Boskalis
Dredging & Marine Experts

ANNUAL REPORT 2014

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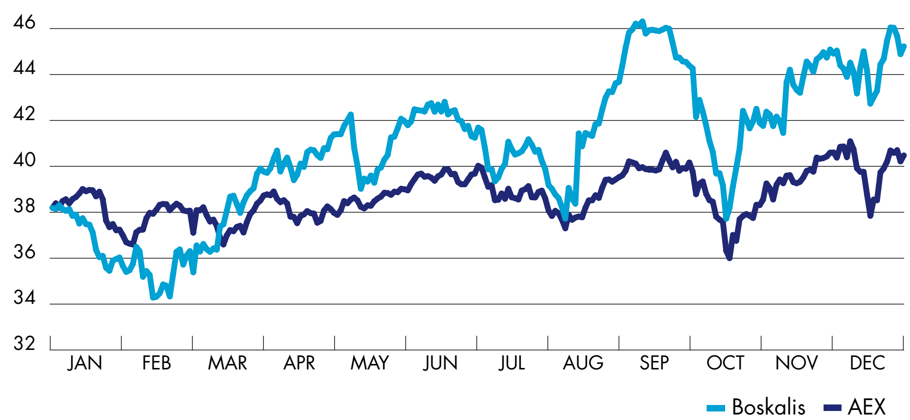
KEY FIGURES

(in EUR million, unless stated otherwise)*	2014	2013
Revenue	**3,167**	3,144
Order book	**3,286**	3,323
EBITDA	**945.9**	757.2
Net result from joint ventures and associates	**56.4**	63.7
Operating result	**652.3**	463.4
Net profit	**490.3**	365.7
Net group profit	**492.2**	365.3
Depreciation, amortization and impairment losses	**293.5**	293.8
Cash flow	**785.7**	659.1
Shareholders' equity	**3,152**	2,525
Personnel (headcount)	**8,446**	8,459
RATIOS (IN PERCENTAGES)		
Operating result as % of revenue	**20.6**	14.7
Return on capital employed	**13.8**	13.0
Return on equity	**17.3**	16.5
Solvency	**53.4**	47.6
FIGURES PER SHARE (IN EUR)		
Profit	**4.03**	3.09
Dividend	**1.60**	1.24
Cash flow	**6.46**	5.56

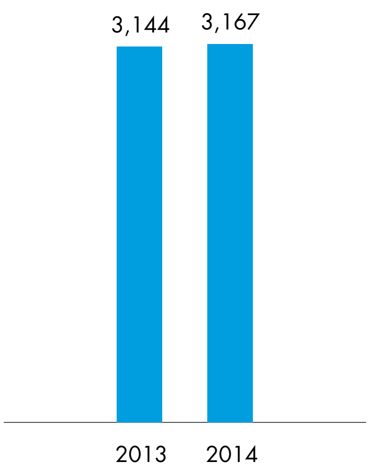
** As of 1 January 2014 Boskalis applies IFRS11 which impacts the way joint ventures and associated companies are recognized. The full year 2013 comparative figures have been adjusted accordingly. Please refer to the glossary for definitions of the terms used.*

SHARE INFORMATION (Share price in EUR)	2014	2013
High	**47.18**	38.58
Low	**33.71**	26.92
Close	**45.45**	38.41
Average daily trading volume	**354,053**	336,227
Number of issued ordinary shares at year-end (x 1,000)	**122,938**	120,265
Average number of outstanding shares (x 1,000)	**121,606**	118,445
Stock market capitalization (in EUR billion)	**5.588**	4.619

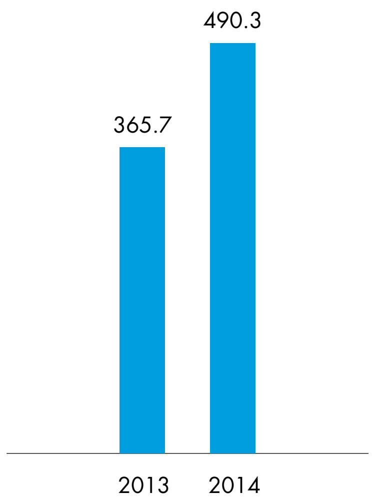
DEVELOPMENT BOSKALIS SHARE PRICE 2014, AEX INDEX REBASED TO BOSKALIS (in EUR)



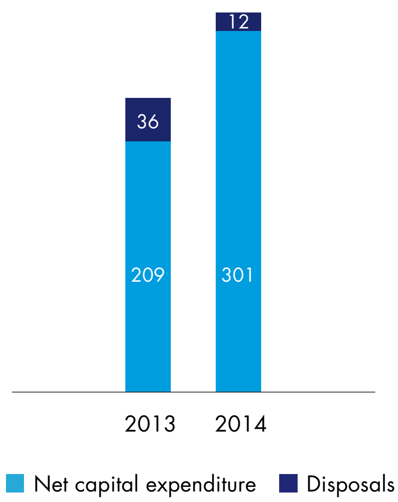
REVENUE (in EUR million)



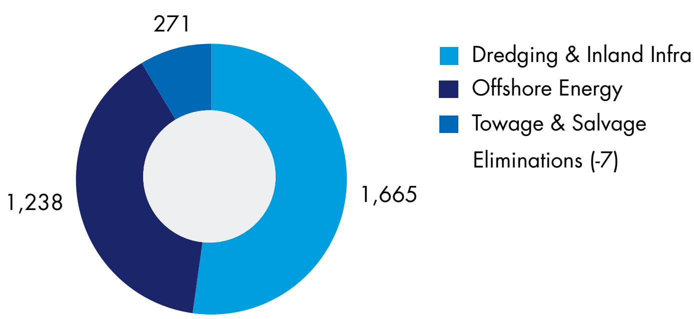
NET PROFIT (in EUR million)



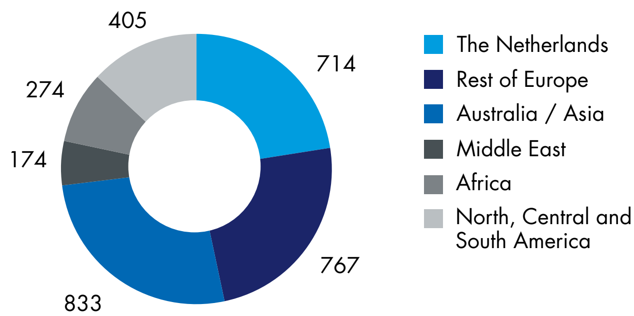
CAPITAL EXPENDITURE (in EUR million)



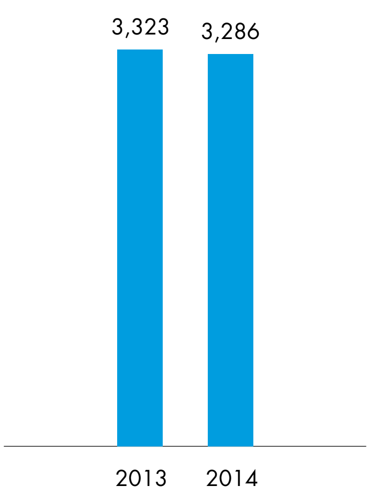
REVENUE BY SEGMENT (in EUR million)



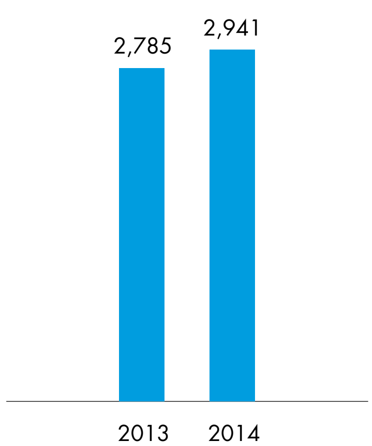
REVENUE BY GEOGRAPHICAL AREA (in EUR million)



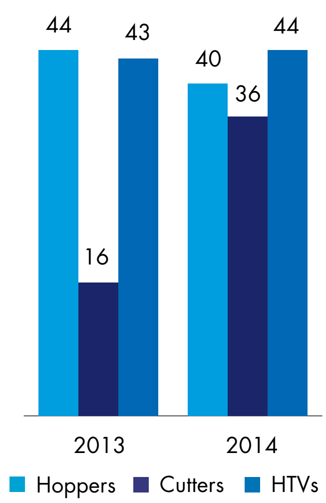
ORDER BOOK (in EUR million)



ACQUIRED ORDERS (in EUR million)



FLEET UTILIZATION (in weeks per year)



ANNUAL REPORT 2014

This Annual Report contains forward-looking statements. These statements are based on current expectations, estimates and projections of Boskalis' management and information currently available to the company. These forecasts are not certain and contain elements of risk that are difficult to predict and therefore Boskalis does not guarantee that its expectations will be realized. Boskalis is under no obligation to update the statements contained in this Annual Report.

Some of the projects referred to in this report were carried out in cooperation with other companies.

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

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COASTWAY

CHAIRMAN'S STATEMENT

Dear shareholders,
We look back on an exceptional year in which many records were broken. Despite the very challenging market conditions our revenue of EUR 3.2 billion and net profit of EUR 490 million mean that we concluded the best year in the history of our company. A magnificent result to which all the business units contributed, because over the past year activities across our broad portfolio turned in an excellent performance with good fleet utilization and project results. A number of exceptional gains also made a substantial contribution to the result including settlement results on old projects at Dredging and Salvage and cancellation fees at Dockwise. Moreover we succeeded in maintaining the level of the order book, which stands at EUR 3.3 billion.

MANY HIGHLIGHTS

DREDGING & INLAND INFRA

The Dredging & Inland Infra division worked hard and with success on a large number of projects all over the world, including the port construction project Superporto do Açu (Brazil), the Bronka port project in St. Petersburg (Russia), the SAAone project and the reinforcement of the Hondsbossche and Pettemer Sea Defense (the Netherlands), the JNPT port project in Mumbai (India), the Ichthys LNG export facility (Australia), the deepening of the access channel to the port of Southampton (UK), and land reclamation in Incheon (South Korea).

On project The Base in Qatar we used new innovative techniques to set a new benchmark for using cutters to dredge very hard soil. In addition we successfully achieved the contractual conclusion of the Gorgon project in Australia.

Major new contracts included Finger Pier 1 in Singapore, the Room for the River project IJsseldelta in the Netherlands, the construction of the artificial island Pluit City in Indonesia and the expansion of the Suez Canal in Egypt. These projects provide a good foundation for the utilization of both the hopper and cutter fleet in 2015.

OFFSHORE ENERGY

In the Offshore Energy division construction work on the West of Duddon Sands wind farm in the Irish Sea was successfully completed, significant progress was made on the Malampaya project in the Philippines, and various activities were executed in connection with the DolWin offshore wind farm. For this last project we transported a huge 15,000-tonne platform from Dubai to Norway. In the course of 2015, we will tow the platform to the wind farm and install it. In late 2014 we were awarded the contract for part of the construction of the Wikinger wind park in the German section of the Baltic Sea, a project on which a wide range of Boskalis and Dockwise equipment will be deployed.

Over the past year Dockwise started work on the sizable Wheatstone project with almost 50 transports from China and Malaysia to Australia. Dockwise can reflect on a very busy year, with the best result in the company's history.

In early 2014 we expanded the Offshore Energy division with the acquisition of Fairmount – five heavy anchor handling tugs, which are already finding their way to clients through our numerous distribution channels. The offshore equipment of Marine Services saw frequent deployment with clients such as Heerema, Saipem and Seaway Heavy Lifting, while Subsea Services also had a busy year with a very good utilization of the diving support vessels.

TOWAGE & SALVAGE

2014 was an exceptional year for Towage. In the summer we managed to complete the agreement with SAAM on combining our harbour towage operations in North and South America thereby creating the joint venture SAAM SMIT Towage. In addition, as the year edged towards its close, our joint venture Smit Lamnalco reached an agreement on the acquisition of PB Towage in Australia, and we signed an MoU with Kotug regarding the intended merger of our combined towage operations in Northwest Europe. This partnership puts the finishing touch to our Towage strategy aimed at forming strategic partnerships with regional players. Through the Smit Lamnalco, Keppel Smit Towage and SAAM SMIT Towage partnerships and the joint venture with Kotug we operate more than 450 vessels in over 90 ports in 35 countries: truly a fabulous group with a great spread.

Salvage had a quiet year in terms of emergency response jobs, but started 2014 with two prestigious wreck removal projects: a jack-up platform off the coast of Angola and, closer to home, the car carrier Baltic Ace off the Dutch coast.

SAFETY

The broadening of our activities into Offshore Energy and the execution of the many projects did not affect our safety performance. With the aid of our *NINA* safety program (No Injuries No Accidents) we managed to further reduce our LTIF figure, from 0.11 in 2013 to 0.09 in 2014. We are extremely proud of the fact that the number of accidents has fallen by more than 85% since *NINA* was first introduced in 2010. In 2014 the *NINA* program was further implemented at the Offshore Energy division and Boskalis Nederland, with Salvage set to follow this coming year.

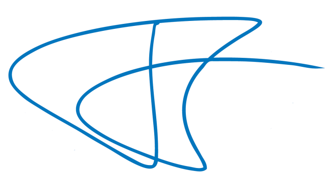
EXECUTION OF THE BUSINESS PLAN

Optimizing both the organization and the processes and systems is a major topic in the Corporate Business Plan 2014-2016. We can conclude after the first year that important steps have been taken with the choice for the divisional structure and its implementation; our Dutch Dockwise and Fairmount colleagues moving into our office in Papendrecht; a new, tighter method of business reporting and with the introduction of a single, standardized ERP system. Furthermore, we further reduced the net debt to well below one times EBITDA, despite the start of our share buy-back program and our acquisition of a 20 per cent stake in Fugro. We are interested in Fugro because of the strong market positions of its core activities, its good reputation and the natural fit with our activities.

OUTLOOK

If the past few years have taught us anything, it is that it has become increasingly difficult to forecast developments. You only have to look at last year's roller coaster – the exchange rates of the US dollar, Swiss franc and euro, the coal price, the ruble, the steel price and, last but not least, the oil price. A year ago no one would have believed an oil price of 50 to 60 dollars per barrel was possible. Our company is therefore operating in fundamentally different market conditions, certainly as far as the offshore sector is concerned. But it also puts pressure on infrastructure investments in economies that are dependent on oil exports: Russia, Brazil, Nigeria and the Middle East. This however not only creates threats but it also offers opportunities for the acquisition of quality assets and even companies. Opportunities that we will weigh with caution to ensure we preserve the good health of the company.

On behalf of the Board of Management I want to thank all colleagues for the tremendous effort they once again put in during 2014, as well as our clients, partners and shareholders for the trust they put in us.



Peter Berdowski

BOSKALIS AT A GLANCE

Work on the Room for the River project, River IJssel flood plains at Olst in the Netherlands

COMPANY PROFILE

Royal Boskalis Westminster N.V. (Boskalis) is a leading dredging & marine expert creating new horizons for all its stakeholders.

In addition to our traditional dredging activities we offer a broad range of maritime services for the offshore energy sector. In addition, we provide towage services as well as emergency response and salvage related services.

As a partner we are able to realize complex infrastructural works for our clients within the chain of design, project management and execution, on time and within budget, even at vulnerable or remote locations around the world. We strive for sustainable design and realization of our solutions.

Demand for our services is driven by growing energy consumption, growth in global trade, growth in world population and climate change. Boskalis operates worldwide but concentrates on seven geographic regions which have the highest growth expectations for the energy and ports markets. This spread gives us both a solid foundation and the flexibility to be able to secure a wide range of projects, as well as providing good prospects for balanced and sustained growth. Our main clients are oil, gas and power companies, port operators, governments, shipping companies, international project developers, insurance companies and mining companies.

Boskalis has around 8,500 employees, excluding our share in associated companies. The safety of our own employees and those of our subcontractors is paramount. Boskalis operates a progressive global safety program which is held in high regard in the industry and by our clients. We operate on behalf of our clients in over 75 countries across six continents. Our versatile fleet consists of 1,000 vessels and equipment. Our head office is based in the Dutch city of Papendrecht. Royal Boskalis Westminster N.V. shares have been listed on Euronext Amsterdam since 1971 and included in the AEX-Index.

ACTIVITIES

Boskalis is renowned for its innovative approach and specialist knowledge of environmentally friendly techniques. With our great expertise, multidisciplinary approach and extensive experience in engineering and project management we have proven time and again that we are able to realize complex projects on time and within budget, even at difficult locations.

DREDGING & INLAND INFRA

Traditionally, dredging is the core activity of Boskalis. It involves all activities required to remove silt, sand and other layers from the water bed and in some cases using it elsewhere, for example for coastal protection or land reclamation. The services we provide also include the construction and maintenance of ports and waterways, and coastal defense and riverbank protection, as well as associated specialist services such as underwater rock fragmentation. In addition, Boskalis is active in the extraction of raw materials using dredging techniques. Our global spread, high professional standards, versatile state-of-the-art fleet and conscious focus on cost efficiency have earned us a recognized position as a global market leader in dredging.
In the Netherlands, Boskalis also operates as a contractor of dry infrastructure projects. This involves the design, preparation (by means of dry earthmoving) and execution of large-scale civil infra works, such as the construction of roads and railroads, bridges, dams, viaducts and tunnels. In doing so, we also perform specialist works such as soil improvement and land remediation.

OFFSHORE ENERGY

With the offshore services of Boskalis and our subsidiaries Dockwise and Fairmount we support the activities of the international energy sector, including oil and gas companies and providers of renewable energy such as wind power. We are involved in the development, construction, maintenance and decommissioning of oil and LNG-import/export facilities, offshore platforms, pipelines and cables and offshore wind farms. In performing these activities Boskalis applies its expertise in the areas of heavy transport, lift and installation work, as well as diving and ROV services complemented with dredging, offshore pipeline, cable and rock installation.
With VBMS (50% owned by Boskalis) we are a leading player in the European market for offshore cable installation.

TOWAGE

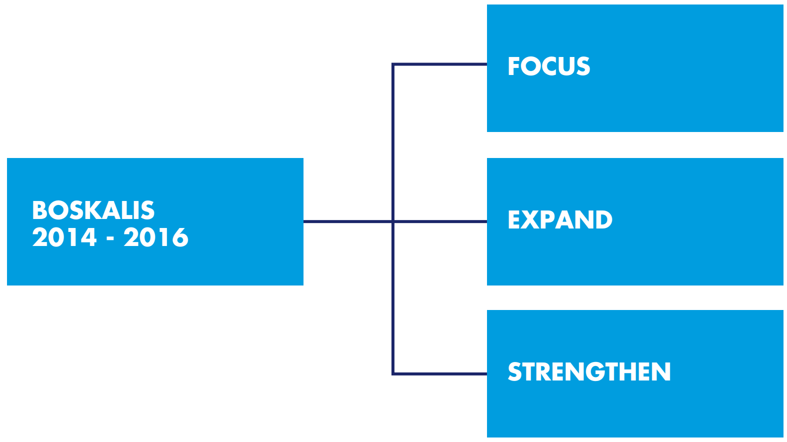
In ports around the world assistance is provided to incoming and outgoing oceangoing vessels through Boskalis' joint ventures and associated companies Keppel Smit Towage, SAAM SMIT Towage and the forthcoming joint venture with Kotug. In addition we offer a full range of services for the operation and management of onshore and offshore terminals through Smit Lamnalco, which is 50% owned by Boskalis. These include assistance with the berthing and unberthing of tankers at oil and LNG terminals and additional support services such as pilotage, subsea inspection and maintenance, firefighting, and the coupling and uncoupling of terminal connections. With our versatile fleet of over 450 vessels we assist vessels in over 90 ports in 35 countries, including oil and chemical tankers, container ships, reefers, RoRo ships and mixed cargo ships.

SALVAGE

Through SMIT Salvage we provide services relating to the salvage of ships and wreck removal. SMIT Salvage provides assistance to vessels in distress and is able to spring into action at any time and anywhere in the world. We are able to do so by operating out of four locations which are strategically situated in relation to the main international shipping routes: Houston, Cape Town, Rotterdam and Singapore. Clearance of wrecks of sunken ships and offshore platforms almost always takes place at locations where the wreck forms an obstruction to traffic or presents an environmental hazard. We have the advanced technology and expertise needed to remove hazardous substances such as bunker fuel from wrecks and boast a successful track record in salvaging ships and platforms under challenging circumstances.

STRATEGY

Boskalis operates around the world and is a leading player in the field of dredging, offshore energy and maritime services. With its broad portfolio of specialist activities combined with innovative all-round solutions Boskalis is both an expert and a leader in its market segments. Systematic execution of the strategy is an important pillar underpinning Boskalis' success.



In early 2014 Boskalis presented its Corporate Business Plan for 2014-2016 and in the past year we have made good progress in realizing this plan. Updating the strategy (Focus, Expand & Strengthen) in early 2014 was a natural consequence from the completed 2011-2013 planning period in combination with the successful acquisition of Dockwise in 2013. Boskalis can leverage its broad range of services to 'push back boundaries' for its clients, to cater their needs under increasingly complex circumstances across the globe through optimum use of staff and equipment ('assets'). In the higher market segment there is demand for high-quality services and innovative and sustainable solutions, with an increasing need to add more value. This ties in seamlessly with our mission and vision.

MARKET DEVELOPMENTS

The Corporate Business Plan 2014-2016 was formulated with a clear view on the long-term trends, with Boskalis also being mindful of the (strongly) fluctuating market conditions in the short term. With regard to market developments we are currently seeing a clear divide between the short and the longer term.

Developments in the short term are unstable and unpredictable. This was true to an extreme degree in the past year, with the oil price dropping from over USD 110 a barrel to below USD 50 in early 2015 in the space of a few months. In particular this translates into reluctance to invest in new complex and costly offshore projects.

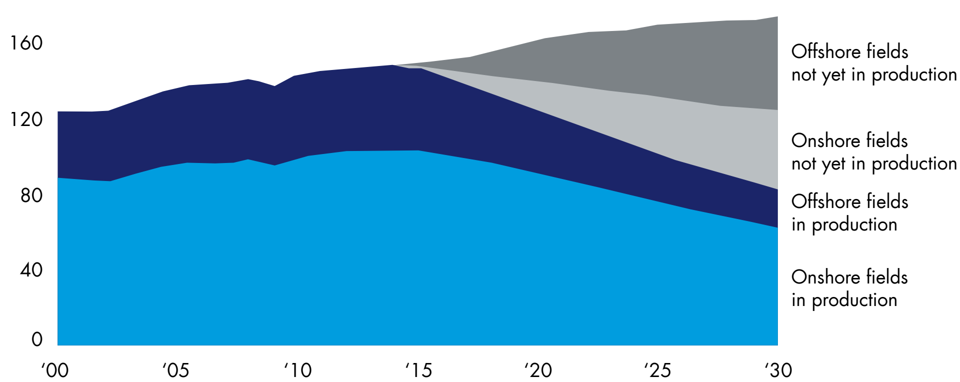


Figure 2: Oil & gas production in million barrels equivalent

In the medium to long term the global megatrends that underlie our strategy will remain in force. Growth in global population and wealth is of a structural nature and is the driver behind the growth in global trade and demand for raw materials and energy.

