Decree implementing the Directive on Transparency for Issuers (Financial Supervision Act) (*Besluit uitvoeringsrichtlijn transparantie uitgevende instellingen Wft*). The supervision of compliance with these rules will be carried out by the AFM. For the Company, the implementation of the Transparency Directive has, *inter alia*, had consequences with respect to financial reporting.

Pursuant to article 5:25c of the Financial Supervision Act the annual financial report of the Company must be made generally available by the Company within four months after the end of the Company's financial year and must be kept generally available for a period of at least five years. The annual financial report must comprise the following: (i) the audited annual accounts, (ii) the annual report, and (iii) a statement prepared by the persons responsible within the Company. The aforementioned statement must, *inter alia*, include an undertaking that (i) the annual accounts give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and its consolidated companies, (ii) the annual report gives a true and fair view of the position on the balance sheet date and the business outlook during the financial year of the Company and the affiliated companies, and (iii) a description of the principal risks that the Company faces has been included in the annual report.

In addition, pursuant to article 5:25d of the Financial Supervision Act the semi-annual financial report must be made generally available by the Company within two months after the end of the first six months of the Company's financial year and must be kept generally available for a period of at least five years. The semi-annual financial report must comprise the following: (i) the semi-annual accounts and the semi-annual report, (ii) a statement prepared by the persons responsible within the Company, (iii) an indication of the most important events, principal risks and uncertainties, (iv) major related parties transactions; and (v) the audit report or the auditors' review (if existing). For the semi-annual financial report the statement must include an undertaking that (i) the semi-annual accounts give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and its consolidated companies; (ii) the semi-annual report gives a true and fair view of the position on the balance sheet date and the business outlook during the financial year of the Company and the affiliated companies, and (iii) the business outlook, particular attention being paid to investments and circumstances affecting future turnover and profitability.

***Liquidation rights***

The General Meeting shall be authorised to resolve to dissolve the Company, provided that such resolution is adopted on a motion of the Management Board, which has been approved by the Supervisory Board.

If a resolution to dissolve the Company is adopted, the liquidation shall be conducted by the Management Board under the supervision of the Supervisory Board if and to the extent that the General Meeting does not decide otherwise.

The Company's assets remaining after payment of all debts and liquidation costs shall be divided as follows:

- first, a distribution shall be made to all holders of Cumulative Protective Preference Shares equal to the sum of the amount paid up on their Cumulative Protective Preference Shares and the amount of any dividend due to be calculated for the period up to the date on which the distribution upon liquidation is declared payable; and

- second, if any assets remain, a distribution shall be made to all holders of Ordinary Shares *pro rata* to the nominal value of their holdings of Ordinary Shares.

***Repurchase of Shares***

The Company may repurchase its own Shares, subject to certain provisions of Dutch law and the Articles of Association. However, the Company may not repurchase its own Shares if (i) the payment required to make such repurchase would reduce the shareholders' equity of the Company to an amount less than the sum of the issued share capital and any reserves that must be maintained by law, or (ii) the Company and its subsidiaries would thereafter hold Shares with an aggregate nominal value equal to more than 10% of the issued share capital. Shares owned by the Company may not be voted. Any repurchase of Shares, which are not fully paid up, is null and void.

A repurchase of Shares may be effected by the Management Board, subject to the prior approval of the Supervisory Board, if the Management Board has been so authorised by the General Meeting. On 14 May 2009 the General Meeting granted this authorisation for a period of 18 months and for a total of 10% of the issued share capital.

### *Capital reduction*

Subject to the prior approval of the Supervisory Board, the General Meeting may resolve to reduce issued capital by cancellation of Shares or by reducing the nominal value of Shares by means of an amendment of the Articles of Association, subject to the provisions of Dutch law and the Articles of Association.

A resolution by the General Meeting to reduce the share capital requires the prior or simultaneous approval of the meeting of each group of holders of the same class of Shares whose rights are affected by the reduction.

### *Obligations of Shareholders to disclose holdings*

*Disclosure of voting and capital interest in securities issuing companies under Dutch law*

Shareholders may be subject to notification obligations under the Financial Supervision Act. The Financial Supervision Act came into force on 1 January 2007 and implements several provisions of the Transparency Directive (2004/109/EC) and is also aimed at simplifying and modernising the notification and disclosure procedures. The following description summarises those obligations.

Shareholders are advised to consult with their own legal advisors to determine whether the notification obligations apply to them.

The most important notification requirements for the Company's investors with respect to the Financial Supervision Act are:

- any person who, directly or indirectly, acquires or disposes of a capital interest or voting rights in the Company must forthwith give written notice to the AFM of such capital interest and/or voting rights. This notification obligation will exist if an acquisition or disposal causes the total percentage of the capital interest and/or voting rights held to reach, exceed or fall below the following thresholds: 5%, 10% 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%;

- any person whose capital interest or voting rights in the Company reaches, exceeds or falls below a threshold due to a change in the Company's outstanding capital, or in votes that can be cast on the Shares as notified to the AFM by the Company, should notify the AFM no later than the fourth trading day after the AFM has published the Company's notification; and

- any person with a capital interest or voting rights in the Company reaching or exceeding 5% will be required to notify the AFM of any changes in the composition (actual or potential) of this interest annually within four weeks from 31 December at 24:00 hours.

For the purpose of calculating the percentage of capital interest or voting rights, the following interests must be taken into account: (i) Shares directly held (or acquired or disposed of) by any person, (ii) Shares (or depositary receipts for shares) held (or acquired or disposed of) by such person's subsidiaries or by a third party for such person's account or by a third party with whom such person has concluded an oral or written voting agreement, and (iii) Shares which such person, or any subsidiary or third party referred to above, may acquire pursuant to any option or other right held by such person (or acquired or disposed of including, but not limited to, on the basis of convertible bonds).

Special rules apply to attribution of community of property. A holder of a pledge or right of usufruct in respect of the Shares can also be subject to the reporting obligations, if such person has, or can acquire, the right to vote on the Shares or, in case of depositary receipts, the underlying Shares. If a pledgee or usufructarian acquires such (conditional) voting rights, this may trigger reporting obligations for the holder of the Shares (or depositary receipts for the Shares).

Furthermore, each member of the Management Board and Supervisory Board must immediately give written notice to the AFM by means of a standard form of any change in his or her holding of Shares and voting rights in the Company.

Non-compliance with the notification obligations could lead to criminal fines, administrative fines, imprisonment or other sanctions.

*Disclosure of trades in listed securities under Dutch law*

Pursuant to the section of the Financial Supervision Act implementing the Market Abuse Directive 2003/6/EC and related Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, members of the Management Board and the Supervisory Board, and any other person who has managerial responsibilities or who has the authority to make decisions affecting the future developments and business prospects of the Company and who has regular access to inside information relating, directly or indirectly, to the Company (an **Insider**), must notify the AFM of all transactions conducted on his own account relating to the Shares or securities of the Company, the value of which is determined by the value of his Shares.

In addition, persons designated by the Decree on Market Abuse pursuant to the Financial Supervision Act (*Besluit marktmisbruik Wft*) (the **Market Abuse Decree**) who are closely associated with members of the Management Board, Supervisory Board or any of the Insiders must notify the AFM of the existence of any transactions conducted for their own account relating to the Shares or securities of the Company, the value of which is determined by the value of the Shares. The Market Abuse Decree designates the following categories of persons: (i) the spouse or any partner considered by national law as equivalent to the spouse, (ii) dependent children, (iii) other relatives who have shared the same household for at least one year at the relevant transaction date, and (iv) any legal person, trust or partnership, among other things, whose managerial responsibilities are discharged by a person referred to under (i), (ii) or (iii) above.

The AFM must be notified of transactions effected in either the Shares or securities of the Company, the value of which is determined by the value of the Shares, no later than the fifth business day following the transaction date. Notification may be postponed until the date the value of the transactions amounts to EUR 5,000 or more per calendar year.

The AFM keeps a public register of all notifications made pursuant to the Financial Supervision Act. Non-compliance with the notification obligations under the market abuse obligations laid down in the Financial Supervision Act may lead to criminal fines, administrative fines, imprisonment or other sanctions.

*Public offer rules*

In accordance with Directive 2004/25/EC of the European Parliament and of the Council of the European Union (the "**Takeover Directive**") each member state should ensure the protection of minority shareholders by obliging any party, acting alone or in concert with others, that, directly or indirectly, acquires a controlling interest in a listed company has to make a public offer for all outstanding shares in the capital of that company.