These indisputable trends are the key drivers of long-term growth in the ports and energy market segments. Positive developments for Boskalis can be identified in two underlying trends: (i) despite the slower growth in seaborne trade, there is demand for larger and deeper ports with associated infrastructure to accommodate larger oceangoing vessels with deeper drafts, and (ii) the growing demand for energy and the associated increase in offshore exploration and production, also in vulnerable regions, which in turn increases the need for sustainable solutions.

The growing demand for energy and the – inevitable – associated additional offshore exploration and production are evident from research findings (see figure 2). The development of new offshore fields will be required if production volumes are to be at least maintained or increased. Despite the current relatively low oil price, new offshore developments will still need to be started up if demand remains stable.

Global population growth is fueling sustained structural demand for our land reclamation and infra activities. Climate change is forcing governments on several continents to take steps to protect their populations against flooding and rising sea levels. As a result we see growing demand for integrated sustainable solutions for complete maritime infrastructures (for example Jakarta Bay in Indonesia).

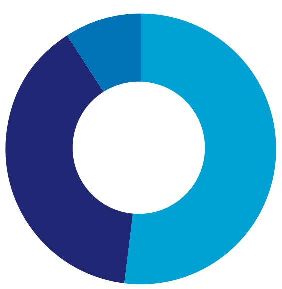


Figure 3: Boskalis - breakdown of revenue by market segment and activity

Boskalis continues to focus its activities and services (see figure 3) on markets that demonstrate structural growth in the longer term. The key activities are:
- Dredging
- Offshore Energy

The key market segments are:
- Energy (oil, gas and wind)
- Ports

STRATEGIC FRAMEWORK

The Boskalis strategy for 2014-2016 is a natural consequence from our mission and vision.

We are a leading global dredging & marine expert that creates new horizons for all our stakeholders. We offer a unique combination of people, vessels and activities. Against the highest standards of safety and sustainability, we provide innovative and competitive all-round solutions for our clients in the offshore industry, ports and coastal and delta regions.

With a broad, integrated range of maritime activities and (logistical) services Boskalis holds a unique position in the global maritime market. This translates into a host of opportunities with both existing and new clients, the offshore oil and gas sector being a case in point. We want to strengthen and expand this position, for example by fully leveraging the synergies that exist within the group and through organic and acquired growth.

Our 2014-2016 strategy for growth is based on three pillars: *Focus*, *Expand* & *Strengthen*.

FOCUS

The Focus pillar of our strategy is aimed at:
- Value-Adding Assets
- Specific market segments
- Seven geographic regions

Value-Adding Assets
The strength of Boskalis lies in its ability to deploy its equipment (assets) to cater to both the top and the lower end of the market. Boskalis will sustain its success as long as we use our broad range of equipment, staff and competencies to provide a balanced service to the various client groups. However, their requirements vary widely, both within and between the market segments, which means that choices have to be made. Boskalis focuses on Value-Adding Assets and having them available.

We have clients who need us to deliver integrated, innovative services or turnkey solutions. In order to meet these client requirements we need competencies that complement and reinforce one another, such as risk management and engineering. In addition we need to be able to act as lead contractor and project management experience is essential. Boskalis is strongly positioning itself on a global scale in this segment with its higher margin potential and in doing so is moving towards the top of the S curve (see figure 4).

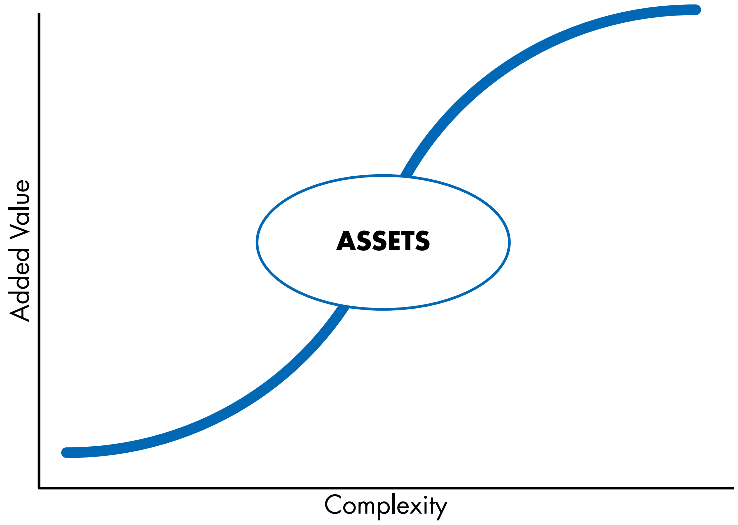


Figure 4: S curve - creating value with assets

At the bottom of the S curve we find clients looking for relatively straightforward and standard services, such as equipment hire or simple transportation. Cost leadership is an important precondition in this segment. By operating our assets at various points on the S curve we create a balance between the complex projects with a higher margin at the top of the curve and the stable volumes at the bottom, on balance allowing us to optimize the utilization of the fleet.

Specific market segments
Our core activities are focused on markets and market segments where the opportunities for growth and expansion are greatest. In each of these markets we offer our services both in combination and separately.

Energy
The oil and gas market is very important in terms of both size and growth potential. For oil and gas companies we create new land, realize pipeline infrastructures and ports and take care of their maintenance. We also execute offshore projects for these clients and provide an ever-growing broad range of maritime services, including subsea services, heavy and specialist transport, lift and installation work. This enables us to use Dockwise vessels to transport fully integrated offshore production facilities from Asia, where they are built, to the other side of the world where we also execute their installation. We also provide onshore and offshore terminal services through our 50% holding in Smit Lamnalco. In addition to this traditional segment the energy market comprises the strongly growing renewables market, where the emphasis for Boskalis lies on the construction of offshore wind farms, including the installation of the wind turbine foundations and, through our 50% holding in VBMS, the cabling.

Ports
The design and construction of new ports and the expansion and maintenance of existing ports on behalf of governments and port operators is another important market. Here we bring our dredging and earthmoving activities into play, with civil engineering work at times also playing a major role. Dockwise is involved in the transportation of port-related equipment such as container cranes, and at the operational stage we provide shipping companies with in-port services such as harbour towage. In addition, we can be of service to these same ship owners and operators as well as their underwriting agents with our salvage capabilities.

Geographic regions
Within the market segments we target our services at seven geographic regions. The key developments are taking place and the best opportunities for our activities lie in:

1. Northwest Europe
2. East and West Africa
3. Middle East
4. Southeast Asia
5. Australia
6. Brazil
7. Gulf of Mexico

EXPAND

The Expand pillar of our strategy is mainly focused on the Offshore Energy activity. Despite the current conditions in the oil and gas sector, with relatively low oil prices and reluctance on the part of the clients to undertake major investments in new offshore projects, this market segment offers a lot of opportunities in the longer term. Even in a market that can be described as challenging in the short term there are opportunities, like anti-cyclical investments or acquisitions.

Following the acquisitions of SMIT, Dockwise and Fairmount, Boskalis is extremely well-equipped to supply clients in the offshore energy sector under increasingly complex conditions with people and own equipment globally. In addition the combination of assets along with Boskalis' project management experience and engineering knowledge enables an accelerated realization of the strategic ambition to carry out integrated Transport, Logistics & Installation (TL&I) projects (see figure 5).

		Transport	Logistics	Installation
Exploration	Offshore Drilling Rigs: Jack-Ups and Semi Submersibles	+		
Production	Fixed (jacket/topside) & Floating structures (FPSOs)	++		++
Refining & processing	Shore side facilities: LNG trains, petrochemical facilities	+	++	
Decommissioning	Fixed Structures			+
Renewables	Offshore Wind Farms	+	+	+

Figure 5: Growth opportunities in Transport, Logistics & Installation

Transport
Boskalis has a strong position in dry heavy marine transport, for example of extremely heavy offshore platforms and Floating Production, Storage and Offloading units (FPSOs). As stated in the Corporate Business Plan 2014-2016 it is our ambition to selectively expand this market position with assets to further strengthen the broad Boskalis portfolio from wet towage to dry transport.

Superporto do Açu – building the biggest port of South America in Brazil

Results:
In early 2014 we acquired Fairmount as part of the Expand strategy. With five large anchor handling tugs we expanded our position in wet towage. In early 2015 the White Marlin was taken into service, a new Dockwise type I vessel with a deadweight of 72,000 metric tons. 2014 was a record year for Dockwise with several high-profile large transports.

Logistics
Boskalis particularly sees opportunities for growth in onshore developments at remote locations. There is a global requirement for logistics services in connection with the shipping and installation of for example prefab modules for LNG production. Boskalis leverages the opportunities in this sector by combining its broad knowledge of project management with its own specialist equipment.

Results:
In 2014 we also achieved various good results in Logistics. The Gorgon project in Western Australia was successfully concluded with the delivery of the final modules for the project. A lot of work was also carried out on the Ichthys project in Northern Australia, which we expect to conclude in late 2015. In 2014, we started work on the sizable Wheatstone logistics project, involving a total of almost 50 transports from Malaysia and China to Australia. We notice in the market that this type of modular construction for projects in remote locations is very attractive and therefore offers opportunities for the future.

Installation
The transportation and subsequent installation of facilities (T&I) is a large and interesting market where a great deal of knowledge and experience is required. It particularly offers Boskalis opportunities for employing its engineering knowledge, experience in risk management and its versatile fleet.

Results:
We successfully expanded our T&I track record in 2014. In the Philippines we carried out a significant part of the Malampaya project for Shell, in Malaysia Dockwise successfully completed the transport and float-over installation of the Tapis R topside, while the Heera topside was transported from Vietnam to India, where it was installed. Dockwise transported a large offshore converter station from the United Arab Emirates for which the float-over installation is scheduled to take place in the second half of 2015.

To ensure the successful implementation of the growth strategy in this sector Boskalis will make selective investments in assets such as marine transport equipment and ships with installation technology, as well as in competencies. In the year under review we invested in three new Giant barges, one of which has been further adapted into a self-propelled construction vessel with accommodation and a crane with a lift capacity of 600 tons.

For our installation activities we have announced our intention to invest in specific equipment for the support of offshore construction work, such as multifunctional construction support vessels and lifting capacity. We anticipate that the current market turbulence will present not only threats, but also opportunities for the acquisition of interesting assets as well as companies. We will weigh such opportunities with the necessary care.

STRENGTHEN

The Strengthen pillar of our strategy mainly concentrates on Dredging & Inland Infra and Towage & Salvage. These activities are focused on large market segments with structural growth. However, we expect the pace of this growth to be slow in the short term. Moreover, Boskalis' scope for growth in Dredging is limited given that it already holds a large share of this highly consolidated market.

Dredging & Inland Infra

Boskalis has a very strong global presence in the dredging market with a modern and versatile fleet. This puts Boskalis in a good position to take advantage of opportunities in the market. Relatively modest replacement and other investments will enable Boskalis to maintain and where appropriate expand its market position.
As per the beginning of the Business Plan 2014-2016 period, these investments mainly concern a replacement mega cutter, two 4,500 m^3 hoppers and the construction of a new jumbo backhoe.

Results:

In terms of equipment Boskalis took a medium-sized hopper with a capacity of 4,500 m^3 into service in mid-2014 and a second early 2015 and construction work on the mega cutter is continuing apace. In addition, in the past year Boskalis was awarded the sizable contract for the Suez Canal expansion under competitive conditions, as well as recently acquiring the contract for the Pluit City project off the coast of Jakarta in Indonesia. At Inland Infra we sold the De Jong road maintenance activities, testament to the fact that we engage in active and dynamic portfolio management.

Towage & Salvage

Under the Corporate Business Plan the emphasis at Harbour Towage lies on the further development and strengthening of regional partnerships, with the focus also set on an efficient cost and capital structure. The terminal activities of Smit Lamnalco make a major contribution to the growth of these activities. Boskalis will make further investments in these partnerships as and when opportunities arise. At Salvage the group's global network is brought into play for the emergency response activities while Boskalis' engineering and contract and risk management expertise are used in wreck removal projects.

Results:

In the past year major steps have been taken in the further roll-out of the joint venture model for Towage. These include the establishment of the joint venture with SAAM for the North and South America region, the acquisition by Smit Lamnalco of PB Towage, the second-largest player in Australia, and the announcement of the intention to establish a joint venture for the combined European harbour towage operations of Kotug and SMIT. Please refer to page 28 and 29 for further details on the towage joint ventures.

Organization

Furthermore, the Strengthen pillar is aimed at streamlining the organization in order to reinforce the focus on the business.
A new organizational structure has been put in place with three divisions, each with its own operational support functions, such as engineering, fleet management and crewing. The divisions have business-specific characteristics and success factors:

- Dredging & Inland Infra
- Offshore Energy
- Towage & Salvage

Results:

The new divisional model became effective on 1 January 2015 and the implementation is proceeding well. The model together with the harmonization of systems lays an important foundation for sustained growth. The various steps are described in detail on pages 18 and 19.

Stake in Fugro

Boskalis entered the 2014-2016 Business Plan period with a sound balance sheet and a healthy cash flow. This starting position allows room for investment, but also gives us the option of responding to interesting opportunities in the market. It is against this background that Boskalis acquired an interest in Fugro in late 2014, a stake which is now 20 per cent. The strategy of Boskalis is focused on offshore and (maritime) infrastructure, making use of the combination of high-end know-how and maritime assets. This fits very well with the activities of Fugro. The two companies have a lot in common in the area of assets, knowledge, capital intensity, global coverage, client base and are both global leaders in niche markets. We support the strategy of Fugro as realigned in November 2014 and announced recently that our stake is not a prelude to the launch of a bid.

In conclusion

A total capital expenditure program of around EUR 500 million is projected for the existing activities for 2015 and 2016, excluding acquisitions. This is in line with depreciation. A healthy balance sheet is essential, whereby we aim for a net debt : EBITDA ratio in a range of 1 to 1.5. We are committed to a stable dividend policy for our shareholders. In light of the uncertain market conditions and the acquired stake in Fugro we consider it prudent to suspend the share buy-back program for the period of one year.

Preparing the seabed for the installation of a platform off the coast of the Philippine island of Palawan

SHAREHOLDER INFORMATION

It is important to us that the value of our share adequately reflects our performance and the development in our markets. We therefore strive to inform our stakeholders as completely and transparently as possible about our strategy and policy and the ensuing financial performance.

OPEN DIALOG

Transparent and regular communication with our stakeholders is something we value highly. We consider our financial stakeholders to include existing and potential shareholders, other investors and their brokers as well as the media. It is important to us to provide them with clear and accessible information. The Boskalis share is covered by the major Dutch brokers as well as a number of foreign brokers and their analysts, whom we also consider as financial stakeholders. They aim to provide their clients with good advice and information about our company and the general developments in the markets that are relevant for us. Questions from stakeholders are answered candidly and wherever possible we take the initiative in raising important issues; for example following an important announcement we contact shareholders proactively. We maintain regular contact with major investors and analysts, for example by organizing annual visits to project sites or vessels. In 2014 we held approximately 300 meetings with investors from Western Europe, the United States, Australia and Canada, both during roadshows and conferences and in one-on-ones. Meetings with investors and analysts are held using publicly available presentations, and stock price-sensitive information is never shared.

DUTCH INVESTOR RELATIONS AWARD

At the presentation of the Dutch IR Awards 2015 in early January Boskalis received an honorable award. Martijn Schuttevâer, Director of Investor Relations at Boskalis, was chosen as best IR professional in the AEX-Index, as he was in 2013. The Dutch IR Awards are presented each year by the Dutch Society for Investor Relations (NEVIR) to companies and professionals that excel in maintaining their relationships with investors an analysts by means of good and clear disclosure, accessibility, knowledge and reliability.

CORPORATE WEBSITE

Our corporate website provides a constantly updated source of information about our core activities and ongoing projects. The Investor Relations section offers share information and other developments relevant to shareholders, as well as the latest and archived press releases and analyst and company presentations.

SHARE INFORMATION

Boskalis' authorized share capital of EUR 240 million is divided into 200 million shares, comprising 150 million ordinary shares and 50 million cumulative protective preference shares. The issued capital as at 1 January 2014 consisted of 120,265,063 ordinary shares.

Seventy-five per cent (75%) of shareholders opted to have their 2013 dividend distributed in the form of a stock dividend, in light of which we issued 2,672,757 new shares on 11 June 2014.

Within the framework and based on the principles of its Corporate Business Plan 2014-2016 in early 2014 Boskalis announced its intention to execute a share buy-back program involving up to 10 million shares. On 14 August 2014 the program started and in the course of the year 629,123 shares were repurchased at an average price of EUR 40.76. The program is subject to the development of the financial results and maintaining the desired balance sheet ratios, whereby we aim for a net debt : EBITDA ratio within a bandwidth of 1 to 1.5. We are committed to a stable dividend policy for our shareholders. In light of the uncertain market conditions and the acquired stake in Fugro we consider it prudent to suspend the share buy-back program for the period of one year.

On balance, the issued share capital as at 31 December 2014 consisted of 122,937,820 ordinary shares of which 629,123 ordinary shares were repurchased.

Royal Boskalis Westminster N.V. shares are listed on Euronext Amsterdam and are included in indices such as the Euronext Next 150 index and the STOXX Europe 600 Index.
Tickers: Bloomberg: BOKA:NA, Reuters: BOSN.AS

In 2014, around 90 million Boskalis shares were traded on Euronext Amsterdam (2013: 87 million). The average daily trading volume in 2014 was over 354,000 shares. In the course of 2014 the share price rose by 18% from EUR 38.41 to EUR 45.45. The market capitalization increased by 21% compared to the end of 2013 to EUR 5.59 billion.

SHAREHOLDERS

The following shareholders are known to have been holders of at least 3% in Boskalis as at 31 December 2014:

HAL Investments B.V.: 34.52%
Sprucegrove Investment Management Limited: 4.93%
Marathon Asset Management: 3.78%
Standard Life Investments Plc: 3.32%
Oppenheimer Funds, Inc.: 3.07%
Sarasin & Partners LLP: 3.01%

Besides these large shareholders, an estimated 18% of the shares are held by shareholders in the United Kingdom, 6% in the Netherlands, 5% in the United States and Canada and the remainder in mainly France, Germany and Scandinavia.

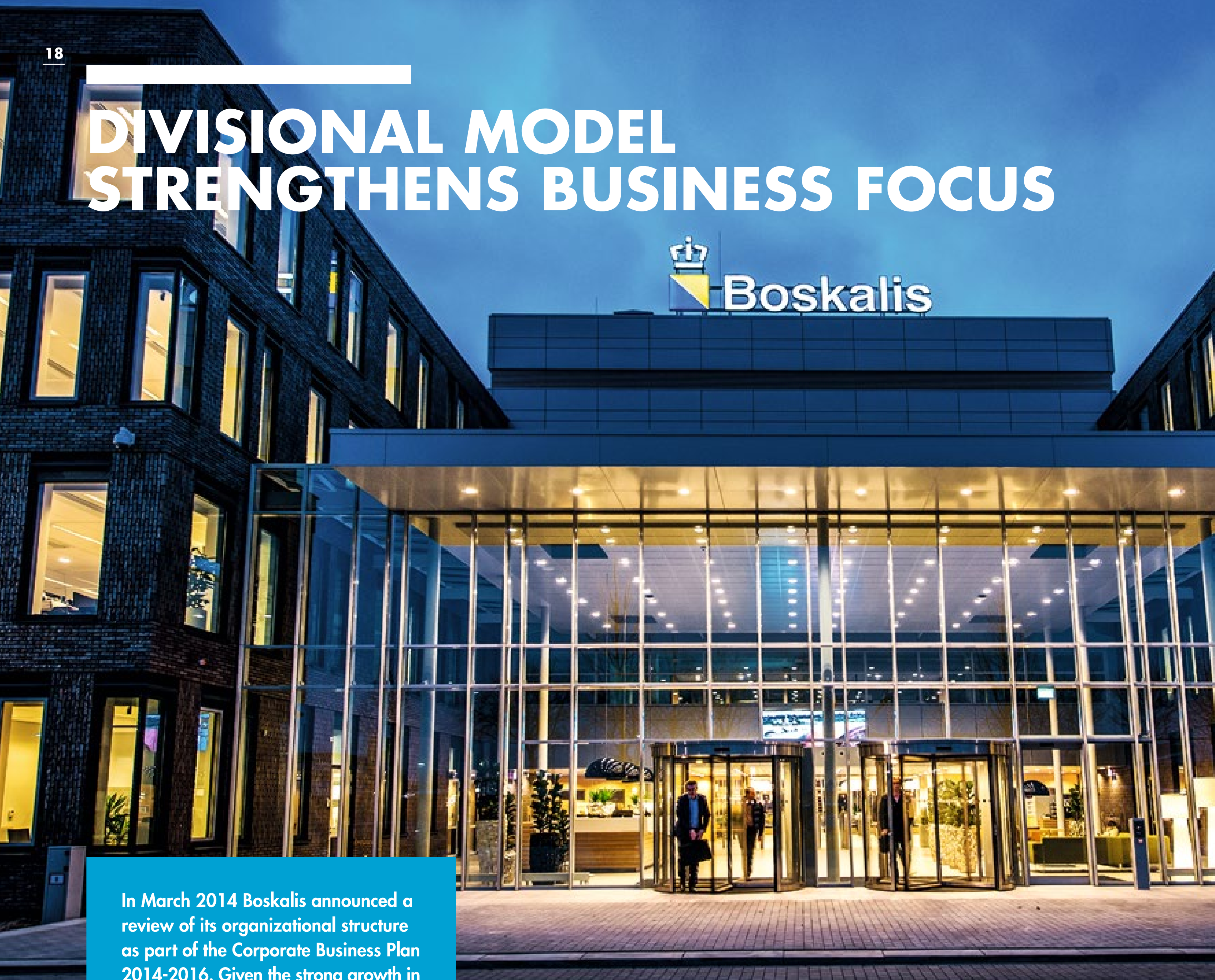
DIVIDEND POLICY

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

FINANCIAL AGENDA 2015

12 March	Publication of 2014 annual results
12 May	Trading update on first quarter of 2015
12 May	Annual General Meeting of Shareholders
14 May	Ex-dividend date
15 May	Record date for dividend entitlement (after market close)
1 June	Final date for stating of dividend preference
4 June	Determination and publication of conversion rate for dividend based on the average share price on 2, 3 and 4 June (after market close)
9 June	Date of dividend payment and delivery of shares
20 August	Publication of 2015 half-year results
13 November	Trading update on third quarter of 2015

DIVISIONAL MODEL STRENGTHENS BUSINESS FOCUS

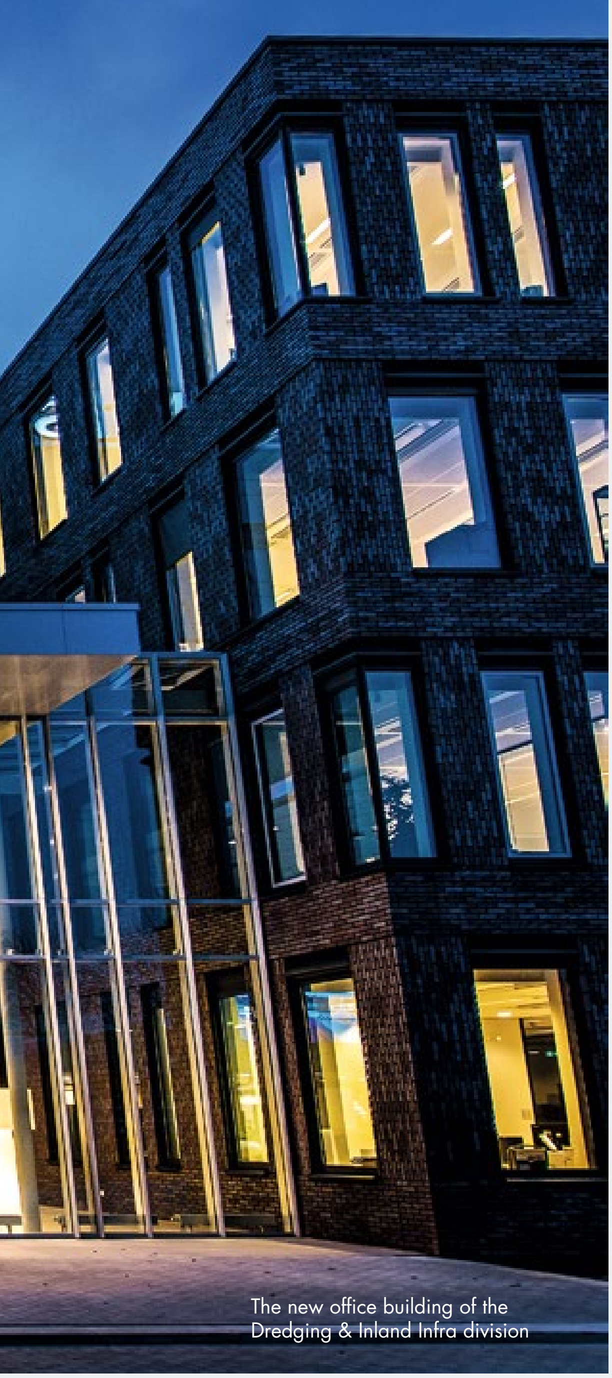


In March 2014 Boskalis announced a review of its organizational structure as part of the Corporate Business Plan 2014-2016. Given the strong growth in the past years the step was a condition for enabling further growth in a responsible way. As from 1 January 2015 Boskalis comprises three divisions: Dredging & Inland Infra, Offshore Energy and Towage & Salvage.

"As a result of the acquisitions of SMIT, MNO Vervat, Dockwise and Fairmount our organization has grown considerably in a short space of time and the business structure and processes have become more complex," said Group HR director Jan den Hartog. "This necessitated a review of our original organizational structure. One of the results of this review has been the introduction of a divisional model in which each division has its own operational support functions, such as tendering, engineering, fleet management and crewing. We started working out the details of the new structure in the spring of 2014 with the actual implementation taking place on 1 January 2015."

MARKET-SPECIFIC DYNAMICS

The three-division structure is based on the business-specific characteristics and success factors of the divisions' different activities. "The new operational model allows us to further streamline the business units and reinforce the focus on clients and projects. On Offshore Energy projects the emphasis is different than for dredging," explained Den Hartog. "As an indication, on an offshore project over 80% of the available time and resources is spent on calculations and precision


The new office building of the Dredging & Inland Infra division

engineering, with the actual execution only taking up a relatively small part in comparison. In the case of most dredging projects this ratio is reversed." The activities of the divisions are also characterized by for example the deployment of own equipment within the division.

SYNERGIES

"Although the divisions work autonomously from one another, where possible we pool the competencies," continued Den Hartog. "There is a lot of of scope for cross-pollination by using each other's knowledge and expertise." Recent offshore projects such as Malampaya, DolWin II and Wikinger demonstrate that the various specialisms complement each other well. The broad knowledge surrounding survey techniques gleaned from dredging and our many years of experience in the area of soil mechanics can be applied to great effect on offshore Transport & Installation projects. On the Suez Canal expansion the disciplines also reinforce one another, for example during the comprehensive mobilization, which involved the deployment of several Dockwise transport vessels. Den Hartog emphasized that synergy between the divisions is not an end in itself. "We work together where we can, but the divisions perform their activities completely autonomously," he said. "To enable this, tasks which were previously handled at group level, such as tendering, engineering and crewing, have now been transferred to the divisions. This results in clear ownership of people and equipment, and enables us to focus more effectively on the specific demands of the various markets."

RELOCATION COMPLETED

The various acquisitions have resulted in a strong increase in the number of employees in light of which the Papendrecht campus has undergone major expansion with a new office building. "In January 2015 we embarked on a major relocation plan to ensure that everyone literally and figuratively got their own place in the new divisional structure," said Den Hartog. "First of all, in February 2015 the employees of the Dredging & Inland Infra division moved into the new building where all the division's disciplines are housed together under the same roof. This paved the way for the move of the Dockwise and Fairmount employees to Papendrecht, who form part of the Offshore Energy division, which also has its own building on the campus. The entire relocation operation will be completed in the second quarter of 2015."

HARMONIZATION

Along with the implementation of the new organizational structure Boskalis has started harmonizing various business processes and support systems, a process in which the drive for efficiency and good information provision and communication are key. "An important part of this process is aligning the various ICT applications," said Den Hartog. "We have started implementing a new ERP system (Enterprise Resource Planning) to replace the various systems used by the former companies. As part of this process the various HR systems, which are currently still in use, will be replaced by a single integrated employee information system."

COHESION

The Boskalis activities relating to towage services and salvage work were transferred to the Towage & Salvage division with effect from 1 January 2015. "In practice not a lot will change for this division," said Den Hartog. Furthermore he does not expect the introduction of the divisional model to create an 'island culture' within Boskalis. "On the contrary," he said. "The findings of the internal culture survey, which we conducted prior to this process, show a great deal of similarity between the profiles of the Boskalis employees and those of their colleagues at the relevant companies. We expect that the introduction of the divisional model can reinforce the cohesion already present."

REPORT OF THE SUPERVISORY BOARD

Dredging work for the construction of the Hondsbossche and Pettemer Sea Defense in the Netherlands

REPORT OF THE SUPERVISORY BOARD

The Supervisory Board wishes to thank all employees and the Board of Management of Boskalis for their outstanding achievement in 2014. The Board compliments them on the accomplished record results.

In accordance with Article 27 of the Articles of Association of Royal Boskalis Westminster N.V., the Supervisory Board presents the 2014 annual report to the Annual General Meeting of Shareholders. The annual report, including the financial statements and the management statement, was drawn up by the Board of Management. The financial statements are accompanied by the report of the company's external auditor Ernst & Young Accountants LLP, which is included on pages 128 to 131 of this report.

We recommend the following to the Annual General Meeting of Shareholders:
- The adoption of the financial statements, including the proposed profit appropriation;
- The discharge of the members of the Board of Management in respect of their management activities during 2014;
- The discharge of the members of the Supervisory Board for their supervision of management during 2014; and
- The distribution to shareholders of a dividend of EUR 1.60 per ordinary share to be paid in ordinary shares, unless the shareholder opts to receive a cash dividend.

COMPOSITION OF THE BOARD OF MANAGEMENT

At the start of the 2014 reporting year the Board of Management consisted of five members. On 13 May 2014 Mr. A. Goedée resigned as member of the Board of Management having concluded his one-year term of appointment. There were no other changes to the composition of the Board of Management during the year under review.

COMPOSITION OF THE SUPERVISORY BOARD

In 2014 the Supervisory Board consisted of six members. On 13 May 2014 the Annual General Meeting considered the re-appointment of Mr. H.J. Hazewinkel, on the recommendation of the Supervisory Board. Supported by the Works Council, the Annual General Meeting re-appointed Mr. H.J. Hazewinkel to the Supervisory Board for a period of four years. There were therefore no changes to the composition of the Supervisory Board during the year under review.

ACTIVITIES OF THE SUPERVISORY BOARD

The Supervisory Board held five regular meetings with the Board of Management of the company and scheduled two additional meetings, of which one by conference call. The attendance rate at the meetings of the Supervisory Board is 92.86%. One member has been unable to attend two meetings due to personal circumstances and one member could not be present on one of the extra meetings due to other commitments. The Supervisory Board also met several times without the Board of Management being present. During the year under review no Supervisory Board members were absent from meetings due to a potential conflict of interest. The Supervisory Board held its meetings to discuss the annual and half-year results in the presence of the external auditor. During the year under review the General Meeting of Shareholders appointed Ernst & Young Accountants LLP as the company's external auditor with effect from 1 January 2014.

Permanent items on the agenda of the Supervisory Board are: the development of the results, the balance sheet, the safety performance, and industry and market developments.

With regard to the market developments, the order book and potential large projects as well as the status of important contracted projects are discussed. During the year under review subjects discussed included the contracting of large projects such as the Suez Canal expansion in Egypt, the Wikinger wind farm project in Germany, the IJsseldelta project in the Netherlands and the salvage of the jack-up platform Perro Negro off the coast of Angola and the car carrier Baltic Ace in the North Sea, as well as the execution of projects such as the Hondsbossche and Pettemer Sea Defense in the Netherlands, Malampaya in the Philippines, Superporto do Açu in Brazil and Lelydorp in Suriname. Furthermore also the settlement effects of projects, which were already technically concluded, like the Gorgon project in Australia, have been discussed. In these discussions the Supervisory Board devoted attention to the various operational, geopolitical and financial risks, and, where applicable, judged provisions made by the Board of Management.

Other topics under scrutiny in 2014 included the corporate budget, liquidity, acquisition and investment proposals, the organizational structure and the staffing policies.

Special attention was paid to the company's policy on safety, health and the environment as well as the societal aspects of doing business.

With regard to the safety policy the Supervisory Board was given a presentation on the development and further rollout of the company's safety program *NINA* (No Injuries No Accidents) and discussed the way this program will be implemented at the new business units of the company.

Attention was also paid to corporate social responsibility, with a comprehensive discussion by the Supervisory Board of the Boskalis Corporate Social Responsibility report. In this context the Supervisory Board also monitored the further rollout of the procedures connected with anti-corruption legislation as well as the introduction of new agent contracts.

The Supervisory Board examined the company's strategy and the risks associated with it. During the year under review a separate meeting of the Supervisory Board was organized to discuss the new Corporate Business Plan of the Board of Management. After approval by the Supervisory Board the strategy was incorporated in the new Corporate Business Plan for 2014-2016. The Audit Committee regularly assessed the structure and operation of the internal risk management and control systems associated with the strategy and discussed these with the Supervisory Board. No significant changes were made to the internal risk management and control systems during the year under review. In this context the Supervisory Board devoted attention to the company's overall insurance situation, following the integration of SMIT, MNO Vervat, Dockwise and Fairmount. Further information about the company's risk management can be found at pages 49 to 54 of this annual report. Furthermore the Supervisory Board discussed the company's new organizational structure as one of the elements of the Corporate Business Plan.

In 2014 the Supervisory Board gave consideration to the acquisition of the activities of Fairmount and the conclusion of a joint venture agreement with SAAM for the joint operation of harbour towage activities in Canada, Central and South America, as well as the intended transaction to continue the harbour towage operations in Germany, the Netherlands, Belgium and London with Kotug. In addition a great deal of attention was paid to the acquisition of a strategic stake in Fugro N.V. The activities of Fugro are consistent with the company's strategy and are a good fit with Boskalis' operations. During the year under review the share buy-back program proposed by the Board of Management to acquire its own shares in the company was also a topic of discussion of the Supervisory Board. On 13 May 2014 the General Meeting of Shareholders authorized the repurchase of up to 10% of the company's total issued share capital in the period 2014-2016. The program is subject to the development of the financial results and to the desired balance sheet ratios being maintained.

During the year under review the Supervisory Board paid a working visit to Qatar. During this visit the Supervisory Board familiarized itself with the activities of the various Boskalis business units in the Middle East, including Smit Lamnalco. In the course of doing so extensive attention was paid to the market trends and possible new projects in the region. In addition the Supervisory Board visited the project The Base in Doha, where the company is constructing two navigation channels. The chairman of the Supervisory Board also paid a visit to the Dockwise vessel the Vanguard.

A number of Supervisory Board members met with the Works Council to discuss the results, the corporate strategy, the market developments and the current situation in relation to the pension funds as well as the effects of the integration with MNO Vervat and Dockwise.

The Supervisory Board has instituted three core committees – the Audit Committee, the Remuneration Committee and the Selection and Appointment Committee. They performed their tasks as follows:

AUDIT COMMITTEE

Members of the Audit Committee
At the beginning of the year under review the Audit Committee consisted of two members: Mr. Niggebrugge (chairman) and Mr. Van Wiechen. On 13 May 2014 Mr. Hessels was appointed as third member of the Audit Committee. Mr. Niggebrugge fulfills the role of financial expert in the Audit Committee.

Duties and responsibilities of the Audit Committee
The main duties of the Audit Committee are to advise the Supervisory Board on:
- Supervising, monitoring and advising the Board of Management concerning the operation of the internal risk management and control systems, including the supervision of compliance with the relevant legislation and regulations, and supervision of the operation of the codes of conduct.
- Supervising the provision of financial information by the company, the tax planning, the application of information, communication and communication technology, and the financing of the company.
- Maintaining regular contacts with the external auditor and supervising the relationship with the external auditor as well as the compliance with and implementation of the external auditor's recommendations.
- Nominating an external auditor for appointment by the General Meeting of Shareholders.
- The financial statements, the annual budget and significant capital investments by the company.
- Supervising the functioning of the internal audit function.

Activities during 2014
The Audit Committee in full met on three occasions during 2014. Regular topics discussed during these meetings included: the 2013 financial statements, the (interim) financial reporting for the 2014 financial year, the results relating to large projects and operating activities, developments in IFRS regulations, in particular those relating to joint venture accounting, risk management and control, developments in the order book, share price developments, the repurchase of the company's shares, the financing and liquidity of the company and cost control.

Other topics of discussion included the impact of the situation on the financial markets, insurance matters, the company's tax position, the internal control procedures and administrative organization, the relevant legislation and regulations and the Corporate Governance Code. The follow-up of the Management Letter issued by the external auditor as part of the audit of the 2013 financial statements was also discussed.

In addition, the Audit Committee focused more specifically on the refinancing of the company and the transfer of the administration of the pension scheme from the company pension fund to the multi-sector pension fund PGB. Extra attention was also paid to the further strengthening and integration of the accounting and reporting processes and systems within the group in the context of the acquisitions made in recent years.

Together with the internal auditor the Audit Committee discussed the activities performed by the internal auditor during 2014 as well as the internal Audit Plan for 2015.

In addition to the chairman of the Board of Management and the Chief Financial Officer, the Group Controller and the external auditor were also present at the meetings of the Audit Committee.

During the year under review meetings were also held with the external auditor without the company's Board of Management being present. The Audit Committee discussed the audit fees and the audit approach with the external auditor. The Audit Committee also established the independence of the external auditor.

Reports and findings of the meetings of the Audit Committee were presented to the entire Supervisory Board.

REMUNERATION COMMITTEE

Members of the Remuneration Committee
The Remuneration Committee consists of two members: Mr. Van Woudenberg (chairman) and Mr. Kramer.

The Remuneration Committee regularly avails itself of the services of an independent remuneration adviser selected by the Supervisory Board, and ascertained that this remuneration adviser does not provide advice to the members of the Board of Management.

Duties and responsibilities of the Remuneration Committee
The Remuneration Committee performs the following duties:
- Submitting proposals to the Supervisory Board concerning the remuneration policy to be pursued for the members of the Board of Management. The policy is submitted to the General Meeting of Shareholders for approval.
- Investigating whether the agreed remuneration policy is still up to date and if necessary proposing policy amendments.
- Submitting proposals to the Supervisory Board concerning the remuneration of individual members of the Board of Management (in accordance with the remuneration policy adopted by the General Meeting of Shareholders).
- Preparing the remuneration report on the remuneration policy pursued, subject to adoption by the Supervisory Board.

Activities during 2014
The Remuneration Committee met on two occasions during 2014, with both members attending all the meetings. In addition the Committee also held regular consultations outside these meetings. Further details of the activities of the Remuneration Committee can be found in the 2014 Remuneration Report.

Reports and findings of the meetings of the Remuneration Committee were presented to the entire Supervisory Board.

Remuneration policy for the Board of Management
The remuneration policy for the Board of Management was adopted by the Extraordinary General Meeting of Shareholders on 21 January 2011. The remuneration policy is consistent with the strategy and core values of Boskalis, which are centered on long-term orientation and continuity, and take into account the interests of Boskalis' shareholders, clients, employees as well as the 'wider environment'. Throughout 2014 the remuneration policy was executed in accordance with the remuneration policy as adopted by the Extraordinary General Meeting of Shareholders. The full text of the Remuneration policy as well as the Remuneration Report 2014 can be found on the website.

Remuneration policy for the Supervisory Board
The remuneration policy for the Supervisory Board was adopted by the General Meeting of Shareholders on 10 May 2012. During the year under review the remuneration policy was executed in accordance with the remuneration policy as adopted.
The Remuneration Report 2014 can be found on the website.

SELECTION AND APPOINTMENT COMMITTEE

Members of the Selection and Appointment Committee
The Selection and Appointment Committee consists of two members: Mr. Hessels (chairman) and Mr. Van Woudenberg.

Duties and responsibilities of the Selection and Appointment Committee
The duties of the Selection and Appointment Committee concern the following matters:
- Drawing up selection criteria and appointment procedures with respect to members of the Supervisory Board and members of the Board of Management of the company.
- Conducting a periodic assessment of the size and composition of the Supervisory Board and the Board of Management and drawing up the profile.
- Conducting a periodic assessment of the functioning of individual members of the Supervisory Board and Board of Management and reporting thereon to the Supervisory Board.
- Proposing appointments and re-appointments.
- Supervising the policy of the Board of Management with respect to selection criteria and appointment procedures for the senior management of the company.

Activities during 2014
In 2014 the Selection and Appointment Committee held one meeting in full. In addition, the Committee consulted by telephone on several occasions. During the year under review, the Selection and Appointment Committee discussed a balanced composition of and succession planning for the Board of Management and the composition and size of the Supervisory Board, bearing in mind the Board's profile and retirement rota.

According to the Supervisory Board retirement rota, the term of office of Mr. Hazewinkel ended in 2014. The Supervisory Board simultaneously informed both the shareholders and the Works Council of the resulting vacancy. Mr. Hazewinkel let it be known that he was available for re-appointment. The Supervisory Board proposed to the General Meeting of Shareholders that Mr. Hazewinkel be re-appointed to the Supervisory Board. The proposal to re-appoint rested on the fact that Mr. Hazewinkel has extensive experience as a member of the Supervisory Board and puts this membership into practice with great expertise. The recommendation to re-appoint Mr. Hazewinkel was in accordance with the law and the company's Articles of Association. The recommendation to re-appoint Mr. Hazewinkel had the full support of the Works Council. On 13 May 2014, the General Meeting of Shareholders re-appointed Mr. Hazewinkel for a period of four years.

Furthermore, the Selection and Appointment Committee discussed the extension of the term of appointment of Mr. F.A. Verhoeven as a member of the Board of Management. The Supervisory Board adopted this proposal and, having sought the opinion of the General Meeting of Shareholders, on 13 May 2014 extended Mr. Verhoeven's appointment to the Board of Management until the General Meeting of Shareholders in 2016.

A further topic of discussion was the re-appointment of Mr. T.L. Baartmans as a member of the Board of Management. The experience of Mr. Baartmans and the competent and conscientious way in which he performs his job led the Supervisory Board to decide to submit the proposed resolution to re-appoint Mr. Baartmans for a period of four years for discussion by the General Meeting of Shareholders to be held on 12 May 2015.

Reports and findings of the meetings of the Selection and Appointment Committee were presented to the entire Supervisory Board.

DUTCH CORPORATE GOVERNANCE CODE

Since the introduction of the Dutch Corporate Governance Code (the "Code") in 2004, the principles of proper corporate governance and best practice provisions set out in the Code have regularly been discussed at Supervisory Board meetings. The principal points of the Boskalis Corporate Governance policy can be found on pages 56 and 57 of this annual report.

In the opinion of the Supervisory Board, the provisions of the Code regarding the independence of the members of the Supervisory Board have been complied with. The Supervisory Board considers Mr. van Wiechen not to be independent in the light of the Code.

Outside the presence of the board members, the Supervisory Board discussed the performance of the Board of Management. It also discussed the performance of the Supervisory Board, the chairman of the Supervisory Board, the three committees and the individual members of the Supervisory Board as compared to the profile. This evaluation took place with the aid of a questionnaire as well as through collective and bilateral discussions between the members of the Supervisory Board, the chairman of the Supervisory Board and the chairman of the Board of Management. In its opinion the Supervisory Board functions well, with a few minor points for improvement in 2015.

The Supervisory Board wishes to thank all employees and the Board of Management of Boskalis for their outstanding achievement in 2014. The Board compliments them on the accomplished record results.

Papendrecht/Sliedrecht, 11 March 2015

Supervisory Board
Mr. J.M. Hessels, chairman
Mr. H.J. Hazewinkel, deputy chairman
Mr. M.P. Kramer
Mr. M. Niggebrugge
Mr. J.N. van Wiechen
Mr. C. van Woudenberg

The Dockwise Vanguard loaded with the FPSO Goliat with a diameter of 107 meters

GLOBAL TOWAGE OPERATIONS WITH A PLATFORM FOR GROWTH

The joint venture between SMIT and Kotug for the European harbor towage services announced in December 2014 forms the last building block of our towage joint venture strategy. We now have five joint ventures providing harbour towage and terminal services, giving us a prominent presence on all continents. We provide our services to clients in more than 90 major ports in 35 countries. The joint venture fleet of 450 ships and around 4,500 experienced crew generates a revenue of approximately 1 billion US dollars. This places us among the top global operators and provides us with a strong platform for further growth.

KEPPEL SMIT TOWAGE

The origins of our towage activities lie in Rotterdam with our subsidiary SMIT. Long before its takeover by Boskalis in 2010 SMIT already had a presence in major ports on several continents, with for example the Keppel Smit Towage joint venture in Southeast Asia having been a stable and reliable partner in the ports of Singapore, Malaysia and Indonesia for many years now. We have built up a strong position in this region and are expanding our activities where possible.