Under the laws of the Netherlands a controlling interest is defined as the ability to exercise at least 30% of the voting rights at a general meeting of shareholders of a Dutch public limited liability company whose shares (and/or depositary receipts for shares issued with the cooperation of the public limited liability company) are admitted to trading on a regulated market. Pursuant to article 5:70 of the Financial Supervision Act any party, acting alone or in concert with others, that, directly or indirectly, acquires a controlling interest must make a public offer for all listed and non-listed shares (and/or depositary receipts for shares issued with the cooperation of the public limited liability company) in the capital of that public limited liability company. This obligation does not apply to a party that already had a controlling interest of more than 30% at the date on which the mandatory bid rules were implemented in the Financial Supervision Act (i.e. 28 October 2007).

*Squeeze-out rules*

Pursuant to article 2:92a of the Dutch Civil Code a shareholder that, for its own account, holds at least 95% of the issued share capital of a Dutch public limited liability company may institute proceedings against the other shareholders jointly for the transfer of their shares to the claimant. The proceedings are held before the Enterprise Chamber and can be instituted by means of a writ of summons served upon each of the minority shareholders in accordance with the provisions of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*). The Enterprise Chamber may grant the claim for the squeeze out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. Once the order to transfer becomes final before the Enterprise Chamber, the person acquiring the shares must give written notice of the date and place of payment and the price to the holders of the shares to be acquired whose addresses are known to him. Unless the addresses of all of them are known to him, it must also publish the same in a Dutch daily newspaper with a national circulation.

In addition, pursuant to article 2:359c of the Dutch Civil Code following a public offer, a holder of at least 95% of the outstanding shares and voting rights of a Dutch private limited liability company has the right to require the minority shareholders to sell their shares to it. Any such request must be filed with the Enterprise Chamber within three months after the end of the acceptance period of the public offer. Conversely, pursuant to article 2:359d of the Dutch Civil Code each minority shareholder has the right to require the holder of at least 95% of the outstanding shares and voting rights to purchase its shares in such case. The minority shareholder must file such claim with the Enterprise Chamber within three months after the end of the acceptance period of the public offer.

## 12.5 General business principles and insider trading rules

*General business principles*

The Management Board has established a statement of general business principles, which are evaluated at least every two years and were last reviewed on 21 January 2010. The statement contains principles on the Company's obligations to society, the environment and its employees, its commitment to maintaining quality, its conduct to clients and suppliers and its commitment to capital suppliers. A copy of these general business principles is available on the Company's website (www.boskalis.com).

*Internal insider trading rules*

The Management Board has formulated a set of rules regarding price-sensitive information. Under these rules, any employee who is in possession of information that may reasonably be expected to influence the price of the securities may not engage in transactions in the Company's securities or recommend a third party to engage in transactions in the Company's securities. It is likewise forbidden to communicate price-sensitive information to a third party and engage in transactions during a closed period. These rules also apply to the members of the Management Board and Supervisory Board and other designated individuals.

# 13. MANAGEMENT AND EMPLOYEES

## 13.1 Introduction

As described above in “Description of Share Capital and Corporate Structure”, the Company has a two-tier management structure, with a Management Board and a separate Supervisory Board.

The Management Board and the Supervisory Board endorse the principle embodied in the Dutch corporate governance code (the **Corporate Governance Code**) that the Company is a long-term form of collaboration between the various parties involved. They recognise their integral, responsibility for correctly balancing all the interests concerned while safeguarding the continuity of the business. The aim of the Company is to create long-term shareholder value. Unless stated otherwise, the Company complies with the Corporate Governance Code’s best-practice provisions. Deviations from those provisions are discussed in this Chapter 13.

Any substantial changes in the Company’s corporate governance structure or in the manner in which the Company complies with this Corporate Governance Code will be presented to the General Meeting for discussion under a separate agenda item.

## 13.2 Management Board

The Management Board is responsible for the management of the Company and its operating companies, which means, among others, that it defines the strategic direction, establishes the policies and manages the Company’s day-to-day operations. The Management Board is responsible for the Company’s results and the achievement of its objectives.

The members of the Management Board are appointed by the Supervisory Board. The Supervisory Board may at any time suspend or dismiss a member of the Management Board, provided, however, that the Supervisory Board shall not dismiss a member of the Management Board until after the General Meeting has been consulted about the proposed dismissal.

Representative authority is vested both in the Management Board and in each member of the Management Board acting individually. In the event of a conflict of interest between the Company and one or more members of the Management Board, the Company may nevertheless be represented by each member of the Management Board, except in the case of an agreement which a member of the Management Board has concluded in private with the Company or a private legal action which a member of the Management Board has raised against the Company, in which case the Company will be represented by the Supervisory Board or by a member of the Supervisory Board appointed by the Supervisory Board.

The business address of the members of the Management Board is: Royal Boskalis Westminster N.V., Rosmolenweg 20, 3356 LK Papendrecht, the Netherlands.

***Members of the Management Board***

As at the date of this Prospectus, the Management Board of the Company consists of three members.

| **Name** | **Member since** | **End of term** |
|---|---|---|
| Mr. dr. P.A.M. Berdowski (1957) | 21 August 1997 | n.a.<br>(Mr. dr. P.A.M. Berdowski has been appointed for an indefinite period) |

| | | |
|---|---|---|
| Mr. drs. J.H. Kamps (1959) | 1 January 2006 | 2010 |
| Mr. ing. T.L. Baartmans (1960) | 9 May 2007 | 2011 |

*Mr. dr. P.A.M. Berdowski – Chairman*

Peter Berdowski is a Dutch national. He was first appointed to the Management Board on 21 August 1997 and was appointed as its chairman as of 8 May 2006. Mr. Berdowski has been appointed to the Management Board for an indefinite period. Mr. Berdowski is chairman of the supervisory board of Amega Holding B.V. and N.V. Holding Westland Infra. Furthermore he is a member of the supervisory board of TBI Holdings B.V. and Van Gansewinkel Groep B.V. In addition he is part of the board of the Stichting STC-Group and a member of the state committee on export-, import- and investment guarantees. Mr. Berdowski graduated from the Rijksuniversiteit Utrecht with a Masters degree in Chemical Sciences in 1981 and a PhD in Chemical Sciences in 1985. From 1985 Mr. Berdowski performed several jobs at Royal Shell Group. Subsequently he joined in 1986 the management consultant firm Krekel Van der Woerd Wouterse where he left the position of managing director in 1997.

*Mr. drs. J.H. Kamps – Chief financial officer*

Hans Kamps is a Dutch national. He was first appointed as member to the Management Board on 1 January 2006. He performs the role of chief financial officer. Mr. Kamps has been appointed for a period of four years. Mr. Kamps is a member of the board of Stichting Fondsenbeheer Waterbouw and Stichting Bedrijfstakpensioenfonds Waterbouw. Furthermore he is chairman of the board of Stichting Pernsioenfonds Boskalis Westminster Nederland. Mr. Kamps graduated from the Universiteit van Amsterdam with a Masters in Business Economics in 1982. Mr. Kamps joined Ernst & Whinney as management consultant in 1982. From 1984 till 1986 he performed several jobs as controller at Schuitema N.V. From 1986 onwards Mr. Kamps has worked for Boskalis in various financial positions.

*Mr. ing. T.L. Baartmans*

Theo Baartmans is a Dutch national. He was appointed to the Management Board on 9 May 2007. Mr. Baartmans has been appointed for a period of 4 years. Mr. Baartmans is a member of the board of NABU, the Netherlands Association of International Contractors. Mr. Baartmans graduated from the Technische Hogeschool in Amsterdam in 1984 and finalised a Senior Executive Program at the London Business School in 2003. Mr. Baartmans started his career at Volker Stevin Dredging B.V. where he worked from 1986 till 1990. He joined Martinair in 1990. Since 1991 Mr. Baartmans performed several jobs at HAM Dredging and Marine Contractors. In 2000 Mr. Baartmans joined Boskalis where he fulfilled several positions.

All members of the Management Board have the Dutch nationality and none of them holds any Shares or option rights in the capital of the Company.

## 13.3 Supervisory Board

The Supervisory Board is responsible for supervising the policy of the Management Board and the general course of the business of the Company and its related entities, as well as advising the Management Board. The interests of the Company and its related entities guide the Supervisory Board in the performance of its task. The Management Board provides the Supervisory Board in a timely manner with all information needed to perform its task. The responsibilities, duties and procedures of the Supervisory Board are laid down in the Articles of Association of the Company and in the charters of the Supervisory Board and its committees.