SMIT LAMNALCO

Following the acquisition of SMIT we pursued our plan to establish more regional joint ventures for the towage and terminal activities. The establishment of Smit Lamnalco in 2011, resulting from the merger of Lamnalco and the terminal activities of SMIT, was the first major step. This combined company traditionally focuses on the Middle East and West Africa, providing terminal services to the oil and gas industry. Smit Lamnalco is well equipped to operate in remote areas under challenging conditions against the highest standards applicable in the oil and gas industry. Our Corporate Business Plan 2014-2016 states that we aim for further growth through consolidation and that we are prepared to invest in this. It is our view that the activities have more clout when they are placed at arm's length in joint ventures.

These activities generate a stable cash flow, which means that they are able to raise capital independently in order to finance growth. A good example of this is Smit Lamnalco's recent acquisition of PB Towage, the second-largest provider of towage services in Australia. We envisage a new cluster of activities emerging in this region for Smit Lamnalco, which is already active in Papua New Guinea and Gladstone in Australia.

SAAM SMIT TOWAGE

Our harbour towage services have a prominent presence in the Americas through our SAAM SMIT Towage joint venture, established in July 2014. The new combined company is active in all the major ports of Brazil, Mexico, Panama and on the west coast of Canada. The merger has created a leading regional player with a great ability to respond to developments in the market. In addition, SAAM SMIT Towage is able to benefit from the economies of scale resulting from the merger.

EUROPE

We had been on the lookout for a good partner in Europe for some time.
The announcement in December 2014 of our intention to form a partnership with Kotug is the realization of our ambitions to extend the effective and efficient provision of our towage services to clients in the major ports of Northwest Europe. We expect to further shape this partnership in 2015.

STABLE MARKET, STABLE CASH FLOW

The global market for towage services is a stable and mature market, which enables our towage activities and terminal services to generate a stable cash flow. The fleet is relatively young, which means that no major replacement investments are needed. There are, however, differences between the two activities. In the ports we provide harbour towage services to a large number of clients, usually under short-term contracts which are primarily governed by availability and price. By contrast, at oil and gas terminals we supply a range of services to a single client (the terminal operator), often at remote locations. In addition to towage services we provide pilotage, maintenance and firefighting services. These contracts are often long term, sometimes for periods longer than 10 years.

The stable cash flow enables the joint ventures to finance themselves very efficiently with a relatively high proportion of debt, which has a positive impact on the return on invested capital. It also enables the joint ventures to effectively achieve independent growth and development.

KEY FIGURES

Based on full year 2014 and a 100 per cent interest, the combined key figures of the Towage activities were:

	2014
(In EUR million)	
Revenue	**641**
EBITDA	**256**
EBIT	**160**
Order book	**1,226**
Net debt	**622**

Included are the European activities of SMIT, SMIT Americas (Q1 and Q2) and the joint ventures SAAM SMIT Towage (Q3 and Q4), Keppel Smit Towage and Smit Lamnalco all on a 100 per cent basis. Including the activities of PB Towage and the intended joint venture with Kotug, the total revenue amounts to approximately 1 billion US dollars in 2014.

REPORT OF THE BOARD OF MANAGEMENT

MARKET DEVELOPMENTS

The markets in which Boskalis operates are driven by growth in the world's population and prosperity, pushing up global trade and energy consumption. In addition there are the irreversible effects of climate change. Boskalis responds to these trends.

The extent to which these trends show positive development in the coming years will be strongly dependent on geopolitical stability and macro-economic growth. Positive investment decisions in relation to large maritime infrastructure projects, which generate work for Boskalis, are closely linked to this.

We see a stable market picture in terms of large-scale maritime infrastructure projects and the developments in and around ports. The tender pipeline with capital dredging projects for the expansion and deepening of ports and waterways, land reclamation projects and tunnel developments looks positive, while maintenance work has a strong recurring nature. In large ports the development of the number of shipping movements and thus the demand for towage services is likely to remain stable in the coming years. Based on this market assessment, conditions in the Dredging & Inland Infra and Towage markets are expected to remain stable.

In terms of developments in the offshore energy market we can see a difference between the short and the long term. The short term is strongly impacted by the low oil price, which is causing oil majors to postpone investment decisions realting to complex and costly offshore projects. However, in the medium to long term the development of prosperity and economic growth will drive the demand for energy. In the short term activities aimed at the capacity-driven spot markets such as Subsea Services and Transport are expected to be hit hardest. The picture at Marine Contracting and Subsea Contracting is more favorable, fuelled by developments in the areas of offshore wind, the decommissioning of old oil and gas platforms and LNG, for example in Western Canada.


Replacing *pick points* on board of a cutter suction dredger in Qatar

FINANCIAL PERFORMANCE

Royal Boskalis Westminster N.V. (Boskalis) achieved net profit of EUR 490 million in 2014 (2013: EUR 366 million).

Revenue rose by 1 per cent to EUR 3.2 billion (2013: EUR 3.1 billion).

EBITDA rose by 25 per cent to EUR 946 million (2013: EUR 757 million) and the operating result (EBIT) was up 41 per cent at EUR 652 million (2013: EUR 463 million).

Across the board, 2014 was an operationally strong year with in addition a large number of exceptional items for a total amount on balance of EUR 200 million before tax. All three segments achieved a sharply higher result compared to 2013. Dredging & Inland Infra had a busy year with good fleet utilization, good project margins and substantial settlement results on old projects. Offshore Energy also had a good year with high fleet utilization and good project margins. Moreover, Dockwise contributed an extra quarter to earnings compared to 2013 and realized exceptional cancellation and rescheduling fees. Towage & Salvage reported a higher result with good results from the settlement of old salvage projects.

The order book remained virtually stable at EUR 3,286 million (end-2013: EUR 3,323 million).

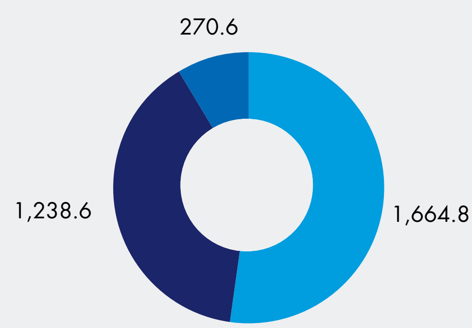
OPERATIONAL AND FINANCIAL DEVELOPMENTS

As of 2014 Boskalis applies IFRS11 Joint Arrangements (IFRS11), the new standard for the recognition of joint ventures and associated companies. The comparative figures for 2013 have been adjusted to reflect this. The comparative net profit figures are not impacted by the adjustment.

For Boskalis the application of IFRS11 means that joint ventures and associated companies are no longer consolidated (on a proportional basis), but exclusively accounted for using the equity method. The main joint ventures and associated companies are Smit Lamnalco, VBMS, the partnerships in Singapore with Keppel (Keppel Smit Towage, Maju Maritime and Asian Lift) and, from

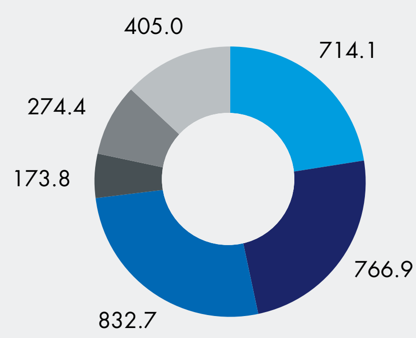
BY SEGMENT	**2014**	2013
(in EUR million)		
Dredging & Inland Infra	**1,664.8**	1,725.5
Offshore Energy	**1,238.6**	1,067.4
Towage & Salvage	**270.6**	363.0
Eliminations	**-7.1**	-11.9
Total	**3,166.9**	3,144.0

2013 is adjusted for IFRS11



BY GEOGRAPHICAL REGION	**2014**	2013
(in EUR million)		
The Netherlands	**714.1**	661.7
Rest of Europe	**766.9**	645.6
Australia / Asia	**832.7**	741.4
Middle East	**173.8**	168.1
Africa	**274.4**	328.8
North, Central and South America	**405.0**	598.4
Total	**3,166.9**	3,144.0

2013 is adjusted for IFRS11



1 July 2014, the joint ventures with SAAM (SAAM SMIT Towage). Boskalis' share in the net result of joint ventures and associated companies is included in the consolidated EBIT(DA), both for 2014 and the comparative figures for 2013.

Dockwise was fully consolidated in 2014, whilst in the first quarter of 2013 it was still recognized as result from associated companies based on the pro rata stake. As from the second quarter of 2013, Dockwise was consolidated in the Offshore Energy segment. The operations of Fairmount were acquired in March 2014 and consolidated as from the second quarter, also in the Offshore Energy segment. As from the third quarter the SMIT harbour towage activities in North, Central and South America were transferred to the joint venture and associated company SAAM SMIT Towage and as a result are no longer included in the consolidated figures from 1 July 2014.

REVENUE

During the past year revenue rose by 1% to EUR 3.167 billion (2013: EUR 3.144 billion). Adjusted for acquisitions, divestments and deconsolidation effects revenue fell by 2%.

Dredging & Inland Infra had a good year with good fleet utilization and a stable level of activity. Offshore Energy also had a good year with a rise in revenue and high fleet utilization. The increase in revenue in this segment is mainly due to the aforementioned impact of consolidating Dockwise for an extra quarter and Fairmount for three quarters. Revenue in the Towage & Salvage segment declined mainly due to the loss of the year of the revenue from the harbour towage activities transferred to SAAM SMIT Towage in the second half.

RESULT

In 2014 the operating result before interest, taxes, depreciation, amortization and impairments (EBITDA) and including the contribution from our stake in the net result of joint ventures and associated companies totaled EUR 945.9 million (2013: EUR 757.2 million).

The operating profit (EBIT) was EUR 652.3 million (2013: EUR 463.4 million). The operating profit includes the contribution from our stake in the net result of joint ventures and associated companies of EUR 56.4 million (2013: EUR 63.7 million).

All three segments posted sharply higher results compared to 2013.

Dredging & Inland Infra had a good year operationally with good fleet utilization and good project results. Furthermore, there was a substantial contribution from financial settlements on old projects in both the first and the second half of the year.

Offshore Energy also had a strong year with a high utilization of its equipment and good project results. Dockwise had a record year, in part due to cancellation and rescheduling fees relating to previously contracted transport capacity. Furthermore, Dockwise

Two SAAM SMIT Towage harbor tugs assisting a container vessel in Canada contributed an extra quarter compared to 2013 and from the second quarter there was a contribution from Fairmount, acquired in March 2014.

The result at Towage & Salvage also increased, in part due to higher results from the harbour towage activities, a strong contribution from Smit Lamnalco and the financial settlement of salvage projects carried out in previous years.

On balance non-allocated group costs equaled EUR 47.9 million (2013: EUR 6.0 million). In 2013 the result was positively impacted by a (revaluation) result relating to the acquisition of Dockwise and a substantial book gain arising from the sale of the 40% stake in Archirodon.

RESULT BY SEGMENT (EBIT)*	2014	2013
(in EUR million)		
Dredging & Inland Infra	**380.1**	255.2
Offshore Energy	**236.1**	147.0
Towage & Salvage	**84.0**	67.2
Non-allocated group costs	**-47.9**	-6.0
Total	**652.3**	463.4

** Our share in the net result of the joint ventures and associated companies is included in the segment result. 2013 figures adjusted for IFRS11.*

NET PROFIT

The operating result (EBIT) was EUR 652.3 million. Net of financing expenses of, on balance, EUR 35.9 million, profit before taxation was EUR 616.4 million. Net profit attributable to shareholders totaled EUR 490.3 million (2013: EUR 365.7 million).

As well as the aforementioned good fleet utilization rate and good project results, the sharp increase in the result is mainly attributable to sizable results from the financial settlement of both Dredging and Salvage projects whose technical completion took place earlier, as well as a major contribution from cancellation and rescheduling fees relating to previously contracted transport capacity at Offshore Energy. Conversely the result was negatively impacted by various impairment charges on smaller equipment, as well as a one-off charge relating to the harmonization across the group on how vessel dry-docking costs are accounted for. On balance the effect of these exceptional items was EUR 200 million before tax and EUR 154 million after tax.

ORDER BOOK

In 2014 Boskalis acquired, on balance, EUR 2,941 million worth of new contracts. At the end of the year the order book, excluding our share in the order book of joint ventures and associated companies, stood at EUR 3,286 million (end-2013: EUR 3,323 million).

ORDER BOOK*	2014	2013
(in EUR million)		
Dredging & Inland Infra	**2,014.2**	2,000.5
Offshore Energy	**1,207.4**	1,322.9
Towage & Salvage	**63.9**	-
Totaal	**3,285.5**	3,323.4

** Excluding our stake in the order book of joint ventures and associated companies.*

DREDGING & INLAND INFRA

Construction, maintenance and deepening of ports and waterways, land reclamation, coastal defense and riverbank protection, underwater rock fragmentation and the extraction of minerals using dredging techniques. Construction of roads and railroads, bridges, dams, viaducts and tunnels including earthmoving, soil improvement and remediation – mainly in the Netherlands.

DREDGING & INLAND INFRA	2014	2013
(in EUR million)		
Revenue	**1,664.8**	1,725.5
EBITDA*	**487.5**	362.4
Result from JVs and associates	**3.1**	6.9
Operating result (EBIT)*	**380.1**	255.2
Order book at year end	**2,014.2**	2,000.5

** Our share in the net result of the joint ventures and associated companies is included in the EBIT(DA). 2013 figures adjusted for IFRS11.*

REVENUE

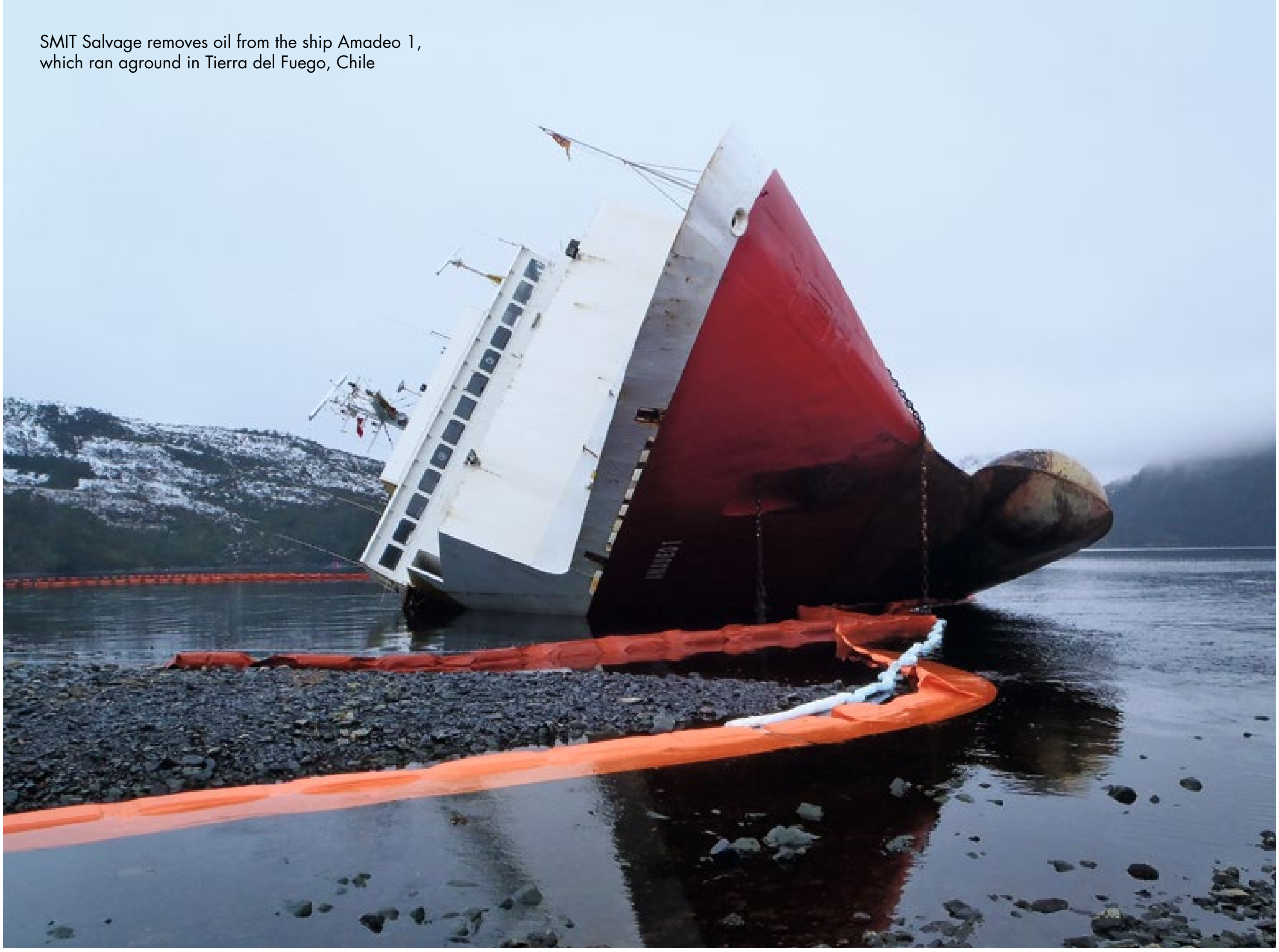
Revenue in the Dredging & Inland Infra segment amounted to EUR 1,665 million (2013: EUR 1,726 million).

REVENUE BY MARKET	2014	2013
(in EUR million)		
The Netherlands	**551.5**	488.8
Rest of Europe	**250.9**	264.8
Rest of the world	**862.4**	971.9
Total	**1,664.8**	1,725.5

2013 figures adjusted for IFRS11.

The Netherlands

In 2014 revenue in the Dutch market increased to EUR 551.5 million (2013: EUR 488.8 million). The strengthening of the Hondsbossche and Pettemer Sea Defense in the Dutch province of Noord-Holland generated a lot of work in 2014. Other work included a few smaller foreshore replenishments and maintenance work on the Europoort shipping fairway in the port of Rotterdam. A lot of work was executed on the various Room for the River projects and work continued on the major SAAone project (A1-A6 motorway). Furthermore a large number of small and medium-sized infrastructure projects are in progress.



SMIT Salvage removes oil from the ship Amadeo 1, which ran aground in Tierra del Fuego, Chile

Rest of Europe
Revenue in the rest of Europe declined slightly to EUR 250.9 million (2013: EUR 264.8 million). In the main home markets intensive work was carried out on a large number of maintenance projects on ports and waterways, including the Elbe and Weser rivers in Germany, and the deepening of the approach channel to the port of Southampton (UK). Furthermore, work commenced on the breakwater at Clacton-on-Sea (UK) and the Bronka port project in St. Petersburg (Russia) was executed.

Rest of the world
Outside of Europe revenue declined to EUR 862.4 million (2013: EUR 971.9 million). The Australia/Asia region was the main contributor to revenue with projects in South Korea, Vietnam, Singapore and Australia. In 2014 Boskalis was also engaged in projects in countries including Qatar (access channel), the Maldives (coastal protection and land reclamation) and Cameroon (maintenance work). In Central and South America work was carried out on the Superporto do Açu (Brazil) and Lelydorp I (Suriname) projects. The sizable project for the expansion of the Suez Canal got underway in the fourth quarter. All the necessary equipment has now been mobilized using various Dockwise vessels and everything is fully operational.

FLEET DEVELOPMENTS

Utilization of the hopper fleet was good at 40 weeks (2013: 44 weeks). At the start of the second quarter the trailing suction hopper dredger Fairway (35,500 m^3) was taken back into service. In mid-June the new trailing suction hopper dredger Strandway (4,500 m^3) was christened and in early 2015 her sister ship Freeway was also taken into service. Thanks to several large cutter projects the utilization rate of the cutter fleet rose sharply in 2014 to 36 weeks (2013: 16 weeks).

SEGMENT RESULT

Dredging & Inland Infra achieved an exceptionally high result in 2014, with EBITDA of EUR 487.5 million and an operating result of EUR 380.1 million (2013: EUR 362.4 million and EUR 255.2 million, respectively). This result includes our stake in the net result of joint ventures and associated companies of EUR 3.1 million (2013: EUR 6.9 million, mainly from the stake in Archirodon that was sold in mid 2013).

Besides the usual project results, which include good results on several larger projects nearing completion, there was a significant positive effect on the result from financial settlements of projects that were technically previously completed. This relates to projects in Italy, the Middle East and – mainly – the Far East. The biggest impact was from the Gorgon project (Australia), where agreement on the financial settlement was reached with both a large subcontractor and the client. Furthermore there was an absence of significant setbacks, a good contribution from the Dutch Inland Infra activities and a good utilization rate of the equipment.

ORDER BOOK

At end-2014 the order book stood at EUR 2,014 million (end-2013: EUR 2,001 million). On balance EUR 1,678 million of new work was acquired during the course of the year. This included previously announced projects in Egypt (Suez Canal), Indonesia (Pluit), Singapore (Finger Pier I), the Netherlands (IJsseldelta), the United Kingdom (breakwater at Clacton-on-Sea) and Sweden (Marieholm tunnel), as well as many smaller contracts in the Netherlands and more than EUR 150 million worth of new contracts in the Middle East shared among various projects.

ORDER BOOK BY MARKET*	2014	2013
(in EUR million)		
The Netherlands	**865.0**	1,033.6
Rest of Europe	**188.9**	303.1
Rest of the world	**960.3**	663.8
Total	**2,014.2**	2,000.5

** Excluding our stake in the order book of joint ventures and associated companies. 2013 figures adjusted for IFRS11.*

OFFSHORE ENERGY

Offshore dredging and rock installation projects, heavy transport, lift and installation work, diving and ROV services in support of the development, construction, maintenance and dismantling of oil and LNG import/export facilities, offshore platforms, pipelines and cables and offshore wind farms.

OFFSHORE ENERGY	2014	2013
(in EUR million)		
Revenue	**1,238.6**	1,067.4
EBITDA*	**387.8**	274.7
Result from JVs and associates	**15.1**	17.7
Operating result (EBIT)*	**236.1**	147.0
Order book at year end	**1,207.4**	1,322.9

** Our share in the net result of the joint ventures and associated companies is included in the EBIT(DA). 2013 figures adjusted for IFRS11.*

REVENUE

Revenue in the Offshore Energy segment rose to EUR 1,239 million (2013: EUR 1,067 million). The increase was largely due to the contribution of Dockwise which, in addition to the consolidation effect of an extra quarter, had a very strong year with revenue of EUR 496.1 million (2013: EUR 331.6 million). The Fairmount activities acquired in March 2014 also contributed to the revenue growth.