The members of the Supervisory Board are appointed by the General Meeting on the recommendation of the Supervisory Board. Both the General Meeting and the works council may make recommendations for persons to be nominated for appointment to the Supervisory Board. The works council has an enhanced right of recommendation and may nominate at least one-third of the candidates for appointment to Supervisory Board. The Supervisory Board will place the works council's nominee on the list of candidates unless the Supervisory Board objects to the nomination of the works council on the grounds that the recommended candidate is not, in its view, suitable to fulfil the duties of a member of the Supervisory Board or that, as a result of the recommended candidate's appointment, the Supervisory Board will no longer be properly composed.

The composition of the Supervisory Board takes into account the nature of the Company's business, its activities and the expertise and background desired of its members. All new members of the Supervisory Board are given an induction course following their appointment. The Supervisory Board's resignation schedule is drawn up in accordance with the principles embodied in the Corporate Governance Code and is designed to avoid too many resignations arising at the same time. The Supervisory Board of the Company currently consists of five members.

The business address of the members of the Supervisory Board is: Royal Boskalis Westminster N.V., Rosmolenweg 20, 3356 LK Papendrecht, the Netherlands.

***Members of the Supervisory Board***

At the date hereof, the members of the Supervisory Board are:

| **Name** | **Member since** | **End of term** |
|---|---|---|
| Mr. drs. H. Heemskerk (1943) | 1 July 2006 | 2013 |
| Mr. mr. M.P. Kramer (1950) | 19 August 2009 | 2012 |
| Mr. drs. M. Niggebrugge (1950) | 30 August 2006 | 2013 |
| Mr. M. van der Vorm (1958) | 18 May 1993 | 2011 |
| Mr. mr. C. van Woudenberg (1948) | 9 May 2007 | 2011 |

*Mr. drs. H. Heemskerk – Chairman*

Mr. Heemskerk, the chairman of the Supervisory Board, is a Dutch national. He was first appointed to the Supervisory Board in 2006 and his current term runs until 2013. Mr. Heemskerk started his career at AMRO Bank where he fulfilled several positions from 1969 until 1991. In 1991 he was appointed as chairman of F. Van Lanschot Bankiers N.V. In 2002 Mr. Heemskerk was appointed as chairman of the executive board of Rabobank Nederland where he retired in 2009. Currently Mr. Heemskerk is a member of the supervisory board of Het Aambeeld N.V., Het Aambeeld B.V. and Bank Sarasin & Cie AG. Furthermore he is a member of the supervisory board of the Wageningen University and Research Centre, member of the executive board of Vlerick Leuven Gent Management School and member of the board of Stichting Vereniging voor de Effectenhandel as well as member of the advisory council of the Amsterdam Institute of Finance. Mr. Heemskerk is a member of the Audit Committee and the chairman of the Selection and Appointment Committee.

*Mr. mr. M.P. Kramer*

Mr. Kramer is a Dutch national. He was appointed to the Supervisory Board on 19 August 2009 and his current term runs until 2012. Mr. Kramer is chairman of the executive board and chief executive officer of N.V. Nederlandse Gasunie. Mr. Kramer started his career at the Ministry of Economic Affairs in 1976. In 1979 he joined the NAVO in Brussels. From 1982 till 1988 he led the Oil Industry Division of the International Energy Agency. In 1988 Mr. Kramer joined Crude Oil Supply and Trading Petro-Canada. From 1992 until 2003 Mr. Kramer fulfilled several positions at Stattoil Norway. Currently Mr. Kramer is president of GIE, Gas Infrastructure Europe and president of the board of KVGN, Royal Dutch Gas Association. Mr. Kramer is a member of the Remuneration Committee.

*Mr. drs. M. Niggebrugge*

Mr. Niggebrugge is a Dutch national. He was first appointed to the Supervisory Board in 2006 and his current term runs until 2013. Mr. Niggebrugge started his career at Royal Shell Group in 1976 where he fulfilled several positions. In 2000 he joined N.V. Nederlandse Spoorwegen as member of the executive board. Currently Mr. Niggebrugge is member of the executive board and the general administrative board of Vereniging VNO-NCW and member of the supervisory board of Diakonessenziekenhuis Utrecht. Mr. Niggebrugge is chairman of the Audit Committee.

*Mr. M. van der Vorm*

Mr. Van der Vorm is a Dutch national. He was first appointed to the Supervisory Board in 1993 and his current term runs until 2011. Mr. Van der Vorm is chairman of executive board of HAL Holding N.V. Mr. Van der Vorm is currently member of the supervisory board of Anthony Veder Group N.V. and Royal Vopak N.V. Mr. Van der Vorm is member of the Selection and Appointment Committee.

*Mr. mr. C. van Woudenberg*

Mr. Van Woudenberg is a Dutch national. He was first appointed to the Supervisory Board in 2007 and his current term runs until 2011. Mr. Van Woudenberg started his career at Akzo Nederland in 1974 where he performed several jobs. He joined KLM in 1989. In 2005 Mr. Van Woudenberg was appointed to the executive committee of Air France-KLM. He retired from this position in 2008. Currently Mr. Van Woudenberg is member of the supervisory board of Royal DSM N.V., Royal Grolsch N.V., Mercurius Group B.V., Transavia B.V. and the Netherlands Chamber of Commerce. Mr. Van Woudenberg is chairman of the Remuneration Committee.

All members of the Supervisory Board have the Dutch nationality and none of them holds any Shares or option rights in the capital of the Company.

In view of the scale, diversity and complexity of the matters to be discussed, the Supervisory Board has established three core committees – the Audit Committee, the Remuneration Committee and the Selection and Appointment Committee – which contribute to more effective decision-making by the Supervisory Board. The roles, responsibilities, composition, tasks and procedures of the committees are laid down in charters.

***Audit Committee***

The Audit Committee consists of:

- Mr. drs. M. Niggebrugge as chairman; and
- Mr. drs. H. Heemskerk.

The Audit Committee advises the Supervisory Board on (i) the supervision, monitoring and advising of the Management Board with respect to the operation of the internal risk management and control systems, (ii) the supervision of the provision of financial information by the Company, (iii) the supervision of the compliance with recommendations and the following up of comments by external auditors, (iv) the supervision of the Company's policy on tax planning, (v) the supervision of the financing of the Company, (vi) the supervision of the application of information and communication technology (ICT), (vii) it maintaining regular contacts with and supervising the relationship with the external auditor, (viii) the nomination of an external auditor for appointment by the General Meeting, and (ix) the financial statements, the annual budget and significant capital investments by the Company.

The roles and responsibilities of the Audit Committee as well as the composition and the manner in which it discharges its duties are set out in the regulations of the Supervisory Board Audit Committee. The Audit Committee shall meet as often as one or more of its members deem necessary but in any event at least twice a year.

***Remuneration Committee***

The Remuneration Committee consists of:

- Mr. mr. C. van Woudenberg as chairman; and
- Mr. mr. M.P. Kramer.

The Remuneration Committee advises the Supervisory Board on (i) the remuneration policy to be pursued for the Management Board members, to be adopted by the General Meeting, (ii) the remuneration of individual Management Board members, to be adopted by the Supervisory Board, and (iii) the preparation of the report on the remuneration policy conducted, to be adopted by the Supervisory Board, which report shall contain an overview of how the remuneration policy was implemented over the past financial year as well as an overview of the anticipated remuneration policy for the subsequent financial years.

The roles and responsibilities of the Remuneration Committee as well as the composition and the manner in which it discharges its duties are set out in the regulations of the Supervisory Board Remuneration Committee. The Remuneration Committee shall meet as often as one or more of its members deem necessary but in any event at least once a year.

***Selection and Appointment Committee***

The Selection and Appointment Committee consists of:

- Mr. drs. H. Heemskerk; and
- Mr. M. van der Vorm.

The Selection and Appointment Committee advises the Supervisory Board on (i) the drawing up of the selection criteria and appointment procedures in respect of the members of the Supervisory Board and the Management Board, (ii) the periodic assessment of the size and composition of the Supervisory Board and the Management Board and of the profile of the Supervisory Board, (iii) the periodic assessment of the functioning of individual members of the Supervisory Board and the Management Board and the reporting on their functioning to the Supervisory Board, (iv) proposed (re)appointments, and (v) the supervision of the management policy with respect to selection criteria and appointment procedures for the Company's senior management.

The roles and responsibilities of the Selection and Appointment Committee as well as the composition and the manner in which it discharges its duties are set out in the regulations of the Supervisory Board Selection and Appointment Committee. The Selection and Appointment Committee shall meet as often as one or more of its members deem necessary but in any event at least once a year.