Revenue at both Marine Contracting and Subsea Contracting was slightly lower than the very busy 2013. Subsea Contracting had a busy year, with projects in countries including Australia (Ichthys; offshore trenching and shore approach), Indonesia (Java to Bali power cable) and the Philippines (Malampaya; transport and installation) as well as various rock-installation contracts, for example in the North Sea for Statoil. During the year under review Marine Contracting completed the multi-year West of Duddon Sands offshore wind farm project. The utilization rate of the equipment was good at both Subsea Services and Marine Services, the latter of which also comprises the Fairmount activities.

In its first full year as part of the group Dockwise had a record year with high fleet utilization and an exceptionally strong result. The strong demand for Heavy Marine Transport services seen in the first half of the year fell back slightly in the second half. In Australia, in the course of the year work was successfully concluded on the Gorgon project, a lot of work was carried out on the Ichthys project and the extensive Wheatstone LNG project got fully underway. In addition Dockwise successfully performed several offshore float-over installations for projects including Tapis R in Malaysia, SylWin off the coast of Germany and Ofon in Nigeria. In early 2015 Dockwise loaded the Goliat FPSO, owned by Italian oil company ENI, onto the Dockwise Vanguard for transportation from South Korea to Europe. With a diameter of 107 meters the Goliat is the largest cargo to have been transported by the Dockwise Vanguard so far.

FLEET DEVELOPMENTS

In 2014 the utilization rate of the Dockwise fleet was 84% (Q2-Q4 2013: 83%). During the year under review Boskalis strongly expanded its fleet of anchor handling tugs (AHTs) with the acquisition of Fairmount and its five vessels, each with a capacity of 205 tons bollard pull.

On 12 February 2015 the new Dockwise vessel White Marlin was christened and taken into service in Guangzhou, China. With a deadweight of 72,000 metric tons, the type I vessel strengthens Dockwise's leading position at the top end of the dry heavy marine transport market.

SEGMENT RESULT

In 2014 EBITDA for the Offshore Energy segment amounted to EUR 387.8 million and the operating result was EUR 236.1 million (2013: EUR 274.7 million and EUR 147.0 million, respectively).

Dockwise's contribution to EBITDA and the operating result was EUR 248.1 million and EUR 149.0 million, respectively (2013: EUR 145.6 million and EUR 55.6 million, respectively). Compared to 2013 Dockwise contributed an extra quarter. In addition there was an above-average contribution from cancellation and rescheduling fees, in particular in the first half of the year. The Dockwise activities were fully integrated into the Offshore Energy division at the start of 2015.

As well as a positive contribution from Fairmount, which was acquired in March, there was a EUR 6.9 million impairment charge relating to several smaller units of equipment. In addition, from the second half of the year the way in which costs connected with dry-docking are accounted for was harmonized, bringing it in line both with the method used at Dockwise and Fairmount and with industry practice. This change in accounting estimates resulted in a one-off charge of EUR 10 million.

The result includes our stake in the net profit of joint ventures and associated companies, mainly VBMS and Asian Lift. The contribution from these activities was EUR 15.1 million (2013: EUR 17.7 million) with in particular a lower contribution from the Asian Lift partnership in Singapore relative to 2013.

ORDER BOOK

At the end of 2014 the order book stood at EUR 1,207 million (end-2013: EUR 1,323 million). EUR 710.1 million of this related to projects and contracts for Dockwise (end-2013: EUR 686.5 million).

At the time of acquisition contracts held by Fairmount were valued at EUR 32.7 million and added to the order book.

In 2014 EUR 1,090 million of new work was acquired, including a contract to transport two very large new jack-up (drilling) rigs for Statoil; the transportation of an FPSO from Rotterdam to Asia by the Dockwise Vanguard; trenching, pipe-pulling and backfilling work for a gas pipeline in Azerbaijan; and work connected with the construction of the Wikinger offshore wind farm in Germany.

TOWAGE & SALVAGE

Towage: towage services and berthing and unberthing of oceangoing vessels in ports and at offshore terminals, management and maintenance both above and below the surface of onshore and offshore oil and gas terminals and associated maritime and management services.
Salvage: providing assistance to vessels in distress, wreck removal, environmental care services and consultancy.

TOWAGE & SALVAGE	2014	2013
(in EUR million)		
Revenue	**270.6**	363.0
EBITDA*	**118.6**	103.9
Result from JVs and associates	**38.3**	21.9
Operating result (EBIT)*	**84.0**	67.2
Order book at year end	**63.9**	-

** Our share in the net result of the joint ventures and associated companies is included in the EBIT(DA). 2013 figures adjusted for IFRS11.*

REVENUE

Revenue at the Towage & Salvage segment fell in 2014 to EUR 270.6 million (2013: EUR 363.0 million). The decline was mainly due to the further realization of the Towage strategy, which aims to place activities in joint ventures where possible. In mid-2014 Boskalis established two joint ventures with SAAM S.A. of Chile, for the combined harbour towage operations in Brazil, Mexico, Panama and Canada under the joint name SAAM SMIT Towage. In accordance with IFRS11 these activities have been deconsolidated and are reported as result from joint ventures and associated companies from the third quarter of 2014.

In addition to these harbour towage operations which have now been transferred, in 2014 Boskalis – operating under the name SMIT Harbour Towage – provided towage services in the ports of Rotterdam and Liverpool as well as ports in Belgium. The level of activity in these ports was moderate to good, with Rotterdam in particular being busy, with a relatively high level of offshore-related services in addition to the regular towage operations.

Revenue at SMIT Salvage in 2014 was lower compared to 2013 due to a limited number of emergency response contracts. Two large wreck removal projects commenced in the second quarter: the sunken car carrier Baltic Ace in the North Sea and a jack-up rig off the coast of Angola. Both projects are expected to be completed in 2015.

SEGMENT RESULT

EBITDA in the Towage & Salvage segment totaled EUR 118.6 million and the operating result was EUR 84.0 million (2013: EUR 103.9 million and EUR 67.2 million, respectively). This includes the results from the financial settlement of salvage projects that were carried out in 2011 and early 2013.
The result includes our stake in the net result of joint ventures and associated companies, in particular Keppel Smit Towage, Smit Lamnalco and, from the third quarter, SAAM SMIT Towage.
The contribution of these activities was EUR 38.3 million (2013: EUR 21.9 million). The result of Smit Lamnalco includes a book gain on the sale of its 40% stake in the associate IRSHAD.

ORDER BOOK

In early 2014 we acquired two large wreck removal contracts: for the Baltic Ace car carrier in the North Sea and a jack-up rig off the coast of Angola. At end-2014 the order book, which relates solely to the Salvage activities, stood at EUR 63.9 million (end-2013: zero).

HOLDING AND ELIMINATIONS

Non-allocated head office activities.

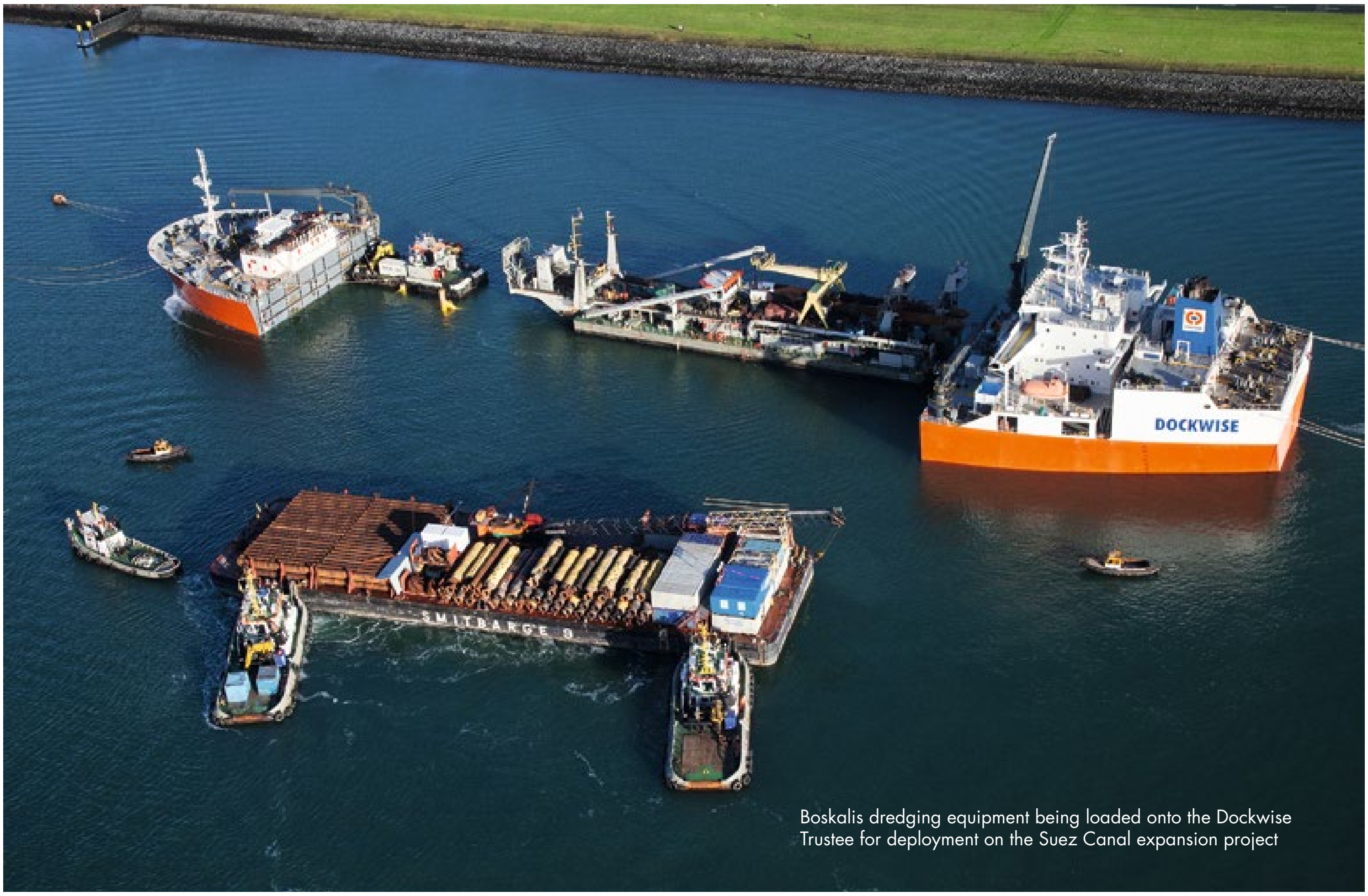
HOLDING AND ELIMINATIONS	2014	2013
(in EUR million)		
Revenue eliminations	**-7.1**	-11.9
EBITDA*	**-48.1**	16.2
Net result from JVs and associates	**0.0**	17.1
Operating result (EBIT)*	**-47.9**	-6.0

** Our share in the net result of the joint ventures and associated companies is included in the EBIT(DA). 2013 figures adjusted for IFRS11.*

SEGMENT RESULT

The operating result mainly includes the usual non-allocated head office costs as well as various non-allocated (in many cases non-recurring) income and expenses.

A non-recurring non-cash pension charge of EUR 14.6 million was recognized in the first half of 2014 in connection with the change in the pension scheme for a large proportion of the Dutch (corporate) staff and the transfer of the scheme to an external pension fund administrator. In the second half of the year the pension scheme in question was amended to comply with new tax



Boskalis dredging equipment being loaded onto the Dockwise Trustee for deployment on the Suez Canal expansion project

rules that came into force on 1 January 2015. This resulted in a non-cash pension gain of EUR 15.4 million. This means that on balance these two changes did not have a material impact on the annual result.

The operating result in 2013 included a book gain of EUR 50.9 million arising from the sale of the 40% stake in Archirodon as well as an impairment charge of EUR 16.4 million relating to the SMIT trade name.

The result of associated companies in 2013 consisted almost completely of a (revaluation) result relating to the minority stake in Dockwise prior to the full acquisition.

OTHER FINANCIAL INFORMATION

Depreciation, amortization and impairments totaled EUR 293.5 million in 2014 (2013: EUR 293.8 million).

Our stake in the net result from joint ventures and associated companies was EUR 56.4 million (2013: EUR 63.7 million). This result relates mainly to our share in the results of Smit Lamnalco, VBMS, the Singapore partnerships with Keppel (Keppel Smit Towage, Maju Maritime and Asian Lift) and, from the third quarter, SAAM SMIT Towage. The 2013 result also included our share in the result of Archirodon as well as a revaluation result on the minority stake in Dockwise prior to the full acquisition.

The tax charge increased in 2014 to EUR 124.2 million (2013: EUR 52.8 million). The tax rate was relatively high, at 20.1% (2013: 12.6%), mainly due to the fact that the higher results at Dredging & Inland Infra and Towage & Salvage were achieved in countries with relatively high tax rates, while the revaluation result in 2013 on the minority stake in Dockwise was untaxed.

CAPITAL EXPENDITURE AND BALANCE SHEET

In 2014 a total amount of EUR 313 million was invested in property, plant and equipment. Important investments in the Dredging segment related to the rebuilding of the 35,500 m^3 Fairway mega hopper, two 4,500 m^3 hoppers and the construction of a new mega cutter. The Fairway was brought into service at the start of the second quarter, the Strandway (4,500 m^3 hopper) in June and the Freeway (4,500 m^3 hopper) in February 2015.

Investments in the Offshore Energy segment included the construction of three new Giant transport barges and the White Marlin, which was brought into service in early February 2015. The newly built multifunctional cable laying/offshore vessels Ndurance and Ndeavor came into service at the start of 2014.

Various smaller investments were made in the Towage & Salvage segment, including six tugs for SMIT Brasil prior to its handover to the joint venture with SAAM.

Capital expenditure commitments at end-2014 were down at EUR 125 million (end-2013: EUR 198 million). These commitments relate in part to the aforementioned investments, particularly the mega cutter.

In 2014 Boskalis paid out a cash sum of EUR 37.1 million in dividends for the 2013 financial year (2013: EUR 43.2 million) to those shareholders who opted to receive a cash dividend. This represented around 25% of the dividend, with the remaining 75% of the dividend being distributed in shares to shareholders who chose this option. In addition Boskalis purchased 629,123 own shares, representing a value of EUR 27.7 million, as part of the share buy-back program announced and launched in 2014.

In the fourth quarter of 2014 a sum of EUR 242.4 million was spent on acquiring a 19.9% stake in Fugro N.V., through the purchase of shares and depositary receipts at an average purchase price of EUR 14.35 per share. In accordance with IFRS these shares were valued at year-end at their fair market value, EUR 291 million. The unrealized revaluation gain of EUR 48.6 million has been recognized under shareholders' equity.

The cash flow amounted to EUR 785.7 million (2013: EUR 659.1 million). The cash position at end-2014 was EUR 395.4 million (end-2013: EUR 354.3 million). The solvency ratio rose to 53.4% (end-2013: 47.6%).

The interest-bearing debt totaled EUR 914.2 million at year-end, of which EUR 13.2 million is recognized as Assets Held For Sale. The net debt position stood at EUR 519 million. At the end of 2013 the gross debt position was EUR 1,034 million and the net debt position was EUR 674 million.

The largest component of the interest-bearing debt position relates to the long-term US Private Placements (USPP) and drawings under the syndicated credit facility. At the beginning of the second half, the existing syndicated facility, consisting of a USD 525 million term loan and a EUR 500 million revolving credit facility, was replaced by a revolving multi-currency credit facility. This new EUR 600 million facility has a five-year tenor, with options to extend to seven years. A non-recurring charge of EUR 4.5 million has been included in the financing expenses relating to the write-off of the as yet unamortized costs of the original facility. The new and smaller facility was entered into on more favorable terms and is better suited to Boskalis' financing needs.

Boskalis must comply with a number of covenants as agreed with the syndicate of banks and the USPP investors. As at end-2014 Boskalis was operating well within these covenants. The main covenants relate to the net debt : EBITDA ratio, with a limit of 3, and the EBITDA : net interest ratio, with a minimum of 4. At the year-end the net debt : EBITDA ratio stood at 0.7 and the EBITDA : net interest ratio at 25.4.

OTHER DEVELOPMENTS

KOTUG

In late December Boskalis and Kotug International B.V. signed a Memorandum of Understanding (MoU) to merge their European harbour towage operations. The companies will establish a 50/50 joint venture for this purpose, combining the European harbour towage activities of SMIT with those of Kotug. This merger is the concluding step in Boskalis' strategy aimed at establishing regional partnerships for its harbour towage activities, as is the case with Smit Lamnalco, Keppel Smit Towage and, most recently, SAAM SMIT Towage. By joining forces opportunities are created to achieve cost and market synergies as well as a more efficient capital structure.
The MoU will be implemented subject to customary conditions, such as due diligence and regulatory approval. In anticipation of this transaction, and in accordance with IFRS, the assets and liabilities that will be brought into the joint venture have been presented as Assets Held For Sale.

PB TOWAGE

In mid-December Smit Lamnalco, which is 50% owned by Boskalis, substantially strengthened its position on the Australian market with the acquisition of PB Towage Australia. Following this transaction Smit Lamnalco is active in eight ports in Australia with a total of 29 vessels offering a combination of harbour towage, terminal and FPSO-related services.

DE JONG

After the balance sheet date, on 11 February 2015, Boskalis sold its road maintenance company Aannemingsbedrijf De Jong en Zoon Beheer B.V. and the associated De Jong subsidiaries (De Jong). Boskalis' strategy in the Netherlands is focused on large and medium-sized integrated infrastructure projects and an independent maintenance company does not fit within this strategy. In the 2014 financial statements the assets and liabilities of De Jong have been presented as Assets Held for Sale. The proceeds from the divestment are approximately EUR 30 million and have no material impact on Boskalis' result.

FUGRO STAKE

Boskalis entered the 2014-2016 Business Plan period with a sound balance sheet and a healthy cash flow. This starting position not only provides scope for necessary and desired investments, but also gives the company the option of responding to interesting opportunities in the market. It is against this background that Boskalis acquired a 19.9 per cent interest in Fugro in late 2014. Early January 2015, this was increased to 20.01 per cent. Boskalis' strategy is aimed at the offshore and (maritime) infrastructure markets, leveraging the company's combination of high end know how and maritime assets. This fits very well with the activities of Fugro. The two companies have much in common in terms of assets, knowledge, capital intensity, global spread and customer base, and are both global leaders in niche markets.

SHARE BUY-BACK PROGRAM

On 14 August 2014 Boskalis launched a share buy-back program of up to 10 million shares. The program is subject to the development of results and to the desired balance sheet ratios being maintained. To date 629,123 shares have been repurchased for a total sum of EUR 27.7 million. In light of the uncertain market conditions and the acquisition of the interest in Fugro we consider it prudent to suspend the share buy-back program for the period of one year.


Rock installation work for the West of Duddon Sands wind farm by the fallpipe vessel Seahorse

EXCELLENT OPPORTUNITIES FOR VBMS IN THE RENEWABLE ENERGY MARKET

Prospects are good for the market for near and offshore wind farms in the next few years. Our strategic joint venture VBMS (VolkerWessels Boskalis Marine Solutions) is active in this market as a cable-laying company. This combination of specialized VolkerWessels and Boskalis companies has everything it needs to strengthen its leading position in Northwest Europe.

"Pooling resources with VolkerWessels in the area of offshore cable installation was a good move," according to Peter Devinck, Business Unit Director Subsea Contracting at Boskalis. "Together we form an excellent combination; the parent companies' various disciplines and expertise complement each other well: dredging and rock installation work combined with horizontal directional drilling and laying and connecting the cables to the wind turbine (termination). VolkerWessels has extensive experience with cable-laying projects in the North Sea while Boskalis has the knowledge of the soil conditions and working conditions at sea. Add to that the well-trained staff with international operational knowledge and experience, the ships and the support equipment and what you have is a great company."

WIND PROJECTS IN EUROPE

For the time being VBMS will focus on Northwest Europe given that several offshore wind farms are scheduled for construction here. Devinck: "In 2014 the situation surrounding wind energy looked less rosy for a while because of a lack of clarity with regard to various governments' subsidy policies. The German and British governments postponed projects, while the Netherlands changed its policy and revoked licenses. Now we can see the market picking up again. However, decision-making processes on offshore wind farms are long, which means that we expect 2015 to be a relatively quiet year. But for 2016 through 2020 there are many

The Trenchformer installs a power cable for the Luchterduinen wind farm, with the Ndurance in the background

wind projects in the pipeline again, in the United Kingdom, the Netherlands, Denmark and Germany. And for 2016 we already have projects such as Sandbank and Dudgeon in the order book. On balance, the order book of VBMS at 100 per cent was EUR 260 million at the end of 2014."

CHANGE IN DEMAND

VBMS is seeing clients take a different approach. "It used to be the case that wind park owners would enter into a separate contract for each individual part of this kind of project. Now clients prefer to do business with a single party or a consortium with the ability to provide an integrated solution. They are already in talks with cable-laying companies for projects scheduled for development in 2017 to 2020.
Another development is that clients are asking VBMS to supply the cable as well."

EQUIPMENT FLEXIBILITY

VBMS handles various activities on a project. "We supply the cable, lay the cable, handle the connection to the offshore converter station, realize the shore approach and landfall and connect the cable to the high-voltage grid," explained Devinck. For the laying and burying of cables in the seabed VBMS is able to deploy not only its state-of-the-art cable-laying vessels the Stemat Spirit and the Ndurance but also the Trenchformer. This specialized unmanned vehicle was developed specifically to enable long interconnector cables to be the laid and buried in a single run. The Trenchformer moves across the seabed on rubber tracks and its ability to either jet or cut a cable trench means that it is able to work in both loose sandy soil and in stiffer clay. "For the Luchterduinen wind farm project off the Dutch west coast the first three kilometers of cable had to be laid in very shallow water. A cable-laying vessel would not have been able to get close enough to the shore. But the Trenchformer was: it laid and buried the cable at a depth of up to three meters in one run. The remaining 22 kilometers were laid by our specialist vessel the Ndurance, after which the Trenchformer also buried this section of the cable. This demonstrates that our equipment gives us the flexibility we need to be able to operate in all sorts of different circumstances," said Devinck.

GOOD UTILIZATION

With a revenue of EUR 221 million and EBITDA of EUR 23 million VBMS had a successful 2014. "Utilization of the vessels was high," said Devinck. "We carried out cable-laying work for projects including the Butendiek, Nordsee Ost, Baltic 1, Dantysk and Humber Gateway wind farms. Another attractive activity in addition to laying cables is inspecting, maintaining and repairing them. Cables regularly get damaged and we have already carried out a few repair projects. Taking on this sort of work as well is good for the utilization of the fleet."