### 13.4 Other information relating to the Management Board and the Supervisory Board

In relation to the members of the Management Board and the Supervisory Board, there have been:

- no convictions in relation fraudulent offences for at least the last five years;
- no bankruptcies, receiverships or liquidations with which such person who was acting in such capacity was associated for at least the last five years; and
- no official public incrimination and/or sanctions of such person by statutory or regulatory authorities (including designated professional bodies).

Furthermore, none of such persons has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer, or from acting in the management or conduct of the affairs of an issuer for at least the last five years.

At the moment, one member of the Supervisory Board is not independent within the meaning of the Corporate Governance Code, because this member holds a position on the executive board of HAL Holding N.V. (see "Members of the Supervisory Board"), which may from time to time constitute a conflict of interest. As such, Boskalis does not deviate from best-practice provision III.2.1 as further described in Chapter 13.5 "Departures from the best-practice provisions of the Corporate Governance Code" below.

Other than the fact that one Supervisory Board member is not independent within the meaning of the Corporate Governance Code, the Company is not aware of any potential conflicts of interest between the duties to Boskalis of the persons listed above under Chapter 13.2 "Management Board" and Chapter 13.3 "Supervisory Board" and their private interests and/or other duties.

### 13.5 Departures from the best-practice provisions of the Corporate Governance Code

While the Company endorses the principles of the Corporate Governance Code, it does not comply or may not comply with the following best-practice provisions of the Corporate Governance Code.

- Mr. dr. P.A.M. Berdowski, who has been a member of the Management Board from before the introduction of the Corporate Governance Code, has been appointed (and has an employment agreement) for an indefinite period, which constitutes a deviation from best-practice provision II.1.1. that states that a management board member may be appointed for a maximum period of four years only. However, members of the Management Board who have been appointed after the introduction of the Corporate Governance Code have been, and any new members of the Management Board will be, appointed for a term of not more than four years at a time.
- As a general rule, Boskalis complies with best-practice provision II.1.7. that a member of the Management Board may not be a member of the supervisory board of more than two listed companies and that a member of the Management Board may not be the chairman of the supervisory board of a listed company. However, in exceptional circumstances the Supervisory Board may grant its approval to a deviation from this best-practice provision if such deviation serves the interests of Boskalis.

- As a general rule, Boskalis complies with best-practice provision II.2. regarding the amount and composition of the remuneration of the members of the Management Board. However, agreements with members of the Management Board that were entered into prior to the introduction of the Corporate Governance Code have not been amended and therefore may contain provisions in deviation from this best-practice provision.

- The remuneration payable in the event of dismissal for Mr. dr. P.A.M. Berdowski, who has been a member of the Management Board from before the introduction of the Corporate Governance Code, amounts to one and a half year's salary and for Mr. drs. J.H. Kamps to two year's salary, which constitutes a deviation from best-practice provision II.2.7. that deals with the maximum remuneration payable in the event of dismissal.

- At the moment there is only one member of the Supervisory Board, Mr. M. van der Vorm, who does not qualify as independent and as such Boskalis does not deviate from best-practice provision III.2.1. However, it is Boskalis' policy that more than one member of the Supervisory Board member can be dependent, as long as the majority of the members of the Supervisory Board is independent, as Boskalis is of the opinion that this may, under certain circumstances, be necessary or desirable given the specialist industry that Boskalis operates in, the leading position it occupies in that industry and the complex network of commercial relationships it has.

- As a general rule, Boskalis complies with best-practice provision III.3.4. that the number of supervisory boards of Dutch listed companies of which one individual may be a member shall be limited to such an extent that the proper performance of such individual's duties is assured, with a maximum number of five. However, in exceptional circumstances the Supervisory Board may propose a candidate who deviates from this best-practice provision.

- Mr. M. van der Vorm has been a member of the Supervisory Board since 18 May 1993, which constitutes a deviation from best-practice provision III.3.5. that states that a supervisory board member may be appointed for a maximum of three four-year periods only.

## 13.6 Remuneration Management Board

The aim of the remuneration policy for the Management Board is to ensure that the Company is able to attract, motivate and retain qualified and expert Management Board members. The remuneration package of the Management Board members consists of a fixed salary, a variable salary and a pension plan. The amount and composition of the remuneration package is determined on the basis of the Dutch labour market and using information about a peer group of companies comparable to Boskalis in terms of size and complexity.

The remuneration policy for the Management Board, as adopted by the General Meeting in 2006, applied throughout 2007, 2008 and continued to apply in 2009. The salaries for the Management Board members in 2009 amounted to EUR 560 thousand gross for Mr. dr. P.A.M. Berdowski, EUR 405 thousand gross for Mr. drs. J.H. Kamps and EUR 405 thousand gross for Mr. ing. T.L. Baartmans.

***Remuneration package***

*Fixed salary*

The fixed salaries are determined on the basis of the Dutch labour market and are in line with the salaries of a peer group of companies comparable to Boskalis in terms of size and complexity.

*Variable salary*

The variable salaries comprise a short-term and a long-term part. Both parts are linked to the fixed annual salary and consist of two elements with an equal weighting. The first element of the short-term part is based on annual return and is linked to net profit plus interest on long-term loans expressed as a percentage of average invested capital. The other element is linked to the degree to which the individual Management Board member has achieved the targets set by the Supervisory Board. If the targets are reached, the short-term “at target” part will amount to 50% of the fixed annual salary for the chairman of the Management Board and 45% for the other members of the Management Board. These percentages can grow to as much as 75% and 67.5% respectively in the event of excellent performance.

With respect to the long-term part, one element is aimed at creating shareholder value, while the other element focuses on the realisation of the corporate policy. The Supervisory Board formulates a number of long-term targets, which form the basis for a qualitative assessment. For this long-term part the “at target” percentages are 50% for the chairman of the Management Board and 45% for the other members of the Management Board. These percentages can reach a maximum of 75% and 67.5% respectively in the event of excellent performance. Each year the long-term part is expressed as a conditional number of notional shares. After three years the definite number of shares is determined and a cash amount is paid out based on the share price at that time. That means that the variable income of the members of the Management Board depends in part on the Company’s share price and is therefore linked to the value of the Company.

*Pension plan*

The members of the Management Board participate in the pension scheme of Stichting Pensioenfonds Boskalis Westminster Nederland. Since 1 January 2004 the pension accrual has been based on the average wage system; the retirement age is 65.

*Other*

No loans, advances or guarantees will be extended to members of the Management Board and the explicit approval of the chairman of the Supervisory Board is required before any position outside the Company may be accepted.

***Management Board remuneration in 2008***

The table below shows the remuneration received by the members of the Management Board in 2008.

| **Name** | **Annual salary and remuneration** | **Pension contributions** | **Short- and long-term variable remuneration** | **Total** |
|---|---|---|---|---|
| Mr. dr. P.A.M. Berdowski | EUR 489,000 | EUR 91,000 | EUR 1,346,000 | EUR 1,926,000 |
| Mr. drs. J.H. Kamps | EUR 365,000 | EUR 65,000 | EUR 219,000 | EUR 649,000 |
| Mr. ing. T.L. Baartmans | EUR 365,000 | EUR 65,000 | EUR 197,000 | EUR 627,000 |

The variable remuneration paid in 2008 is related to the achievement of certain targets during the 2007 financial year (short-term variable remuneration) and the achievement of certain targets during the 2005-2007 period (long-term variable remuneration).

## 13.7 Remuneration Supervisory Board

### *Remuneration package*

In accordance with the Articles of Association the General Meeting can award the Supervisory Board or one or more of its members a fixed remuneration. The remuneration package of the Supervisory Board members consists of a fixed salary and is determined on the basis of the Dutch labour market and using information about a peer group of companies comparable to Boskalis in terms of size and complexity. Consistent with the Corporate Governance Code, the remuneration of the Supervisory Board members is not dependent on the Company's results. Consequently, neither stock options nor performance shares are granted to the Supervisory Board members by way of remuneration. Any Shares in the Company held by Supervisory Board members should be held as long-term investment.

### *Supervisory Board remuneration in 2008*

The table below shows the remuneration received by the members of the Supervisory Board in 2008.

| Name | Annual salary and remuneration | Total |
|---|---|---|
| Mr. R.M.F. van Loon | EUR 63,000 | EUR 63,000 |
| Mr. drs. H. Heemskerk | EUR 37,000 | EUR 37,000 |
| Mr. drs. M. Niggebrugge | EUR 44,000 | EUR 44,000 |
| Mr. M. van der Vorm | EUR 37,000 | EUR 37,000 |
| Mr. mr. C. van Woudenberg | EUR 41,000 | EUR 41,000 |

The members of the Supervisory Board receive, in addition to their remuneration, an annual allowance for out-of-pocket expenses of EUR 2,368 each.