OTHER ACTIVITIES

VBMS is also involved in laying interconnection cables between countries or islands. In April 2014 the Ndurance was deployed to carry out this kind of job between the Indonesian islands of Bali and Java. VBMS is seeing growing demand for this type of solution. Further opportunities lie in the offshore oil and gas industry, both in the North Sea and elsewhere around the world, for example the installation of flexible flowlines or umbilical cables. "In 2014 we installed a 20-kilometer umbilical cable for the Wintershall offshore gas platform in the North Sea. The client was so satisfied that we have been asked to lay a second cable in the third quarter of 2015. Another trend we see emerging is for offshore platforms in the Middle East to obtain their power supply from the shore, which requires reversed power cables. This is another development that presents opportunities for VBMS and so we are watching it closely."

ORGANIZATIONAL DEVELOPMENTS

Dredging work for the construction of an artificial island off the coast of Masan, South Korea

SAFETY

Safety is a core value of our company. We want our employees to be able to do their work safely and to get home safe and well. Our objective is ‘No Injuries No Accidents’ (*NINA*) and this is also the name we chose for our safety program. Based on our values, the *NINA* safety program has yielded good results since its introduction in 2010. *NINA* makes working safely a shared responsibility that can be discussed openly at all levels of the organization, as well as with joint venture partners, clients and subcontractors. In our company, which has undergone major changes as a result of the recent acquisitions, it has become clear that *NINA* is an effective means to make the integration successful. *NINA* is part of our identity; the rules and values are a clear statement of what we stand for and that makes people feel proud. When we introduce *NINA* in new activities within the company we see that the program makes it easier to embrace the Boskalis identity. This positive energy can be felt throughout the entire company. *NINA* also attracts a great deal of positive attention both within and outside the industry and from our clients.

The degree to which *NINA* has been implemented varies within our company. At Dredging we have been working according to this way of thinking for several years now. Here, *NINA* is widely accepted and has become a natural part of the work that we do. In 2013 introduction began at the new Offshore Energy division. 2015 will see the safety program introduced at Salvage and a further roll out within the Offshore Energy division including Dockwise as well as to the former MNO Vervat employees of Boskalis Nederland. By then *NINA* will have been introduced throughout the organization. In light of our strategy to place towage activities at arm’s length in joint ventures, Towage applies its own safety program in close consultation with the respective joint venture partners.

NINA is very valuable to our staff. The statistics paint a convincing picture. Since *NINA* was introduced in 2010 the Lost Time Injury Frequency (LTIF), a figure expressing the number of incidents per 200,000 hours worked resulting in sick leave, has fallen by more than 85% (from 0.67 to 0.09). Prevention is an important part of safety awareness. Employees can prevent accidents by using Safety Hazard Observation Cards (SHOCs) to report dangerous situations. The number of SHOC reports in 2014 was 7,636 (2013: 5,391), in addition to which 1,031 near misses were reported (2013: 611). We see SHOC and near miss reporting as a proxy measure for the proactive safety culture within the organization. *NINA* encourages reporting on such situations to allow us to make proactive adjustments. Despite both the relatively high risk profile associated with our activities and the considerable growth of our company, 2014 saw a further decline in the LTIF figure to 0.09 (from 0.11 in 2013). Both our LTIF figure and near misses score mean that we comfortably meet the standards applicable in the oil and gas industry that is so important to us. For detailed reporting on our safety policy and our safety performance, please refer to our CSR report.

PERSONNEL AND ORGANIZATION

In the course of the year under review and in accordance with the Corporate Business Plan 2014-2016 preparations were undertaken for the new divisional structure. The broadening of our portfolio as a result of the SMIT, MNO Vervat, Dockwise and Fairmount acquisitions calls for a more focused management of our strategic activities. The dynamics in the different markets in which we now operate differ. In order to be able to respond to this effectively and professionally each division gets the operational support it needs to prepare and execute projects. This applies to expertise in areas such as design, tendering and engineering as well as to fleet management. Furthermore each division will be responsible for its own fleet, crew and operational pool.

At group level the corporate staff departments will continue to exist alongside the business support departments such as HR, ICT and Procurement & Logistics, which will provide their services across the divisions. The new organizational structure, effective from 1 January 2015, involves a large-scale internal relocation, with the Dredging & Inland Infra and Offshore Energy divisions each moving into their own premises at the campus in Papendrecht. Employee representation has been closely involved throughout in setting up the new organizational model and has issued a positive advice on the matter.

INTEGRATION OF DOCKWISE

The integration of Dockwise in the Boskalis organization will be completed as soon as the Dockwise colleagues in the Netherlands have moved to the Boskalis Campus in Papendrecht in the first quarter of 2015. We compared the terms of employment at Dockwise and Boskalis and have taken steps to harmonize them following positive advice from the employee representation.

OFFSHORE PROFILE

Our training portfolio is constantly being developed to ensure that it continues to meet the need for specific knowledge and expertise within the divisions. Strengthening our offshore profile is a major driving force in this regard. We keep investing in the development of specific competencies, such as in the areas of work preparation, estimating, risk and contract management and project management. We expand our knowledge and expertise by attracting experienced offshore professionals as well as by training up own staff in this field.

OFFSHORE PROFESSIONALS PROGRAM

In 2014 a group of young professionals enrolled in our modular Boskalis Offshore Professionals Program, developed in collaboration with an external training institute. The modules, which are based on actual cases, cover all the techniques needed for the preparation and execution of offshore projects.

In addition a group of cost engineers are following a two-year post-graduate course in this field. During this apprenticeship they are given expert coaching by a senior mentor.

PENSION

In 2014 we decided to join a larger, multi-sector pension fund and in doing so terminated the activities of the Boskalis Pension Fund. Our reasoning behind this was that is no longer practical for a fund the size of the Boskalis Pension Fund to hold an independent position in light of the changing Dutch pension legislation and pension fund supervision. Important aspects, which are part of our good terms of employment, such as the premium free career average pension plan and unconditional indexation, will not be affected by the move to the PGB (Pensioenfonds Grafische Bedrijven) pension fund.

FLEET DEVELOPMENTS

The introduction of the divisional structure means that Fleet Management will be organized differently. Responsibility for the dredging and offshore fleet has been split and assigned to the respective divisions. In 2015 Fleet Management for Dockwise and Fairmount will be integrated into that of the Offshore Energy division. For the Towage joint ventures the operational management of the fleet is done locally.

Boskalis makes targeted investments in the newbuild and renovation of ships that are important to retaining or expanding our strong market position. The investment program for the fleet is on track and comprised the following developments in 2014:

Dredging

- The mega hopper Fairway with a capacity of 35,500 m^3 was taken into service in the first quarter of 2014.
- June 2014 saw the official naming of the medium-sized hopper Strandway, followed by her sister ship the Freeway in January 2015, each with a capacity of 4,500 m^3.
- The construction of the mega cutter with a total installed capacity of 23,700 kW and a pumping capacity of 15,600 kW is progressing according to plan. Technical engineering took place in 2014 and the vessel will join the fleet in the course of 2017.
- At the end of 2014 a contract was signed for the building of a second jumbo backhoe dredger to expand the fleet.
- The mega hopper Queen of the Netherlands was modernized in

- the summer of 2014, with the replacement of regulators and electrical motors of the sand pumps as well as the winches.
- 2014 saw the environmentally responsible dismantling of the cutter suction dredgers Para, Mercurius and Amstel. Please refer to our CSR report for a detailed account.

Offshore

- The Giant 5 and 6 were delivered for the offshore fleet in December 2014 and January 2015, respectively. The two oceangoing semi-submersible flat-top barges each have a load capacity of 21,000 tonnes. A third flat-top barge of the same type, the Giant 7, was ordered in September 2014 and is expected to be taken into service in August 2015. At the end of 2015 the Giant 5 will be converted to a crane vessel by fitting it out with a 600-tonne crane as well as with accommodation. The converted Giant 5 will be operational in early 2016.
- The Dockwise fleet was expanded with the White Marlin, a new semi-submersible transport vessel for Dockwise with a transport capacity of 72,000 tonnes. The ship, a sister ship to the Black Marlin, was taken into service in February 2015.
- The Asian Hercules III, a large sheerleg floating crane with a lift capacity of 5,000 tonnes, was also delivered in February 2015 and will be deployed by our Asian Lift Singapore joint venture.

RESEARCH AND DEVELOPMENT

Knowledge development and knowledge sharing have taken on a wider significance with the new organizational structure. We continue to make targeted investments in applied and scientific research and in the development of new techniques that put us ahead. In addition, where possible we try to foster cross-pollination between our activities. In some cases this results in new insights and applications, or in the refinement of existing techniques.

CUTTING HARD SOIL

Boskalis conducts targeted research into how to use existing equipment to work as sustainably and efficiently as possible. We are expanding our knowledge into techniques for applying cutter technology to the cutting of very hard soil. Our Research & Development department is engaged in research into the use of a so-called strong rock cutter, a cutter head for dredging very hard rock. The new technique is being applied on a project in Qatar and is proving successful. It is realistic to presume that this technique can compete as an alternative to traditional drilling and blasting, a method used up until now for loosening very hard subsoil. We have demonstrated that this new technique enables us to cut off small pieces of rock and to perform very controlled work. We remove no more soil than is necessary. The technique also produces less noise than the traditional use of explosives.

SOIL PRESS AT OFFSHORE ENERGY

We have also identified opportunities for applying our knowledge of and experience with the dredging process to our new Offshore Energy activities. A good example is the ballasting of the foundations of offshore platforms (so-called gravity-based structures) to stabilize them on the seabed. This is done by filling the foundations, for example with iron ore. We use soil press technology to ensure that the offshore foundations achieve a good level of filling. The soil press is used on dredging projects where there are significant differences in height. In the offshore industry these height differences are substantial: in some cases a foundation has to be filled at a depth of 200 meters. To demonstrate that this work method is fit for purpose we conducted tests involving the pumping of iron ore. These tests and models demonstrated that we are able to successfully execute the filling process in a controlled manner. The soil press will be used on forthcoming installation projects, including the installation of foundations for offshore wind turbines.

ICT

In 2014 we completed the preparations for implementing a company-wide ERP system, including analyzing the processes at the various business units. We have opted to apply the ERP system already used by Boskalis within most other business units as well. The ERP system will also provide the basis for facilitating the consolidation of the financial reporting at group level.
The introduction of the improved consolidation software program takes place in tandem with the ERP implementation and will come on stream in late 2015. The two systems will make our internal reporting process more efficient.

The ICT-related service to the projects and the fleet underwent further improvement in 2014. To this end the ICT support organization has set up a dedicated team that is involved in the preparation of projects as a matter of course. The team organizes the required ICT facilities, such as workstations and network connections, both at office locations and on-board vessels – sometimes in remote parts of the world. The broadening of our business activities to the offshore energy sector means that the requirements for on-board ICT facilities are higher on average because they are also used by project personnel and representatives of the client. Various initiatives have been taken in order to meet the usual standard in this market segment. ICT support takes a lot of work out of the hands of the project organization by organizing the ICT facilities with local providers in good time. Where necessary ICT support staff are flown in to provide on-site support.

Inspecting of an SPM buoy by a Boskalis diver in Qatar

CORPORATE SOCIAL RESPONSIBILITY

Our strategy is aimed at the sustainable design and execution of our solutions around the globe.

In our CSR report we account for material and relevant non-financial aspects of our performance arising from our strategy and core activities. We report in accordance with the international guidelines set out by the Global Reporting Initiative (version G3-1). In selecting the performance indicators and compiling our CSR report, the information requirements of our main stakeholders are taken into account. In mid-2013, we set ourselves the objective of having the entire CSR report verified by an independent external party within the next few years. The first important step towards this was taken with the independent verification of our safety performance in 2013. In addition, the scope for 2014 has been broadened considerably to include verification of, amongst others, all social and societal indicators.

Our strategy is aimed at the sustainable design and execution of our solutions around the globe. In order to fulfill our social, societal and environmental responsibilities as best we can our CSR policy focuses on the key areas where our impact is greatest:

- Our social performance is mainly concerned with our employees, with the objectives being to promote their safety, opportunities for self-development and well-being.
- Our societal performance is expressed in contributions to local communities, investment in education, research and knowledge transfer, and social sponsorship and donations.
- Our environmental performance is mainly concerned with limiting and preventing a negative impact on the environment, with objectives being the further expansion of our environmental expertise, the provision of eco-dynamic designs and the ongoing investment in and deployment of environmentally friendly equipment.

Since 2012 we have taken part in the CDP (Carbon Disclosure Project). Early in 2013 Boskalis Nederland reached the highest level of the CO_2 performance ladder (level 5).

The 2014 CSR report (at GRI level B) is available on the corporate website www.boskalis.com/csr.

Seals resting on a stretch of newly constructed shoreline near Petten/Camperduin in the Netherlands

RISK MANAGEMENT

STRATEGY AND BUSINESS DRIVERS

Boskalis' strategy is aimed at the opportunities and challenges that present themselves to the company. This strategy is based on three pillars: focus, on Value-Adding Assets, specific market segments and geographic regions; expand, in particular the Offshore Energy activities; and strengthen the core activities Dredging & Inland Infra and Towage & Salvage.

The markets in which Boskalis operates are mainly driven by long-term economic factors, such as the growth of the global population, expansion of the global economy and growth in international trade and transport volumes, particularly over water. The long-term prospects for these factors are favorable.

Effective management of risks and opportunities is essential for the successful delivery of the group's strategy and plans. Identifying, measuring and monitoring risks and opportunities, particularly with respect to tendering, preparation and execution of projects, is embedded in our management approach.

An overview of the key strategic, operational and financial risks and the risks with respect to financial reporting is set out below.

STRATEGIC AND MARKET RISKS

The Boskalis markets are heterogeneous and often develop differently. Our main (end) customer groups are national, regional and local governments, or associated institutions such as port authorities, private port operators and oil & gas and energy companies (operators as well as contractors). Other customer types are (container) shipping companies, mining companies and (infrastructure and real estate) project developers.

Despite the positive long-term growth prospects, our markets can be regularly – certainly in the short and medium term – negatively impacted by factors outside our control. Such factors include e.g. general and/or regional geo-political developments, such as political unrest, piracy, regime changes, government-imposed trade barriers, turmoil on the financial markets and crises in the financial sector. Such developments may negatively affect our activities in certain regions or even globally if they have major negative consequences for the economic developments in certain regions or for the global economy, or for exploration and exploitation activities in the energy and commodities markets. Boskalis aims to respond as effectively as possible to both positive and negative developments in individual markets through a global spread of its activities, an extensive and versatile fleet operating out of various international locations, and strong positions in its core markets. Moreover, our activities are largely focused on the development, construction, installation and maintenance of infrastructure, which means that longer-term developments will generally outweigh short-term economic fluctuations.

Boskalis does not include contracts in the order book until agreement has been reached with the client. Although experience shows that, once agreement has been reached, cancellations or substantial reductions in the size of contracts are rare, such cancellations or substantial reductions of work in the portfolio cannot be ruled out. As a consequence, if such a cancellation or substantial reduction occurs, losses may arise from the unwinding or settlement of financial derivatives which were taken out to cover related currency risks and/or fuel cost risks, but for which the underlying transaction or cash flows can no longer be realized.

Boskalis deals with a variety of competitors in the various markets in which it operates. Such competitors vary from large, internationally operating competitors to more regional and local competitors with activities restricted to one or several (geographical or activity-related) submarkets. With respect to a large part of our revenues, contracts are awarded through public or private tender procedures. Competition for most contracts is primarily price-based. However, many clients, particularly in the oil & gas sector and private port operators, are taking other factors – including quality-related ones, such as the assurance of a safety and environmental policy and compliance with relevant rules and guidelines – into consideration when awarding contracts. We have appropriate approval processes in place for the submission of tenders, including the evaluation of identified risks and/or potential risk factors associated with the execution of a particular project.

Almost all of Boskalis' activities are capital-intensive, with Dredging and, to a somewhat lesser extent, also Offshore Energy (in particular Heavy Marine Transport & Installation) being capital-intensive businesses with high entry and exit barriers, especially for companies operating globally. Because of the capital intensive nature of these activities, market prices are largely influenced by the balance between the demand for these services and the availability of capacity, being actual utilization levels of the relevant equipment. This implies that a broad international spread of market positions as well as a leadership position in terms of equipment, costs and the standardization of equipment are key success factors. Boskalis places a great deal of emphasis on these, both as a critical point of attention in operational management and in terms of capital expenditure strategy. A strict evaluation and approval process is in place for individual investment proposals. A key principle of our policy with regard to tenders and entering into commitments is to aim for a good balance in terms of size and type of projects and activities tendered for, type of equipment deployed and geographical spread of activities.

In realizing its strategy, Boskalis also acquires other companies. In order to achieve the anticipated results, Boskalis attaches great importance to integrating such acquisitions with care. Creating value for our stakeholders and retaining key personnel are important elements in this process.

OPERATIONAL RISKS

The operational risks faced by Boskalis are diverse in nature, particularly because the group conducts various types of activities around the world within the three divisions. This means that the activities are exposed to economic, legal and political risks in the countries where the company operates.

The main operational risks for Boskalis concern the contracting and execution of projects for clients, as outlined above. For most of our project activities the most common type of contract is fixed price/ lump sum, under which the contractor's price must take into account virtually all the operational risks as well as the cost risks associated with the procurement of materials and subcontractor services.
In most cases it is impossible to charge clients for any unexpected costs arising during the course of a project. Furthermore, many contracts include milestones and associated penalty clauses if the milestones are not achieved on time. For these reasons considerable emphasis is placed on identifying, analyzing and quantifying operating, cost and delay risks during the tendering procedure and contracting phase of projects and in calculating cost prices.

Operational risks mainly relate to variable weather or working conditions, technical suitability and availability of the equipment, unexpected soil and settlement conditions, wear and tear on dredging equipment due to the excavation and processing of dredged materials, damage to third-party equipment and property, the performance of subcontractors and suppliers and the timely availability of cargo or services provided by the client in case of heavy marine transport and/or installation activities.

Boskalis focuses on pro-actively controlling such risks, first of all by adopting a structured approach in the tender phase to identify risks and their possible consequences. Contracts are classified by risk category, based on size and risk profile. The exact tender procedure and requirements for authorization of the tender price and conditions are dependent on this classification. Above a certain level of risk, tender commitments require authorization at Board of Management/Group Director level.

In the preparation phase of a project tender, depending on the risk classification and nature of the projects, we use resources such as subsea and soil investigations, readily accessible databases containing historical data, and extensive risk analysis techniques. The results of the risk analysis are then used as a factor in determining the cost price and/or selling price, and in defining the tender and/or contract terms and conditions. When a contract is awarded, an updated risk analysis is part of the project preparation process on the basis of which concrete actions are taken, if necessary, in order to mitigate the risks identified.

In addition, detailed attention is devoted to the education and training of staff, appropriate project planning and project management, the implementation of a certified quality and safety program, and the optimal maintenance of equipment. If applicable and possible, certain risks are insured.

The Dockwise Vanguard transporting two drilling rigs

The ability to manage operational risks effectively and responsibly is key to the company's professionalism and expertise.

Risks related to price developments on the procurement side, such as costs of materials and services, sub-contracting costs and fuel prices, as well as increases in the cost of labor, are all taken into account in calculating cost prices. Wherever possible, and especially on projects with a long execution time, cost indexation clauses are included in the contract, particularly with regard to labor and fuel costs.

Within the Towage & Salvage division, the Harbour Towage business unit is characterized by a broad geographical spread of the activities, which are largely conducted by autonomous joint ventures with third parties. Towage contracts are often being carried out under long-term contracts in which fees are reviewed annually. This allows for local wage cost developments, fuel price developments and the available capacity of the equipment (for example tugs) to be taken into account. Terminal services, which have been incorporated in the Smit Lamnalco joint venture (50% stake) since the end of 2011, are usually performed under long-term contracts with a fixed price for the contract period corresponding to the client's requirements and specifications. The majority of these contracts include some form of price indexation.

For the Salvage activities, contracts with clients concerning vessels in distress are often concluded based on a standard Lloyd's Open Form contract (LOF). This means that compensation is based on a valuation mechanism related to various factors, including the salvage value of the vessel and its cargo, the technical complexity of the salvage operation, environmental risks and the use of own equipment and subcontractors. This valuation results in a lump sum, which is finalized through negotiations with the client or through an arbitration process. Should it transpire in the course of a salvage operation that the final salvage fee will not be sufficient to cover the costs involved, then the choice can be made to convert the LOF into a contract based on a daily hire fee, thus limiting the financial risks. Within the Offshore Energy division, a part of the equipment tends to be chartered out for relatively short periods (spot markets), mainly subject to standard conditions. In general the operational risks involved in such activities are relatively limited.

Local management on projects and in operations is expected to have a proper understanding of the complexity of working under the specific local circumstances. The scale of local operations is often too small to warrant a fully-fledged organization, complete with extensive support services and staff departments. This is compensated for by regular visits by responsible managers and employees from the relevant business units and support from highly qualified central staff departments at head office.

FINANCIAL RISKS

In conducting its business, Boskalis is exposed to various non-operational financial risks. This section describes the main categories of financial risk.

POLITICAL AND CREDIT RISKS

These risks include risks related to unrest or disruption due to political developments and violence, and the risk of non-payment by clients. Boskalis operates a strict acceptance and hedging policy with respect to political and payment risks. Other than in the case of very strong, credit-worthy clients with an undisputed credit history, generally all substantial credit risks are covered by credit insurance, bank guarantees and/or advance payments. Revenues and earnings are only accounted for if it is sufficiently certain that they will be realized. Increased attention is paid to identifying and managing credit risks in situations where the client is a special purpose vehicle.

LIQUIDITY AND FUNDING RISKS

As is customary for a contractor, Boskalis also has large amounts outstanding in the form of bank guarantees and surety bonds (guarantees from insurance companies), mainly in favor of clients. Given that the availability of sufficient credit and bank guarantee facilities is essential to the continuity of the business, Boskalis' funding policy is aimed at maintaining a solid financial position. Solid balance sheet ratios and the use of diversified sources of funding provide for sufficient capacity to absorb liquidity risks and secure constant availability of adequate borrowing capacity and guarantee facilities. The company has ample credit and bank guarantee facilities at its disposal and operates well within the agreed covenants under its financing agreements. If developments on financial and/or currency markets so dictate, additional specific risk management measures will be applied.

CURRENCY RISKS

The functional currency of Boskalis is the euro. A number of group companies, the most important one of which being Dockwise, as well as several substantial associated companies (Smit Lamnalco, Keppel Smit Towage, Asian Lift, SAAM SMIT Towage) have a functional currency other than the euro. The most important of these is the US dollar, which is also the functional currency of Dockwise, followed by the Singapore dollar. However, most of the revenues and expenses of these entities are also largely or entirely based on these same non-euro currencies. The holdings in these entities are viewed from a long-term perspective. Exchange rate risks related to these entities are not hedged as it is assumed that currency fluctuations and developments in interest rates and inflation will offset each other in the long term. The income statements of these entities are translated at average exchange rates and the balance sheet items are translated at the relevant exchange rates at the balance sheet date. Translation differences are charged or credited directly to shareholders' equity.

A large proportion of the activities of the group companies that have the euro as their functional currency are not contracted in euros. This particularly applies to the group companies that are involved in dredging and related projects. The costs of these entities, however, are largely based on the euro. Generally, the net cash flows in non-euro currencies within these entities are fully hedged as soon as they occur, usually by means of forward exchange contracts. The US dollar exchange rate in relation to the euro is particularly relevant in this context. A large proportion of the projects are contracted in US dollars or in currencies that are to a greater or lesser extent linked to the US dollar. Most of our major international competitors in the dredging industry also have cost structures largely based on the euro. This implies that exchange rate fluctuations have no major impact on our relative competitive position. In a number of market segments, in particular in Offshore Energy, there is competition from parties whose cost structures are not based on the euro, and the competitive impact of currency fluctuations in these market segments is greater. On balance, exchange rate fluctuations only have a limited impact on the company's competitive position in these activities.

INTEREST RATE RISKS

We have limited our exposure to interest rate fluctuations by fixing the interest rates on the largest part of our long-term financial liabilities, primarily by using interest rate swap arrangements.

FUEL PRICE RISKS

In a substantial part of its activities, Boskalis is exposed to risks due to changes in fuel prices. As a policy material fuel cost exposures are hedged. Such hedging occurs in a number of different ways. Where possible, fuel cost variation clauses are included in the contract or the fuel is to be supplied by the client. If such contractual arrangements are not possible the fuel cost exposure is hedged with financial instruments such as forward contracts or futures.

DERIVATIVES

Financial derivatives (such as forward contracts, options, interest rate swaps and futures) are only used to hedge underlying currency risks, fuel cost risks and/or other risks where there is a physical underlying transaction. There is, however, a risk of losses arising from the unwinding or settlement of such financial derivatives as a result of the cancellation or substantial downsizing of contracts.

OTHER RISKS

COMPLIANCE WITH LEGISLATION AND REGULATIONS

As an international maritime services provider Boskalis is active in numerous countries, meaning it has to deal with a wide range of diverse legislation and regulations. A part of the activities is headed by own local management, but in many countries intermediaries and/or local representatives are used in acquiring and executing projects. This combination of factors means there is an increased risk that relevant (local) legislation and regulations may not be fully complied with. These risks are mitigated by the company's internal risk management and control systems, which are set out below. In addition the company has a General Code of Business Conduct and a Supplier Code of Conduct, which are reviewed and evaluated regularly. These codes of conduct were evaluated during 2014. Intermediaries and/or local representatives are also contractually bound to comply with our codes of conduct. The conclusion of contracts with local intermediaries and/or representatives is subject to strict procedures.
Furthermore Boskalis has a whistleblower policy in place and has an independent confidential counselor to enable employees to report any suspected irregularities.

PROPERTY DAMAGE AND THIRD-PARTY LIABILITIES

Boskalis maintains an appropriate package of insurance facilities to cover the risks with respect to damage to its properties as well as third-party properties and potential other third-party liabilities.

INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS

The internal risk management and control systems of Boskalis are based on the principles of effective management control at various levels in the organization and tailored to the day-to-day working environment in which the company operates worldwide. One of the main foundations for risk control is the internal culture of the company, which is characterized by a high degree of transparency with regard to the timely identification, evaluation and reporting of risks and the avoidance of potentially perverse incentives. Given the hands-on nature of the company's management style and the short lines of communication, there are three important factors in assessing and evaluating the internal risk management and control processes at Boskalis:

1. In the daily operations the operational risk management and control is largely supported by an extensive framework of quality assurance rules, procedures and systems, in particular with regard to acquiring and executing contracts. These include clear guidelines for responsibilities, decision-making and risk control. The adequacy of this framework is reviewed regularly, also in light of the increasing diversity of the contracting and project activities the company performs in line with its strategy. In addition to audits by external certification agencies, Boskalis also performs regular internal audits under the auspices of the SHE-Q department. SHE-Q is a topic of regular discussion at the quarterly meetings between the Board of Management and the management of the business units, with the management of the SHE-Q department also being present.
2. The daily management of the organization is based on clear responsibilities and short, clear lines of command which are unambiguously defined. Speed, know-how and decisiveness are of the essence, both competitively and in project implementation. Daily management is hands-on.
3. The progress and development of the operating results and the financial position of individual business units and the company as a whole, as well as the operational and financial risks, are monitored by means of structured periodical reporting, analysis of the financial results and performance reviews at Board of Management and senior management levels.

RISKS WITH REGARD TO FINANCIAL REPORTING

FINANCIAL REPORTING STRUCTURE

Financial reporting at Boskalis is structured along a tight framework of budgeting, reporting and forecasting. A distinction is made between reports for internal and external use. External reporting at group level consists of an annual report, including financial statements audited by the external auditors, as well as a mid-year report, containing summarized financial information, both consolidated and segmented, along with intermediate trading updates. The external reports are set up in accordance with EU-IFRS on the basis of the internal financial reporting.

Internal financial reporting consists of extensive consolidated quarterly reports in which current developments are compared to the quarterly (cumulative) budgets and previous forecasts. In addition, each quarter forecasts are prepared for the annual results, cash flows and balance sheet positions at the end of the financial year. The quarterly budgets are part of the annual group budget, which is prepared every year by the Board of Management and approved by the Supervisory Board. Internal financial reporting has a layered structure - in accordance with the internal allocation of management responsibilities - with consolidation taking place at successive levels, starting with the projects, through the business units and divisions, and resulting in consolidated group reports. The financial and operating results are analyzed and clarified at each of these levels. Project and contract managers are responsible for budgets, income statements and balance sheets for their projects or contracts, and these are drawn up in accordance with the applicable guidelines and instructions. In turn, business unit managers are responsible for their business unit's financial reports.

Rock installation work by the fallpipe vessel Rockpiper

Boskalis holds substantial investments in joint ventures and associated companies and these holdings are intensively monitored. Shareholder and/or board meetings are held regularly, with Boskalis being represented in accordance with the size of its stake. Clear agreements have been reached with the co-shareholders in such joint ventures with regard to topics such as board and management representation, filling of management positions, strategy and policy, budget, financial reporting, the appointment of auditors, investments and financing. The policy is that such joint ventures are in principle financed without guarantees from the shareholders.

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

The structure and quality of the financial accounting and control systems of Boskalis and its group companies are safeguarded by unambiguous periodical internal and external audits. Relevant aspects of the financial accounting and control systems are set out in manuals, guidelines and procedures, all of which are available electronically. Staff are trained in how to apply accounting standards, guidelines and procedures. Internal audits to monitor and improve quality and discipline are conducted on the basis of an annual audit plan and ad hoc investigations (financial audits) that also encompass internal procedures and training. Moreover, the quality of the financial control systems is evaluated regularly in the context of the activities of the external auditor. Any findings with regard to the quality of the financial control systems identified during the audit of the financial statements are reported by the external auditor in the management letter.

STATEMENT REGARDING RISKS RELATING TO FINANCIAL REPORTING

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

Major organizational changes have been implemented to accommodate the rapid growth of Boskalis in the past few years. During the year under review we introduced a divisional structure and started harmonizing various business processes and supporting (ICT) systems, especially in the area of financial recording and reporting. In addition we made a start on reviewing and, where necessary, adapting and/or supplementing our systems and processes in the area of quality management and risk management and control, and to achieve this we attracted the necessary expertise.

The effectiveness and functioning of the internal risk management and control systems are discussed annually with the Supervisory Board.

No material changes were introduced in the risk management and internal control systems during the course of the year under review. However, as explained above we did commence the process of reviewing and enhancing the effectiveness of these systems.

Having considered the structure and operation of the financial reporting and control systems at Boskalis, the Board of Management is of the opinion that:

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

FPSO Petrojarl Knarr being towed by
Fairmount anchor handling tugs

CORPORATE GOVERNANCE

The Board of Management and the Supervisory Board are jointly responsible for looking after the interests of our stakeholders.

APPLICATION AT BOSKALIS

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

The Board of Management is responsible for the day-to-day management of the business, and for setting out and realizing the company's long-term strategy along with the associated risks, the results and entrepreneurial matters relevant to the company. The Board of Management is responsible for establishing the company's objectives, implementing its business policies and for the resulting performance. The Board of Management is accountable to the Supervisory Board and the General Meeting of Shareholders. In performing its tasks, the Board of Management is guided by the interests of the company and its activities, and takes into account any relevant interests of parties involved with the company.

The Supervisory Board is responsible for supervising management performance and advising the Board of Management. The Supervisory Board is supported in its work by three so-called core committees: the Audit Committee, the Remuneration Committee and the Selection and Appointment Committee. For a summary of the activities of the Supervisory Board and its committees in 2014, please refer to pages 22 to 26 of this report.

The Dockwise Triumph loaded with a jack-up platform being assisted by a Keppel Smit Towage tug

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

Our stakeholders are those groups and individuals that directly or indirectly influence the company's activities, or are influenced by them. They include the employees, shareholders and other financiers, suppliers, clients, government bodies, educational and knowledge institutes, industry and society associations (including NGOs) and the communities in which Boskalis operates.

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

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

The general standards and values relating to our business activities are set out in the General Code of Business Conduct and the Supplier Code of Conduct. In these codes the main principles are laid down on how employees and suppliers of Boskalis should conduct themselves with regard to, for example, legislation and regulations, human rights, anti-corruption, competition, the environment, staff and quality. Both codes can be found on the company's website. The General Code of Business Conduct and the Supplier Code of Conduct were revised in early 2014 in line with the periodical evaluation as set out in these documents. In addition, the core values and rules for safety at work are set out in our safety program, *NINA* (No Injuries No Accidents). The Board of Management regularly stresses the importance of complying with the General Code of Business Conduct and the *NINA* principles. The Board of Management also provides employees with the opportunity to report any alleged irregularities of a general, operational or financial nature to an independent confidential counselor, without jeopardizing their legal position.

COMPLIANCE

The Dutch Corporate Governance Code (the "Code") applies to all Dutch companies listed on the stock exchange and comprises a code of conduct for governance best practice. This Code includes both specific principles and best practice provisions, as well as guidelines for their proper supervision.

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

As required since the introduction of the Code in 2004, Boskalis published an 'Apply or Explain' report that sets out how the principles and best practice provisions are applied at Boskalis. This report is available on the website and copies can also be requested from the company.

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

- In deviation of best practice II.1.1., the chairman of the Board of Management has been appointed for an indefinite period. This appointment predates the introduction of the Corporate Governance Code. His contract with the company was also entered into prior to the introduction of the Corporate Governance Code and applies for an indefinite period. Boskalis does apply the best practice provision to the other members as well as future members of the Board of Management.

- The contracts between the company and two members of the Board of Management deviate from best practice provision II.2.8. The contract of the chairman of the Board of Management provides for a severance payment equal to 18 months and the contract of the Chief Financial Officer provides for a 24-month severance payment. Boskalis does apply the best practice provision to the contracts of all other members as well as future members of the Board of Management.

The composition and size of the Board of Management are based on the profile and strategy of the company. The expertise, experience and various competencies of the members of the Board of Management should contribute to this profile and strategy. In the year under review the combination of these elements resulted in the four members of the current Board of Management being male, meaning that the Board of Management, partly due to the nature of the company, is a reflection of the majority of company's employee population. When drafting the profile for new members of the Board of Management emphasis will be placed on diversity in view of the objective of achieving a balanced gender representation on the Board of Management.

The composition and size of the Supervisory Board are also based on the company's profile and strategy. As stated in the Profile drawn up by the Board of Management, the expertise, experience and various competencies of members of the Supervisory Board should contribute to proper supervision of the company's management and general performance. In the year under review, the combination of these elements resulted in the six members of the current Supervisory Board being male. In view of the objective to achieve gender balance, the Supervisory Board has added to the Profile that every effort will be made to achieve a balanced composition, where possible in terms of both age and gender. The Supervisory Board has the specific objective of appointing a female member to its ranks per 2015.

For appointments during the reporting year, the Supervisory Board took into account the restrictions on supervisory roles at large public and private limited companies and foundations, as well as the new law for agreements between the company and members of the Board of Management.

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

OUTLOOK

For this year and based on current insights, no major changes are expected in the Dredging & Inland Infra and Towage markets relative to 2014. Based on the current order book, the Dredging fleet utilization levels are expected to be good. The outlook for Offshore Energy is mixed, with long-term contracts and work already contracted expected to provide an important degree of stability, whilst the spot market-related Transport activities and Subsea Services are experiencing pressure on utilization levels and margins.

The project-based nature of a significant part of our activities makes it difficult to give a specific quantitative forecast for the full-year result early on in the year. In light of this we are currently unable to provide quantitative guidance with regard to the 2015 full-year result. However, it is already clear that the contribution from possible exceptional items will be substantially lower in 2015 than the EUR 200 million contributed to EBIT in 2014.

Capital expenditure in 2015 is expected to be EUR 250-275 million and will be financed from the company's own cash flow.

Boskalis has a very sound financial position and the solvency ratio now exceeds 53%. The high result and lower net debt position has reduced the net debt to EBITDA ratio to 0.7.

A cutter suction dredger deepening and widening a navigation channel in Qatar

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board of Management of Royal Boskalis Westminster N.V. hereby declares, in accordance with article 5:25c of the Dutch Financial Supervision Act, that to the best of its knowledge:

(1) the financial statements, which have been prepared in accordance with the applicable standards for preparing financial statements and as included on pages 61 to 126 of the Annual Report, provide a true and fair view of the assets, liabilities and financial position as at 31 December 2013 as well as the profit or loss of Royal Boskalis Westminster N.V. and all the business undertakings included in the consolidation;
(2) the Annual Report provides a true and fair view of the condition, the business performance during the financial year of Royal Boskalis Westminster N.V. and the companies associated with it whose details are included in the financial statements, as at the balance sheet date of 31 December 2014;
(3) the Annual Report provides a description of the material risks faced by the company.

Papendrecht / Sliedrecht, 11 March 2015

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

BOSKALIS FINANCIAL STATEMENTS 2014

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CONSOLIDATED INCOME STATEMENT

(in thousands of EUR)	Note	2014	2013 REVISED*
OPERATING INCOME			
Revenue	[6]	**3,166,888**	3,144,048
Other income	[7]	**11,296**	96,781
		3,178,184	3,240,829
OPERATING EXPENSES			
Raw materials, consumables, services and subcontracted work	[8]	**- 1,774,745**	- 2,034,791
Personnel expenses	[9]	**- 513,991**	- 507,797
Other expenses		**-**	- 4,701
Depreciation, amortization and impairment losses	[14/15]	**- 293,514**	- 293,787
		- 2,582,250	- 2,841,076
Revaluation of stake in associated company prior to business combination	[16]	**-**	22,716
Share in result of joint ventures and associated companies (after taxation)	[16]	**56,411**	40,956
OPERATING RESULT		**652,345**	463,425
FINANCE INCOME AND COSTS			
Finance income	[10]	**10,100**	4,541
Finance costs	[10]	**- 46,054**	- 49,929
		- 35,954	- 45,388
Profit before taxation		**616,391**	418,037
Income tax expense	[11]	**- 124,163**	- 52,756
NET GROUP PROFIT		**492,228**	365,281
Net group profit attributable to:			
Shareholders		**490,290**	365,691
Non-controlling interests		**1,938**	- 410
		492,228	365,281
Average number of shares	[22.4]	**121,606,364**	118,445,238
Earnings per share	[22.4]	**EUR 4.03**	EUR 3.09
Diluted earnings per share	[22.4]	**EUR 4.03**	EUR 3.09

* For the revisions in previous year reference is made to note 2.2 in the accounting policies.

This notes on pages 70 to 119 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF RECOGNIZED AND UNRECOGNIZED INCOME AND EXPENSES

(in thousands of EUR)	*Note*	**2014**	2013 REVISED*
NET GROUP PROFIT FOR THE REPORTING PERIOD		**492,228**	365,281
ITEMS THAT WILL NEVER BE RECLASSIFIED TO PROFIT OR LOSS			
Actuarial gains and losses and asset limitation on defined benefit pension schemes	*[24.1]*	**- 63,542**	64,776
Income tax on unrecognized income and expenses that will never be reclassified to profit or loss	*[13]*	**10,272**	- 8,853
Total unrecognized income and expenses for the period that will never be reclassified to profit or loss, net of income tax		**- 53,270**	55,923
ITEMS THAT ARE OR MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS			
Currency translation differences on foreign operations		**191,166**	- 50,241
Currency difference related to disposal of share in joint venture		**9,583**	- 257
Movement in fair value of cash flow hedges	*[27.2]*	**5,505**	- 15,177
Movement in fair value of available for sale instruments		**48,571**	-
Income tax on unrecognized income and expenses that are or may be reclassified subsequently to profit or loss	*[13]*	**- 313**	- 5,166
Total unrecognized income and expenses for the period which are or may be reclassified to profit or loss		**254,512**	- 70,841
UNRECOGNIZED INCOME AND EXPENSES FOR THE REPORTING PERIOD, AFTER TAXATION		**201,242**	- 14,918
TOTAL RECOGNIZED AND UNRECOGNIZED INCOME AND EXPENSES FOR THE REPORTING PERIOD		**693,470**	350,363
ATTRIBUTABLE TO:			
Shareholders		**691,532**	352,040
Non-controlling interests		**1,938**	- 1,677
TOTAL RECOGNIZED AND UNRECOGNIZED INCOME AND EXPENSES FOR THE REPORTING PERIOD		**693,470**	350,363

* For the revisions in previous year reference is made to note 2.2 in the accounting policies.

This notes on pages 70 to 119 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

(in thousands of EUR)	Note	31 DECEMBER 2014	2013 REVISED*	1 JANUARY 2013 REVISED*
NON-CURRENT ASSETS				
Intangible assets	[14]	**517,668**	565,602	422,661
Property, plant and equipment	[15]	**2,743,888**	2,626,830	1,809,100
Investments in associated companies	[16]	**775,467**	445,361	730,598
Non-current financial assets	[17]	**299,026**	12,674	16,491
Derivatives	[27]	**3,013**	547	819
Deferred income tax assets	[13]	**19,187**	5,979	23,560
		4,358,249	3,656,993	3,003,229
CURRENT ASSETS				
Inventories	[18]	**103,076**	97,816	76,381
Due from customers	[19]	**167,494**	251,362	213,789
Trade and other receivables	[20]	**631,997**	683,317	761,297
Derivatives	[27]	**6,316**	12,184	15,571
Income tax receivable	[12]	**11,558**	8,797	14,244
Cash and cash equivalents	[21]	**395,952**	330,351	319,171
Assets disposal group	[5.3]	**237,985**	280,387	-
		1,554,378	1,664,214	1,400,453
TOTAL ASSETS		**5,912,627**	5,321,207	4,403,682
GROUP EQUITY				
Issued capital	[22]	**98,350**	96,212	85,827
Share premium	[22]	**537,245**	538,407	229,452
Other reserves	[22]	**422,744**	232,915	202,599
Retained earnings	[22]	**2,093,598**	1,657,703	1,380,127
SHAREHOLDERS' EQUITY		**3,151,937**	2,525,237	1,898,005
NON-CONTROLLING INTERESTS		**7,877**	6,922	9,245
TOTAL GROUP EQUITY	[22]	**3,159,814**	2,532,159	1,907,250
NON-CURRENT LIABILITIES				
Interest-bearing borrowings	[23]	**822,817**	965,035	403,558
Employee benefits	[24]	**76,060**	13,757	105,638
Deferred income tax liabilities	[13]	**26,074**	43,101	58,466
Provisions	[25]	**28,591**	26,202	22,316
Derivatives	[27]	**7,684**	44,468	17,245
		961,226	1,092,563	607,223
CURRENT LIABILITIES				
Due to customers	[19]	**283,733**	253,622	318,394
Interest-bearing borrowings	[23]	**78,123**	4,029	352,201
Bank overdrafts	[21]	**2,371**	5,709	4,724
Income tax payable	[12]	**195,162**	142,481	124,550
Trade and other payables	[26]	**1,160,581**	1,142,709	1,066,833
Provisions	[25]	**3,776**	4,659	2,642
Derivatives	[27]	**13,595**	24,919	19,865
Liabilities disposal group	[5.3]	**54,246**	118,357	-
		1,791,587	1,696,485	1,889,209
TOTAL LIABILITIES		**2,752,813**	2,789,048	2,496,432
TOTAL GROUP EQUITY AND LIABILITIES		**5,912,627**	5,321,207	4,403,682

* For the revisions in previous year reference is made to note 2.2 in the accounting policies.

This notes on pages 70 to 119 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of EUR)	Note	2014	2013 REVISED*
CASH FLOWS FROM OPERATING ACTIVITIES			
Net group profit		**492,228**	365,281
Depreciation, amortization and impairment losses		**293,514**	293,787
Cash flow		**785,742**	659,068
Adjustments for:			
Finance income and costs		**35,954**	45,388
Income tax expense		**124,163**	52,756
Results from disposals		**- 11,296**	- 82,881
Movement provisions and employee benefits		**- 3**	- 42,468
Movement in inventories		**- 454**	9,892
Movement trade and other receivables		**35,744**	128,311
Movement trade and other payables		**- 69,963**	33,711
Movement due from and due to customers		**109,599**	- 96,007
Share in result of associated companies, including revaluation result		**- 56,411**	- 63,672
Cash generated from operating activities		**953,075**	644,098
Dividends received		**26,964**	18,752
Interest received		**7,034**	4,541
Interest paid		**- 42,954**	- 39,158
Income taxes paid		**- 92,042**	- 34,130
Net cash from operating activities		**852,077**	594,103
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment, excluding capitalized borrowing costs	[15]	**- 266,028**	- 244,784
Proceeds from disposals of property, plant and equipment		**25,531**	67,994
Investment in group company, net of cash acquired	[5.1]	**- 43,841**	- 398,677
Investment in share in Fugro N.V.	[17.2]	**- 242,364**	-
Disposal of joint venture	[5.3]	**-**	145,661
Disposal of (a part of) group companies, net of cash disposed	[5.2]	**- 26,292**	40,538
Acquisition of (a part of) joint venture		**-**	- 20,009
Repayment of outstanding loan by joint venture		**4,583**	7,870
Net investments in associated companies prior to business combination	[16]	**-**	- 65,248
Net cash used in investing activities		**- 548,411**	- 466,655
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans		**318,125**	1,336,736
Repayment of loans		**- 515,749**	- 1,671,035
Transaction costs paid related to raising financing		**- 3,610**	- 14,395
Proceeds from issue of share capital	[22]	**-**	320,000
Purchase of own shares	[22]	**- 27,724**	-
Acquisition of non-controlling interests		**-**	- 4,482
Dividends paid to the Company's shareholders		**- 37,108**	- 43,237
Dividends paid to non-controlling interests		**- 1,607**	- 2,427
Net cash used in / from financing activities		**- 267,673**	- 78,840
NET INCREASE IN CASH AND CASH EQUIVALENTS		**35,993**	48,608
Net cash and cash equivalents as at 1 January	[21]	**354,304**	313,312
Net increase in cash and cash equivalents		**35,993**	48,608
Currency translation differences		**5,139**	- 7,616
MOVEMENT IN NET CASH AND CASH EQUIVALENTS		**41,132**	40,992
NET CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	[21]	**395,436**	354,304

* For the revisions in previous year reference is made to note 2.2 in the accounting policies.