## 13.8 Employment agreements

Set out below is a summary of the termination provisions included in the employment agreements of the members of the Management Board. Currently, no other service contracts, other than those described below, exist which provide benefits to members of the Supervisory Board and the Management Board upon termination of service.

The following members of the Management Board are employed by the Company on the basis of an employment agreement:

| Name | Term employment agreement | Term appointment | Severance payment* |
|---|---|---|---|
| Mr. dr. P.A.M. Berdowski | indefinite | indefinite | equal to 1.5 years salary |
| Mr. drs. J.H. Kamps | 4 years | 4 years | equal to 2 years salary |
| Mr. ing. T.L. Baartmans | 4 years | 4 years | equal to 1 year salary |

* Upon unfair dismissal, the members of the Management Board will be entitled to a severance payment.

## 13.9 Employees

In 2008 the average size of the Boskalis workforce was 9,389; the figure at year-end 2008 was 10,201 (8,577 at year-end 2007). This increase is mainly due to some large projects and the fact that Mexico has entirely been consolidated from mid-November 2008.

| *Number of employees* | **2008** | **2007** | **2006** | **2005** |
|---|---|---|---|---|
| Number of employees at year end | 10,201 | 8,577 | 8,151 | 7,029 |

# 14. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

## 14.1 Major Shareholders

The following table shows details of Aviva plc and HAL Trust, major holders of Ordinary Shares, and is based on notifications received by the Company pursuant to the notification obligation under the Financial Supervision Act and the Decree on the Disclosure of Major Holdings and Capital Interests in Securities-Issuing Institutions (*Besluit melding zeggenschap en kapitaalbelang in uitgevende instellingen*).[1]

| | Interest | Ordinary Shares | Date of disclosure |
|---|---|---|---|
| Aviva plc (indirectly through Delta Lloyd Levensverzekeringen N.V., Delta Lloyd Life N.V. and Norwich Union Life Australia Limited) | 5.01% | 4,943,090 | 10 February 2010 |
| HAL Trust (indirectly through HAL) | 31.75% | 9,079,087 | 1 November 2006 |

1 Disclosed holdings are in part not tradable on the Amsterdam Stock Exchange.

See Chapter 12 "Description of Share Capital and Corporate Structure - Corporate Structure - Obligations of Shareholders to disclose holdings" for further information concerning the requirements under Dutch law to notify interests in the Ordinary Shares.

As at the date of this Prospectus, the Company estimates that the free float of its listed Ordinary Shares amounts to around 67.52%.

No major Shareholder listed in the table above has different voting rights from those set out in Chapter 12 "Description of Share Capital and Corporate Governance".

## 14.2 Related party transactions

***Joint ventures***

Transactions with joint ventures take place at arm's length basis. The joint group companies have, as at the end of the first half year 2009, amounts receivable from and payable to project-driven construction consortia amounting to EUR 94 million and EUR 211 million respectively (year-end 2008: EUR 146 million and EUR 181 million respectively).

During the financial years 2008, 2007 and 2006, 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.

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[1] Since the date of disclosure stated in the table the information relating to HAL Trust's holding of Ordinary Shares has changed and now amounts to 32.48%.

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

Other than the emoluments for members of the Management Board and Supervisory Board of the Company over 2008 and 2007 (see "Management Board remuneration in 2008" and "Supervisory Board remuneration in 2008"), no loans or guarantees have been provided to, or on behalf of, members of the Management Board or members of the Supervisory Board.

***Other related party transactions***

The Company has entered into various agreements with companies within its Group in respect of the purchase and sale of goods, development and intra-group services. These transactions have been through ordinary course and at arm's length basis.

# 15. THE PRIVATE PLACEMENT AND LISTING

## 15.1 Private Placement

On the Issue Date, the Company issued 2,929,568 new Ordinary Shares to HAL and 1,176,470 new Ordinary Shares to Delta Lloyd Group at an Issue Price of EUR 25.50 each, totalling an amount of EUR 104,703,969. On the Issue Date, after the Private Placement and taking into account the issuance of 4,913,568 new Ordinary Shares to institutional investors by means of the Accelerated Bookbuild Process, which issuance also took place on 15 December 2009, 98,651,289 Ordinary Shares were issued and outstanding. The Private Placement and the Accelerated Bookbuild Process resulted in a dilution of approximately 10%.

## 15.2 Listing and trading

Application will be made to list all of the New Shares on Euronext Amsterdam under the symbol "BOKA". The ISIN (International Security Identification Number) code is NL0000852580 and the common code is 030124699. Trading in the New Shares on Euronext Amsterdam is expected to commence on 15 March 2010.

## 15.3 Conflict of interest

A conflict of interest may have existed between the Company and Mr. M. van der Vorm with respect to the issuance of the New Shares to HAL as he has an indirect ownership interest in HAL and is a member of the Supervisory Board. For that reason, Mr. M. van der Vorm has not taken part in the decision-making process in the Supervisory Board regarding the Private Placement. Also see Chapter 13.5 "Management and employees - Departures from best-practice provisions of the Corporate Governance Code".

## 16. TAXATION

***Netherlands tax considerations***

The following summary outlines certain Netherlands tax consequences in connection with the acquisition, ownership and disposal of Ordinary Shares. The summary does not purport to present any comprehensive or complete picture of all Netherlands tax aspects that could be of relevance to the acquisition, ownership and disposal of Ordinary Shares by a (prospective) holder of Ordinary Shares who may be subject to special tax treatment.

For purposes of Netherlands income and corporate income tax, Ordinary Shares legally owned by a third party, such as a trustee, foundation or similar entity or arrangement (a **Third Party**), may under certain circumstances have to be allocated to the (deemed) settlor, grantor or similar originator (the **Settlor**) or, upon the death of the Settlor, his or her beneficiaries (the **Beneficiaries**) in proportion to their entitlement to the estate of the Settlor of such trust or similar arrangement (the **Separated Private Assets**).

This summary does not address the tax consequences of a holder of Ordinary Shares who is an individual and who has a substantial interest in the Company. Generally, a holder of Ordinary Shares will have a substantial interest in the Company if he, whether alone or together with his spouse or partner and/or certain other close relatives, holds directly or indirectly, or as Settlor or Beneficiary of Separated Private Assets,

(a) (i) the ownership of, (ii) certain other rights, such as usufruct, over, or (iii) rights to acquire (whether or not already issued), Ordinary Shares representing 5% or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of the Company; or

(b) (i) the ownership of, or (ii) certain other rights, such as usufruct over, profit participating certificates (*winstbewijzen*) that relate to 5% or more of the annual profit of the Company or to 5% or more of the liquidation proceeds of the Company.

In addition, a holder of Ordinary Shares has a substantial interest in the Company if he, whether alone or together with his spouse or partner and/or certain other close relatives, has the ownership of, or other rights over, Shares in, or profit certificates issued by, the Company that represent less than 5% of the relevant aggregate that either (a) qualified as part of a substantial interest as set forth above and where Shares, profit certificates and/or rights there over have been, or are deemed to have been, partially disposed of, or (b) have been acquired as part of a transaction that qualified for non-recognition of gain treatment.

This summary does not address the tax consequences of holders of Ordinary Shares receiving income or realising capital gains in their capacity as (former) employee, (former) management board members and/or (former) supervisory board members.

This summary is based on the tax laws and practice of the Netherlands as in effect on the date of this Prospectus, which are subject to changes that could prospectively or retrospectively affect the stated tax consequences.

**Prospective holders of Ordinary Shares should consult their own professional adviser with respect to the tax consequences of any acquisition, ownership or disposal of the Ordinary Shares in their individual circumstances.**

### *Withholding tax*

Dividends distributed by the Company in respect of the Ordinary Shares are generally subject to withholding tax imposed by the Netherlands at a rate of 15%. The expression “dividends distributed by the Company” as used herein includes, but is not limited to:

(a) distributions in cash or in kind, deemed and constructive distributions and repayments of paid-in capital (*gestort kapitaal*) not recognized for Netherlands dividend withholding tax purposes;

(b) liquidation proceeds, proceeds of redemption of Ordinary Shares or, as a rule, consideration for the repurchase of Ordinary Shares by the Company in excess of the average paid-in capital recognised for Netherlands dividend withholding tax purposes;

(c) the nominal value of Ordinary Shares issued to a holder of Ordinary Shares or an increase of the nominal value of Ordinary Shares, to the extent that it does not appear that a contribution, recognised for Netherlands dividend withholding tax purposes, has been made or will be made; and

(d) partial repayment of paid-in capital, recognised for Netherlands dividend withholding tax purposes, if and to the extent that there are net profits (*zuivere winst*), unless (i) the General Meeting has resolved in advance to make such repayment, and (ii) the nominal value of the Ordinary Shares concerned has been reduced by an equal amount by way of an amendment of the Articles Of Association.

A holder of Ordinary Shares that is resident or deemed to be resident in the Netherlands or, if he is an individual, who has elected to be taxed as resident in the Netherlands for Netherlands income tax purposes, is generally entitled, subject to the anti-dividend stripping rules described below, to a full credit against its (corporate) income tax liability, or a full refund, of the Netherlands dividend withholding tax.

A holder of Ordinary Shares that is resident in a country with which the Netherlands has a double taxation convention in effect, may, depending on the terms of such double taxation convention and subject to the anti-dividend stripping rules described below, be eligible for a full or partial exemption from, or full or partial refund of, Netherlands dividend withholding tax on dividends received.

A holder of Ordinary Shares, that is a legal entity (a) resident in (i) a member state of the European Union, or (ii) Iceland or Norway, and (b) that is in its state of residence under the terms of a double taxation agreement concluded with a third state, not considered to be resident for tax purposes outside the European Union, Iceland or Norway is generally entitled, subject to the anti-dividend stripping rules described below, to a full exemption from Netherlands dividend withholding tax on dividends received if it holds an interest of at least 5% (in Shares or, in certain cases, in voting rights) in the Company or if it holds an interest of less than 5% where a Netherlands holder of Ordinary Shares would have had the benefit of the participation exemption (this may include a situation where another related party holds an interest of 5% or more in the Company).

A holder of Ordinary Shares, that is a legal entity resident in (i) a member state of the European Union, or (ii) Iceland or Norway, which is exempt from tax in its country of residence, and that would have been exempt from Netherlands corporate income tax if it would have been a Netherlands resident, is generally entitled, subject to the anti-dividend stripping rules described below, to a full refund of Netherlands dividend withholding tax on dividends received. This full refund will in general benefit certain foreign pension funds, government agencies, and certain government controlled commercial entities.

According to the anti-dividend stripping rules, no exemption, reduction, credit or refund of Netherlands dividend withholding tax will be granted if the recipient of the dividend paid by the Company is not considered the beneficial owner (*uiteindelijk gerechtigde*) of the dividend as defined in these rules. A recipient of a dividend is not considered the beneficial owner of the dividend if, as a consequence of a combination of transactions, (i) a person (other than the holder of the dividend coupon), directly or indirectly, partly or wholly benefits from the dividend, (ii) such person directly or indirectly retains or acquires a comparable interest in the Ordinary Shares, and (iii) such person is entitled to a less favourable exemption, refund or credit of dividend withholding tax than the recipient of the dividend distribution. The term "combination of transactions" includes transactions that have been entered into in the anonymity of a regulated stock market, the sole acquisition of one or more dividend coupons and the establishment of short-term rights or enjoyment on the Ordinary Shares (e.g., usufruct).

***Taxes on income and capital gains***

*Holders of Ordinary Shares resident in the Netherlands: individuals*

A holder of Ordinary Shares, who is an individual resident or deemed to be resident in the Netherlands, or who has elected to be taxed as a resident of the Netherlands for Netherlands income tax purposes, will be subject to regular Netherlands income tax on the income derived from the Ordinary Shares and the gains realised upon the acquisition, redemption and/or disposal of the Ordinary Shares by the holder thereof, if:

(a) such holder of Ordinary Shares has an enterprise or an interest in an enterprise, to which enterprise the Ordinary Shares are attributable; and/or

(b) such income or capital gain forms "a benefit from miscellaneous activities" (*resultaat uit overige werkzaamheden*) which, for instance, would be the case if the activities with respect to the Ordinary Shares exceed "normal active asset management" (*normaal, actief vermogensbeheer*) or if income and gains are derived from the holding, whether directly or indirectly, of (a combination of) shares, debt claims or other rights (together, a *lucratief belang*) that the holder thereof has acquired under such circumstances that such income and gains are intended to be remuneration for work or services performed by such holder (or a related person) in the Netherlands, whether within or outside an employment relation, where such lucrative interest provides the holder thereof, economically speaking, with certain benefits that have a relation to the relevant work or services.

If either of the abovementioned conditions (a) or (b) applies, income or capital gains in respect of dividends distributed by the Company or in respect of any gain realised on the disposal of Ordinary Shares will in general be subject to Netherlands income tax at the progressive rates up to 52%.

If the abovementioned conditions (a) and (b) do not apply, the holder of Ordinary Shares who is an individual resident or deemed to be resident in the Netherlands, or who has elected to be taxed as a resident of the Netherlands for Netherlands tax purposes, will not be subject to taxes on income and capital gains in the Netherlands. Instead, such individual is taxed at a flat rate of 30% on deemed income from "savings and investments" (*sparen en beleggen*). This deemed income amounts to 4% of the average of the individual's "yield basis" (*rendementsgrondslag*), generally, at the beginning of the calendar year and the individual's "yield basis" at the end of the calendar year (minus a tax-free threshold).[2] The yield basis would include the fair market value of the Ordinary Shares.

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[2] From 1 January 2011 the "yield basis" will (generally) be determined at the beginning of the calendar year only.

*Holders of Ordinary Shares resident in the Netherlands: corporate entities*

A holder of Ordinary Shares that is resident or deemed to be resident in the Netherlands for Netherlands corporate income tax purposes, and that is:

(i) a corporation;

(ii) another entity with a capital divided into shares;

(iii) a cooperative (association); or

(iv) another legal entity that has an enterprise or an interest in an enterprise to which the Ordinary Shares are attributable,

but which is not:

(v) a qualifying pension fund;

(vi) a qualifying investment fund (*fiscale beleggingsinstelling*); or

(vii) another entity exempt from corporate income tax,

will in general be subject to regular Netherlands corporate income tax, levied at a rate of 25.5% (20% over profits up to EUR 200,000)[3] over income derived from the Ordinary Shares and gains realised upon acquisition, redemption and disposal of the Ordinary Shares.

However, if and to the extent that such holder of Ordinary Shares is eligible for the application of the participation exemption (*deelnemingsvrijstelling*) with respect to the Ordinary Shares, income derived from the Ordinary Shares and gains and losses (with the exception of liquidation losses under strict conditions) realised on the Ordinary Shares may be exempt from Netherlands corporate income tax. Generally, the participation exemption applies, amongst others, if a holder of Ordinary Shares (i) holds an interest of at least 5% in the issued and paid up nominal share capital of the Company and (ii) is not an investment fund benefiting from the provisions under article 6a or 28 of the Netherlands Corporate Income Tax Act.

*Holders of Ordinary Shares resident outside the Netherlands: individuals*

A holder of Ordinary Shares, who is an individual not resident or deemed to be resident in the Netherlands, and who has not elected to be taxed as a resident of the Netherlands for Netherlands income tax purposes, will not be subject to any Netherlands taxes on income or capital gains in respect of dividends distributed by the Company or in respect of any gain realised on the disposal of Ordinary Shares (other than the withholding tax described above), unless:

(a) such holder has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise, as the case may be, the Ordinary Shares are attributable; and/or

(b) such income or capital gain forms "a benefit from miscellaneous activities" (*resultaat uit overige werkzaamheden*) which, for instance, would be the case if the activities with respect to the Ordinary Shares exceed "normal active asset management" (*normaal, actief vermogensbeheer*) or if income and gains are derived from the holding, whether directly or

[3] From 1 January 2011 the rates will be 20% over profits up to EUR 40,000 and 23% over profits between EUR 40,000 and EUR 200,000, with the 25.5% rate continuing to apply to profits from EUR 200,000.

indirectly, of (a combination of) shares, debt claims or other rights (together, a *lucratief belang*) that the holder thereof has acquired under such circumstances that such income and gains are intended to be remuneration for work or services performed by such holder (or a related person) in the Netherlands, whether within or outside an employment relation, where such lucrative interest provides the holder thereof, economically speaking, with certain benefits that have a relation to the relevant work or services.

If either of the abovementioned conditions (a) or (b) applies, income or capital gains in respect of dividends distributed by the Company or in respect of any gain realised on the disposal of Ordinary Shares will in general be subject to Netherlands income tax at the progressive rates up to 52%.

*Holders of Ordinary Shares resident outside the Netherlands: legal and other entities*

A holder of Ordinary Shares, that is a legal entity, another entity with a capital divided into shares, an association, a foundation or a fund or trust, not resident or deemed to be resident in the Netherlands for Netherlands corporate income tax purposes, will not be subject to any Netherlands taxes on income or capital gains in respect of dividends distributed by the Company or in respect of any gain realised on the disposal of Ordinary Shares (other than the withholding tax described above), unless:

(a) such holder has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise, as the case may be, the Ordinary Shares are attributable and the participation exemption (*deelnemingsvrijstelling*) as described above does not apply to any income or capital gain arising from such Ordinary Shares; or

(b) such holder has a substantial interest (as described under "Netherlands tax considerations" above) in the Company, that does not form part of the assets of an enterprise.

If one of the abovementioned conditions applies, income derived from the Ordinary Shares and gains realised on the Ordinary Shares will, in general, be subject to regular corporate income tax levied at a rate of 25.5% (20% over profits up to EUR 200,000).[4]

***Gift, estate and inheritance taxes***

*Holders of Ordinary Shares resident in the Netherlands*

Gift tax may be due in the Netherlands with respect to an acquisition of Ordinary Shares by way of a gift by a holder of Ordinary Shares who is resident, deemed to be resident of the Netherlands or is treated (at the request of the beneficiar(y)(ies) of the gift) as a resident of the Netherlands.

Inheritance tax may be due in the Netherlands with respect to an acquisition or deemed acquisition of Ordinary Shares by way of an inheritance or bequest on the death of a holder of Ordinary Shares who is resident, deemed to be resident of the Netherlands or is treated (at the request of the beneficiar(y)(ies) of the estate or bequest) as a resident of the Netherlands, or by way of a gift within 180 days before his death by an individual who is resident or deemed to be resident in the Netherlands at the time of his death.

For purposes of Netherlands gift and inheritance tax, an individual with the Netherlands nationality will be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his death. For purposes of Netherlands gift tax, an individual not holding the Netherlands nationality will be deemed to be resident of the Netherlands if

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[4] From 1 January 2011 the rates will be 20% over profits up to EUR 40,000 and 23% over profits between EUR 40,000 and EUR 200,000, with the 25.5% rate continuing to apply to profits from EUR 200,000

he has been resident in the Netherlands at any time during the twelve months preceding the date of the gift.

*Holders of Ordinary Shares resident outside the Netherlands*

No gift, estate or inheritance taxes will arise in the Netherlands with respect to an acquisition of Ordinary Shares by way of a gift by, or on the death of, a holder of Ordinary Shares who is neither resident, deemed to be resident nor treated (at the request of the beneficiar(y)(ies) of the gift or estate) as resident in the Netherlands for Netherlands inheritance and gift tax purposes, unless, in the case of a gift of Ordinary Shares by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in the Netherlands.

*Certain special situations*

For purposes of Netherlands gift, estate and inheritance tax, (i) a gift by a Third Party will be construed as a gift by the Settlor, and (ii) upon the death of the Settlor, as a rule his or her Beneficiaries will be deemed to have inherited directly from the Settlor. Subsequently, such Beneficiaries will be deemed the settlor, grantor or similar originator of the Separated Private Assets for purposes of Netherlands gift, estate and inheritance tax in case of subsequent gifts or inheritances.

For the purposes of Netherlands gift and inheritance tax, a gift that is made under a condition precedent is deemed to have been made at the moment such condition precedent is satisfied.

***Turnover tax***

No Netherlands turnover tax will arise in respect of or in connection with the subscription, issue, placement, allotment or delivery of the Ordinary Shares.

***Other taxes and duties***

No Netherlands registration tax, capital tax, custom duty, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, will be payable in the Netherlands in respect of or in connection with the subscription, issue, placement, allotment or delivery of the Ordinary Shares.

## 17. GENERAL INFORMATION

### 17.1 Corporate Resolutions

The Private Placement was authorised by a resolution of the extraordinary general meeting of Shareholders on 7 December 2009. The Supervisory Board and the Management Board subsequently authorised the issue of 2,929,568 new Ordinary Shares to HAL and 1,176,470 new Ordinary Shares to Delta Lloyd Group with the exclusion of the pre-emptive right of Shareholders at an issue price of EUR 25.50 per Ordinary Share on 15 December 2009.

### 17.2 Subsidiaries

The following table presents the main subsidiaries, associates and joint ventures 100% owned by the Company, unless otherwise indicated, as at the date of this Prospectus.

| **Company** | **Country of incorporation** | **Ownership interest** |
|---|---|---|
| Aannemersbedrijf M. de Haan B.V. | The Netherlands | 100% |
| Aannemingsmaatschappij Markus B.V. | The Netherlands | 100% |
| Adreco Serviços de Dragagem LDA | Angola | 49% |
| A.H. Breijs & Zonen B.V. | The Netherlands | 100% |
| Archirodon Group N.V. | The Netherlands | 40% |
| Atlantique Dragage SARL | France | 100% |
| Baggermaatschappij Boskalis B.V. | The Netherlands | 100% |
| Baggermaatschappij Holland B.V. | The Netherlands | 100% |
| Beaver Dredging Company Ltd | Canada | 100% |
| Bejing Boskalis Dredging Technology Ltd | China | 100% |
| BKI Gabon SA | Gabon | 100% |
| B.K.W. Dredging and Contracting Ltd | United Kingdom | 100% |
| Boskalis B.V. | The Netherlands | 100% |
| Boskalis Australia Pty Ltd | Australia | 100% |
| Boskalis Dolman B.V. | The Netherlands | 100% |
| Boskalis Dredging India Pvt Ltd | India | 100% |
| Boskalis Finance B.V. | The Netherlands | 100% |
| Boskalis Holding B.V. | The Netherlands | 100% |
| Boskalis Guyana Inc. | Guyana | 100% |
| Boskalis Infra B.V. | The Netherlands | 100% |
| Boskalis International B.V. | The Netherlands | 100% |
| Boskalis International Egypt for Marine Contracting SAE | Egypt | 100% |
| Boskalis International (M) Sdn Bhd | Malaysia | 30% |
| Boskalis International (S) Pte Ltd | Singapore | 100% |
| Boskalis International Uruguay SA | Uruguay | 100% |
| Boskalis Italia S.r.l. | Italia | 100% |
| Boskalis Maritime Investments B.V. | The Netherlands | 100% |
| Boskalis Offshore A/S | Norway | 100% |
| Boskalis Offshore B.V. | The Netherlands | 100% |
| Boskalis Polska Sp. z o.o. | Poland | 100% |
| Boskalis South Africa (Pty) Ltd | South Africa | 100% |
| Boskalis Sweden AB | Sweden | 100% |
| Boskalis Taiwan Ltd | Taiwan | 100% |
| Boskalis Westminster Aannemers N.V. | The Netherlands | 100% |
| Boskalis Westminster Al-Rushaid Ltd | United Arab Emirates | 49% |

| | | |
|---|---|---|
| Boskalis Westminster Cameroun SARL | Cameroun | 100% |
| Boskalis Westminster Dredging B.V. | The Netherlands | 100% |
| Boskalis Westminster International B.V. | The Netherlands | 100% |
| Boskalis Westminster Ltd | United Kingdom | 100% |
| Boskalis Westminster Middle East Ltd | Cyprus | 100% |
| Boskalis Westminster (Oman) LLC | Oman | 49% |
| Boskalis Zinkcon B.V. | The Netherlands | 100% |
| Boskalis Zinkcon Ltd | United Kingdom | 100% |
| BW Marine (Cyprus) Ltd | Cyprus | 100% |
| Coastal and Inland Marine Services Inc. | Panama | 100% |
| Cofra B.V. | The Netherlands | 100% |
| Dragamex SA de CV | Mexico | 100% |
| Dravensa CA | Venezuela | 100% |
| Dragapor Dragagens de Portugal S.A. | Portugal | 100% |
| Dredging & Contracting Belgium NV | Belgium | 100% |
| Heinrich Hirdes Kampfmittelräumung GmbH | Germany | 100% |
| Hydronamic B.V. | The Netherlands | 100% |
| Irish Dredging Company Ltd | Ireland | 100% |
| J. van Vliet B.V. | The Netherlands | 100% |
| Koon Zinkcon Pte Ltd | Singapore | 50% |
| Lamnalco Ltd | United Arab Emirates | 50% |
| Lamnalco (Nigeria) Ltd | Nigeria | 50% |
| Lamnalco (Sharjah) Ltd | United Arab Emirates | 35% |
| Nigerian Westminster Dredging & Marine Ltd | Nigeria | 60% |
| OOO Bolmorstroy | Russia | 100% |
| OOO Mortekhnika (50%) | Russia | 50% |
| P.T. Boskalis International Indonesia | Indonesia | 100% |
| Riovia SA | Uruguay | 100% |
| Rock Fall Company Ltd | United Kingdom | 100% |
| RW Aggregates Ltd | United Kingdom | 50% |
| Sandpiper A/S | Norway | 100% |
| Smit Internationale N.V. | The Netherlands | 26% |
| Sociedad Española de Dragados SA | Spain | 100% |
| Stuyvesant Dredging Company | United States of America | 100% |
| Terramare Oy | Finland | 100% |
| UAB Boskalis Baltic | Lithuania | 100% |
| Westminster Dredging Company Ltd | United Kingdom | 100% |
| Westminster Gravels Ltd | United Kingdom | 100% |
| Zinkcon Contractors B.V. | The Netherlands | 100% |
| Zinkcon Dekker B.V. | The Netherlands | 100% |
| Zinkcon International B.V. | The Netherlands | 100% |
| Zinkcon Marine Singapore Pte Ltd | Singapore | 100% |

### 17.3 Statement of significant change

Other than the changes described in Chapter 11, no significant change in the financial or trading position of Boskalis occurred between 30 September 2009 and the date of this Prospectus.

### 17.4 Availability of documents

Copies (in print) of:

- the Articles of Association;
- the audited consolidated financial statements prepared based on IFRS as adopted by the European Union as at and for the year ended 31 December 2006;
- the audited consolidated financial statements prepared based on IFRS as adopted by the European Union as at and for the year ended 31 December 2007;
- the audited consolidated financial statements prepared based on IFRS as adopted by the European Union as at and for the year ended 31 December 2008;
- the half year report 2009;
- the press release dated 21 August 2008 "Strong first half year for Boskalis: Sharp increase in net profit"; and
- the trading update for Q3 2009,

are available and can be obtained free of charge at the Company's head office at Rosmolenweg 20, 3356 LK Papendrecht, the Netherlands, during normal business hours and in electronic form from the Company's website (www.boskalis.com).

Alternatively, Dutch residents may obtain copies of this Prospectus in electronic form free of charge for the same period through the website of Euronext Amsterdam (www.euronext.com).

### 17.5 Independent auditors

The Company's consolidated financial statements as at and for the years ended 31 December 2006, 2007 and 2008 have been audited by KPMG Accountants N.V., independent auditors. The business address of KPMG Accountants N.V. is Fascinatio Boulevard 200/250, 3065 WB Rotterdam, the Netherlands. The auditor who signed on behalf of KPMG Accountants N.V. is a member of the Royal Netherlands Institute of Registered Accountants (*Koninklijk Nederlands Instituut van Registeraccountants*).

KPMG Accountants N.V. has given, and has not withdrawn, its consent to the incorporation by reference of its reports with respect to its audits of the Company's consolidated financial statements as at and for the years ended 31 December 2006, 2007 and 2008, and to the inclusion of its assurance report on the unaudited pro forma combined financial information for the first half year of 2009, in this Prospectus each in the form and context in which they are included.

## 18. DEFINITIONS

| | |
|---|---|
| **Accelerated Bookbuild Process** | means the process whereby 4,913,568 new Ordinary Shares were offered to institutional investors at the Issue Price in an accelerated offering (within the time frame of no more than two days) on the basis of bookbuilding (a process for determining investors' demand in terms of number of shares and pricing). |
| **AFM** | means the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*). |
| **Archirodon** | means Archirodon Group N.V. |
| **Articles of Association** | means the articles of association of the Company. |
| **Audit Committee** | means the audit committee of the Supervisory Board. |
| **Boskalis** | means the Company and, where appropriate, any or all of its subsidiaries. |
| **CET** | means Central European Time. |
| **Company** | means Royal Boskalis Westminster N.V., a public limited liability company (*naamloze vennootschap*) incorporated under the laws of the Netherlands with its statutory seat in Sliedrecht, the Netherlands, and registered with the Commercial Register under number 23008599, and, where appropriate, any or all of its subsidiaries. |
| **Corporate Governance Code** | means the Dutch Corporate Governance Code. |
| **Cumulative Protective Preference Shares** | means the cumulative protective preference shares in the capital of the Company with a nominal value of EUR 2.40 each. |
| **Decree** | means the Public Takeover Bids (Financial Supervision Act) Decree (*Besluit openbare biedingen Wft*). |
| **Delta Lloyd Group** | means Delta Lloyd Levensverzekering N.V. |
| **Dredging and Earthmoving** | means the dredging and earthmoving product segment. |
| **Enterprise Chamber** | means the Enterprise Chamber of the Amsterdam Court of Appeal (*Ondernemingskamer van het Gerechtshof te Amsterdam*). |
| **EU** | means the European Union. |
| **EUR or euro** | means the currency of the European Monetary Union. |
| **Euroclear Nederland** | means Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. (Necigef), the Dutch depositary and settlement institute, a subsidiary of Euroclear. |
| **Euronext** | means Euronext Amsterdam N.V., the operator of Euronext Amsterdam. |

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| **Euronext Amsterdam** | means Euronext Amsterdam by NYSE Euronext, the regulated cash market of Euronext Amsterdam. |
| **Financial Supervision Act** | means the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and the rules promulgated thereunder. |
| **Foundation** | means Stichting Continuïteit KBW. |
| **FPO** | means floating storage and offloading. |
| **FPSO** | means floating production storage and offloading. |
| **GDP** | means gross domestic product. |
| **General Meeting** | means the general meeting of shareholders of the Company (*algemene vergadering van aandeelhouders*). |
| **Global Share Certificate** | means the single share certificate representing all bearer Ordinary Shares outstanding from time to time. |
| **Group** | means the Company and its subsidiaries. |
| **HAL** | means HAL Investments B.V. |
| **IAS** | means the International Accounting Standards. |
| **ICT** | means information and communication technology. |
| **IFRS** | means the International Financial Reporting Standards. |
| **Independent Sources** | means independent industry publications, government publications, reports by market research firms or other published independent sources. |
| **Insider** | means any member of the Management Board and the Supervisory Board and any other person who has managerial responsibilities or who has the authority to make decisions affecting the Company's future developments and business prospects or who has regular access to inside information relating, directly or indirectly, to the Company. |
| **Issue Date** | means the date the Company issued the New Shares, being 15 December 2009. |
| **Issue Price** | means EUR 25.50 per New Share. |
| **IT** | means information technology. |
| **Lamnalco** | means Lamnalco Limited. |
| **Listing** | means the listing of the New Shares on Euronext Amsterdam as described in this Prospectus. |
| **Listing Date** | means the date on which trading in the New Shares of Euronext Amsterdam will commence. |

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| **LNG** | means liquefied natural gas. |
| **LPG** | means liquefied petroleum gas. |
| **Management Board** | means the management board of the Company. |
| **Maritime and Terminal Services** | means the maritime and terminal services product segment. |
| **Maritime Infrastructure** | means the maritime infrastructure product segment. |
| **Market Abuse Decree** | means the Dutch Decree on Market Abuse pursuant to the Financial Supervision Act (*Besluit marktmisbruik Wft*). |
| **Member State** | means a member state of the European Economic Area. |
| **New Shares** | means the 4,106,038 new Ordinary Shares offered at the Issue Price. |
| **Offer** | means the cash public offer made by Boskalis Holding B.V. to all holders of the Offer Shares. |
| **Offer Shares** | means the issued and outstanding ordinary shares with a nominal value of EUR 2.30 each in the share capital of Smit. |
| **Ordinary Shares** | means the ordinary shares in the capital of the Company with a nominal value of EUR 0.80 each. |
| **Private Placement** | means the issuance by the Company of the New Shares at the Issue Price on the Issue Date to HAL and Delta Lloyd Group by means of a private placement. |
| **Prospectus** | means this prospectus dated 11 March 2010. |
| **Prospectus Directive** | means Directive 2003/71/EC of the European Parliament and of the Council of the European Union. |
| **Remuneration Committee** | means the remuneration committee of the Supervisory Board. |
| **Selection and Appointment Committee** | means the selection and appointment committee of the Supervisory Board. |
| **Shareholder** | means the holder of any of the Ordinary Shares or the Cumulative Protective Preference Shares in the capital of the Company. |
| **Shares** | means the Ordinary Shares and the Cumulative Protective Preference Shares in the capital of the Company. |
| **Smit** | means Smit Internationale N.V. |
| **Supervisory Board** | means the supervisory board (*raad van commissarissen*) of the Company. |
| **Takeover Directive** | means the Directive 2004/25/EC of the European Parliament and of the Council of the European Union of 21 April 2004. |

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| **Transparency Directive** | means the Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004. |
| **United Kingdom or UK** | means the United Kingdom of Great Britain and Northern Ireland. |
| **United States or US** | means the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia. |

*Company*

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