This notes on pages 70 to 119 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of EUR)	ISSUED CAPITAL	SHARE PREMIUM	OTHER RESERVES	RETAINED EARNINGS	TOTAL	NON-CONTROLLING INTEREST	TOTAL GROUP EQUITY
Note	[22.1]	[22.1]	[22.5]	[22.2]			
Balance as at 1 January 2014	**96,212**	**538,407**	**232,915**	**1,657,703**	**2,525,237**	**6,922**	**2,532,159**
TOTAL RECOGNIZED AND UNRECOGNIZED INCOME AND EXPENSES FOR THE PERIOD							
Net group profit for the period				**490,290**	**490,290**	**1,938**	**492,228**
Unrecognized income and expenses for the period							
Defined benefit plan actuarial gains (losses) and asset limitation, after taxation			**- 53,270**	**-**	**- 53,270**	**-**	**- 53,270**
Foreign currency translation differences for foreign operations, after taxation			**202,382**	**-**	**202,382**	**623**	**203,005**
Effective cash flow hedges, after taxation			**3,559**	**-**	**3,559**	**-**	**3,559**
Realization through sale of underlying asset			**- 1,936**	**1,936**	**-**	**-**	**-**
Revaluation of share in Fugro N.V.			**-**	**48,571**	**48,571**	**-**	**48,571**
Reclass result of new joint venture to revaluation reserve			**4,405**	**- 4,405**	**-**	**-**	**-**
Movement other legal reserve			**34,689**	**- 34,689**	**-**	**-**	**-**
Total unrecognized income and expenses for the period			**189,829**	**11,413**	**201,242**	**623**	**201,865**
Total recognized and unrecognized income and expenses for the period			**189,829**	**501,703**	**691,532**	**2,561**	**694,093**
TRANSACTIONS WITH SHAREHOLDERS, RECOGNIZED DIRECTLY IN EQUITY							
Purchase own shares	**-**	**-**	**-**	**- 27,724**	**- 27,724**	**-**	**- 27,724**
DISTRIBUTIONS TO SHAREHOLDERS							
Cash dividends	**-**	**-**	**-**	**- 37,108**	**- 37,108**	**- 1,606**	**- 38,714**
Stock dividends	**2,138**	**- 1,162**	**-**	**- 976**	**-**	**-**	**-**
Total transactions with shareholders	**2,138**	**- 1,162**	**-**	**- 65,808**	**- 64,832**	**- 1,606**	**- 66,438**
Balance as at 31 December 2014	**98,350**	**537,245**	**422,744**	**2,093,598**	**3,151,937**	**7,877**	**3,159,814**

* For the revisions in previous year reference is made to note 2.2 in the accounting policies.

This notes on pages 70 to 119 are an integral part of these consolidated financial statements.

(in thousands of EUR)	ISSUED CAPITAL	SHARE PREMIUM	OTHER RESERVES	RETAINED EARNINGS	TOTAL	NON-CONTROLLING INTEREST	TOTAL GROUP EQUITY
Note	[22.1]	[22.1]	[22.5]	[22.2]			
Balance as at 1 January 2013	**85,827**	**229,452**	**202,599**	**1,380,127**	**1,898,005**	**18,147**	**1,916,152**
Adjustments due to the first application of IFRS 11	-	-	-	-	-	- 8,902	- 8,902
Balance as at 1 January 2013 REVISED*	**85,827**	**229,452**	**202,599**	**1,380,127**	**1,898,005**	**9,245**	**1,907,250**
TOTAL RECOGNIZED AND UNRECOGNIZED INCOME AND EXPENSES FOR THE PERIOD							
Net group profit for the period				365,691	365,691	- 410	365,281
Unrecognized income and expenses for the period							
Defined benefit plan actuarial gains (losses) and asset limitation, after taxation			96,983	- 41,060	55,923	514	56,437
Foreign currency translation differences for foreign operations, after taxation			- 57,872	-	- 57,872	-	- 57,872
Effective cash flow hedges, after taxation			- 11,158	-	- 11,158	-	- 11,158
Revaluation existing participation prior to business combination with Dockwise			22,716	- 22,716	-	-	-
Movement other legal reserve			- 20,353	20,353	-	-	-
Total unrecognized income and expenses for the period			30,316	- 43,423	- 13,107	514	- 12,593
Total recognized and unrecognized income and expenses for the period			30,316	322,268	352,584	104	352,688
TRANSACTIONS WITH SHAREHOLDERS, RECOGNIZED DIRECTLY IN EQUITY							
Issue of ordinary shares	7,758	310,127	-	-	317,885	-	317,885
Distributions to shareholders							
Cash dividends	-	-	-	- 43,237	- 43,237	- 2,427	- 45,664
Stock dividends	2,627	- 1,172	-	- 1,455	-	-	-
Movements in interests in subsidiaries							
Non-controlling interest in Dockwise Ltd.	-	-	-	-	-	4,482	4,482
Non-controlling interest in Dockwise Ltd.	-	-	-	-	-	- 4,482	- 4,482
Total transactions with shareholders	**10,385**	**308,955**	**-**	**- 44,692**	**274,648**	**- 2,427**	**272,221**
Balance as at 31 December 2013 REVISED*	**96,212**	**538,407**	**232,915**	**1,657,703**	**2,525,237**	**6,922**	**2,532,159**

* For the revisions in previous year reference is made to note 2.2 in the accounting policies.

This notes on pages 70 to 119 are an integral part of these consolidated financial statements.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Royal Boskalis Westminster N.V. is a leading global services provider operating in the dredging, dry and maritime infrastructure and maritime services sectors. Royal Boskalis Westminster N.V. (the 'company') has its registered office in Sliedrecht, the Netherlands, and its head office is located in Papendrecht, the Netherlands. The company is a public limited company listed on the Euronext Amsterdam stock exchange.

The consolidated financial statements of Royal Boskalis Westminster N.V. for 2014 include the company and group companies (hereinafter referred to jointly as the 'Group' and individually as the 'Group entities') and the interests of the Group in associated companies and entities over which it has joint control. The consolidated financial statements were prepared by the Board of Management and have been signed on 11 March 2015. The financial statements 2014 will be submitted for approval to the Annual General Meeting of Shareholders of 12 May 2015.

2. COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

2.1 COMPLIANCE STATEMENT

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

2.2 NEW AND REVISED STANDARDS

Except as described below, the accounting principles applied to the valuation of assets and liabilities and the determination of results are the same as the valuation principles applied to the 2013 consolidated financial statements. The new and revised standards require a revision of prior year financial statements. As a result, the Group has presented the consolidated income statement, the consolidated statement of recognized and unrecognized income and expenses, the consolidated balance sheet and the consolidated cash flow statement accordingly.

Consolidation

IFRS 10 Consolidated Financial Statements replaces the requirements regarding consolidating as described in IAS 27 Consolidated and Separate Financial Statements. IFRS 10 provides a single consolidation model in which ownership determines the requirement of consolidation of several types of investees. The adoption of this standard does not affect the Group.

Joint Arrangements

IFRS 11 Joint Arrangements outlines the accounting of joint ventures (disclosed as ' joint arrangements' in the new standard). Most important change is that for joint arrangements the option of applying the "equity" method or proportional consolidation is removed; only the equity method can be applied for joint ventures and joint operations should be consolidated proportionally.

For joint operations, mainly project driven construction consortiums, the Group has to account for its share in the assets, liabilities, income and expenses of these joint ventures (comparable to proportional consolidation).

The adoption of this standard does neither affect the net group profit attributable to shareholders nor the equity attributable to shareholders.

The share of the Group in the result of the strategic partnership primarily concerns the share in the operating result. As a result, the presentation of the income statement has been adjusted. The share in the result of associated companies and joint ventures, after finance income and costs and income tax, is presented as part of the operating result.

The impact of the adoption of this standard and adjustments of the income statement are quantified in the consolidated income statement and consolidated balance sheet as shown in paragraph 3.33.

The revised consolidated current and prior year balance sheet are included, as well as the prior year opening balance sheet.

Disclosure of Interests in Other Entities

IFRS12 Disclosure of interests in other entities includes the disclosure requirements for subsidiaries, associates and joint arrangements, as well as unconsolidated structured entities. Accordingly, the first application of IFRS10 and IFRS11 and the adjustments in IAS28R, the requirements of IFRS12 are disclosed in the financial statements 2014

Information on the recoverable amount regarding impairment losses

This adjustment in IAS 36 'Impairment of Assets' requires that the recoverable amount of the assets or cash generating units in which an impairment loss or reversal of an impairment loss was accounted for is disclosed. The adjustment is applied as of 1 January 2014.

2.3 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The following standards, amendments to standards and interpretations, are not effective in 2014 and / or not yet endorsed by the European Committee. They have therefore not been applied in these consolidated financial statements. Based on the current insights, the Group does not plan to adopt these standards and interpretations early and the extent of the possible impact has not been determined. The most important possible changes for the Group can be summarized as follows:

- IFRIC21 'Levies' provides guidance on when to recognize a liability for a levy imposed by a government. Levies are liabilities in accordance with laws and legislations, other than corporate income taxes and fines. No liability is recognized for levies which are accountable to future periods. This interpretation is applicable as from 1 January 2015. The adoption will have no impact on the shareholders' equity and result of the Group.
- IFRS9 Financial Instruments; classification and measurement, has an effective date for annual periods starting on or after 1 January 2018. The EU has not yet adopted this Standard.
- IFRS15 'Revenue from Contracts in Customers' provides a framework for recognition of income and will replace the current standards IAS 18 Revenue and IAS 11 Construction Contracts. The Standard has an effective date for annual periods starting on or after 1 January 2017. The EU has not yet adopted this Standard.

3. PRINCIPLES OF FINANCIAL REPORTING

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

The presentation of last year's figures has been modified to be consistent with current financial year's presentation.

3.1 FORMAT AND VALUATION

The consolidated financial statements are presented in euros, the Group's functional currency. The consolidated financial statements are based upon historical cost to the extent that IFRS does not prescribe another accounting method for specific items. Preparing financial statements means that estimates and assumptions made by the management partially determine the recognized amounts under assets, liabilities, revenues and costs. The estimates and assumptions are mainly related to the measurement of intangible assets (including goodwill), property, plant and equipment, results on completion of work in progress, pension liabilities, taxation, provisions and financial instruments. Judgements made by management within the application of IFRS with a material effect on the financial statements are the qualifications of investments as Group companies, joint operations, joint ventures or associated companies. Details are incorporated in the explanatory notes to these items. Next to the elements already explained in the explanatory notes to the financial statements, there are no other critical valuation judgements in the application of the principles that need further explanation. The estimates made and the related assumptions are based on management's experience and understanding and the development of external factors that can be considered reasonable under the given circumstances. Estimates and assumptions are subject to alterations as a result of changes to facts and understanding and may have different outcomes per reporting period. Any differences are recognized in the balance sheet or income statement, depending on the nature of the item. The actual results may deviate from results reported previously on the basis of estimates and assumptions. Unless stated otherwise, all amounts in the notes in these financial statements are stated in thousands of euros.

3.2 CONSOLIDATION

The Group consolidates companies over which control is exercised, when the Group is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns. Subsidiaries are included in the consolidation for 100%, taking into account any minority share. For joint arrangements the Group accounts for its specific rights and obligations. Strategic investments (joint ventures and associated companies) are accounted for using the equity method.

3.2.1 GROUP COMPANIES

Group companies are included in the consolidation for 100% on the basis of existing control, taking into account any minority interests. The figures of Group companies are included in the consolidated financial statements from the date that control commences until the date that control ceases.

When the Group loses control over a Group Company, it derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any resulting gain or loss is recognised in the income statement. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as a joint venture or as an associated company depending on the level and nature of influence retained.

3.2.2 JOINT OPERATIONS

When the group has common control over and the Group is entitled to the rights to the assets and is liable for the liabilities of the entity, this entity is classified as a joint operation. Common control has been laid down in a contract and strategic decisions on financial and operational policy are taken by unanimous agreement. Joint operations mainly relate to project driven construction consortiums.

3.2.3 JOINT VENTURES AND ASSOCIATED COMPANIES

The Group divides strategic investments in joint ventures and associated companies based on the type and degree of influence.

Joint ventures are those entities over which the Group has joint control, whereby this control has been laid down in a contract and strategic decisions on financial and operational policy are taken by unanimous agreement. The group is only entitled to the net assets of the joint ventures.

Shareholdings that are not eligible for consolidation based on control, but where there is significant influence on the financial and operating policy, are recognized under associated companies. Significant influence is presumed to exist when the Group holds 20 percent or more of the voting power of another entity.

The consolidated financial statements include the Group's share in the result of associated companies, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases (see note 3.8).

3.2.4 ELIMINATION OF TRANSACTION UPON CONSOLIDATION

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

3.2.5 BUSINESS COMBINATION AND ACQUISITIONS OF NON-CONTROLLING INTERESTS

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

Control exists when the Group has:

- the ability to direct relevant activities by its voting power;
- the rights to variable returns from its involvement with the investee, and
- the ability to affect those returns.

When the Group acquires the majority of the voting rights or similar rights in an entity, all relevant facts and circumstances will be involved in the assessment whether the Group has power over the investee. In assessing whether control exists, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

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

When the excess is negative, a bargain purchase gain is recognized immediately in the income statement.

The consideration transferred does not include amounts related to the settlement of preexisting relationships. Such amounts are recognized in the income statement. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Accounting for acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result of such transactions. A newly acquired non-controlling interest is valued at either the fair value of the acquired assets and liabilities or the fair value of the consideration paid or received, determined per business combination.

3.3 FOREIGN CURRENCIES

The assets and liabilities of foreign Group companies and joint ventures that are denominated in functional currencies other than the euro have been translated at the exchange rates as at the end of the reporting period. The income statement items of the foreign Group companies and joint ventures concerned have been translated at average exchange rates, which approximate the applicable exchange rates at transaction settlement date. Resulting currency translation differences are added or charged directly to the currency translation reserve in group equity. Exchange rate differences as a result of operational transactions are included in the consolidated income statement of the reporting period. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences on non-current receivables, loans and other borrowings are recognized as finance income and expenses, except for the foreign currency differences on loans which are part of a net investment hedge; other foreign currency differences as a result of transactions are recognized in the related items within the operating result.

Joint ventures and associates with a functional currency other than the functional currency of the Group are translated according to the above mentioned method, taking into account that assets and liabilities of these interests are not consolidated.

3.4 DERIVATIVES AND HEDGING

It is the policy of the Group to use cash flow hedges to cover all operational currency risks that mainly relate to future cash flows from contracts that are highly probable to be realized and that are denominated in currencies other than the relevant functional currency. Fuel price risks and interest rate risks in future cash flows can be hedged from time to time using specific derivatives.

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

The application of hedge accounting means that movements in the market value of cash flow hedges not yet settled – including results realized on the "rolling forward" of existing hedges as a result of differences between the duration of the hedges concerned and the underlying cash flows – will be directly added or charged to the hedging reserve in group equity, taking taxation into account. If a cash flow hedge added or charged to the group equity either expires, is closed or is settled, or the hedge relation with the underlying cash flows can no longer be considered effective, the accumulated result will continue to be recognized in group equity as long as the underlying cash flow is still expected to take place. When the underlying cash flow actually takes place, the accumulated result is included directly in the income statement. Movements in the market value of cash flow hedges to which no hedge accounting is applied (ineffective cash flow hedges and the ineffective portion of effective cash flow hedges) are included in the income statement for the reporting period. Results from settled effective cash flow hedges and the movements in the market value of ineffective cash flow hedges insofar these relate to non-current receivables, loans and other borrowings are recognized as finance income and finance expenses and otherwise in the related items within operating result. The purchase or sale of financial instruments is generally recorded at transaction rate. Derivatives are stated at fair value; attributable transaction costs are recognized in the income statement as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described.

3.5 IMPAIRMENT

The book value of the assets of the Group, excluding inventories, assets arising from employee benefits and deferred income tax assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, an estimate of the realizable amount of the asset is made. For goodwill, assets with an indefinite useful life, the realizable amount is estimated annually. An impairment loss is recognized when the book value of an asset or its cash-generating unit to which it belongs exceeds its realizable amount.

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

The realizable amount of receivables accounted for at amortized cost is calculated as the present value of expected future cash flows, discounted at the effective interest rate. For the other assets or cash generating segments, the realizable amount equals the fair value less costs to sell or value in use, whichever is higher. In determining the value in use, the present value of estimated future cash flows is calculated using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

3.6 INTANGIBLE ASSETS

Goodwill arises upon acquiring Group companies and joint operations and is calculated as the difference between the acquisition price and the fair value of the assets and liabilities acquired, according to the accounting principles of Royal Boskalis Westminster N.V. The goodwill has been allocated to the cash generating unit representing the lowest level within the Group at which the goodwill is monitored for internal management purposes, which does not exceed the level of the Group's operating units. Goodwill and other intangible assets are capitalized net of accumulated amortization and accumulated impairment losses. Amortization of trademarks valued at acquisition takes place over four years, the amortization of customer portfolios and contracts valued at acquisition takes place over seven to twenty-two years. Goodwill and intangible assets with an infinite useful life are not consistently amortized, but are tested for impairment every year or in case of an indication for impairment (see note 3.5). Negative goodwill that may arise upon acquisition is added directly to the income statement. In respect of associated companies, the book value of goodwill is included in the book value of the investment.

Other intangible assets are capitalized only when it is probable that future economic benefits embodied in an asset, will flow to the Group and the cost of the asset can be reliably measured. Other intangible assets with a finite useful life are stated at cost less accumulated amortization and accumulated impairment losses.

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is expensed as incurred.

3.7 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost price less accumulated depreciation calculated from the date of commissioning and accumulated impairment losses. The cost price is based on the purchase price and / or the internally generated cost based on directly attributable expenses. The depreciation, taking into account an assumed residual value, is calculated over the estimated remaining useful lives assigned to the various categories of assets. Modifications and capacity enhancing investments are also capitalized at cost and amortized over the remaining life of the asset. Property, plant and equipment under construction are included in the balance sheet on the basis of installments paid, including interest during construction. When property, plant and equipment consists of components with different useful lives, they are accounted for as separate items.

Buildings are depreciated over periods ranging from ten to thirty years. The depreciation periods of components of the majority of the floating and other construction materials ranges from five to thirty years. Furnitures and other fixed assets are depreciated over a period between three and ten years. Land is not depreciated. The wear of dredging equipment is highly dependent on unpredictable project-specific combinations of soil conditions, material to be processed, maritime circumstances, and the intensity of the deployment of the equipment. As a result of this erratic and time-independent patterns, the maintenance and repair expenses for conserving the assets are charged to the income statement.

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

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

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

3.8 STRATEGIC INVESTMENTS

Strategic investments are initially recognized at cost including the goodwill determined at acquisition date. Subsequently strategic investments are accounted for using the equity method, adjusted for differences with the accounting principles of the Group, less any accumulated impairment. When the Group's share of losses exceeds the book value of the strategic investments, 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 strategic investments.

3.9 NON-CURRENT RECEIVABLES

The non-current receivables are held on a long-term basis and/or until maturity and are carried at amortized cost. Accumulated impairment losses are deducted from the book value.

3.10 FINANCIAL INSTRUMENTS AVAILABLE FOR SALE

Financial instruments available for sale include equity investments (certificates on shares) and are recognized initially at fair value increased with transaction costs. After first recognition, financial instruments available for sale are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income. At derecognition, the cumulative gain or loss is recognised in the income statement. If there is objective evidence for an impairment, the cumulative loss is reclassified from the other comprehensive income to the income statement.

3.11 INVENTORIES

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

3.12 DUE FROM AND DUE TO CUSTOMERS

Due from and due to customers concerns the gross amount yet to be charged which is expected to be received from customers for contractual work performed up to the reporting date (hereinafter: "work in progress") and services rendered (mainly salvage work). Work in progress is valued at the cost price of the work performed, plus a part of the expected results upon completion of the project in proportion to the progress made and less progress billings, advances and potential provisions for losses. Provisions are recognized for expected losses on work in progress as soon as they are foreseen, and deducted from the cost price; if necessary, any profits already recognized are reversed. Revenues from additional work are included in the overall contract revenues if the client has accepted the sum involved in any way. Claims and incentives are carried in construction work in progress if negotiations with the customer are in a sufficiently advanced stage. The cost price includes project costs, consisting of payroll costs, materials, costs of subcontracted work, rental charges and maintenance costs for the equipment used and other project costs. The rates used are based on the expected average occupation in the long run. The progress of a project is determined on the basis of the cost of the work done in relation to the expected cost price of the project as a whole. Profits are not recognized unless a reliable estimate can be made of the result on completion of the project. The balance of the value of work in progress, progress billings and advance payments is determined per project. For projects where the progress billings and advance payments exceed the value of work in progress, the balance is recognized under current liabilities instead of under current assets. The respective balance sheet items are "due from customers for work in progress" and "due to customers".

Salvage work that is completed at the balance sheet date, but for which the proceeds are not yet finally determined between parties, is recognized at expected proceeds taking into account the estimation uncertainty less progress billings and advances. If the revenue of a completed salvage contract cannot be estimated reliably, revenue is recognized to the maximum of the extent of the recognized expenses. For expected losses on salvage work, provisions are recognized as soon as they are probable.

3.13 TRADE AND OTHER RECEIVABLES

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

3.14 CASH AND CASH EQUIVALENTS

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

3.15 SHARE CAPITAL

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

3.16 INTEREST BEARING BORROWINGS

Interest-bearing borrowings are liabilities to financial institutions. At initial recognition, interest-bearing borrowings are stated at fair value less transaction costs. Subsequently, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

3.17 EMPLOYEE BENEFITS

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

Defined benefit pension schemes
A defined benefit pension scheme is every post-employment benefit scheme other than a defined contribution scheme. For each separate defined benefit pension scheme, the net asset or liability is determined as the balance of the discounted value of the future payments to employees and former employees, less the fair value of plan assets. The calculations are done by qualified actuaries using the projected unit credit method. The discount rate equals the yield on high quality corporate bonds as at the balance sheet date, with the period to maturity of the bonds approximating the duration of the liability. If the calculation results in a positive balance for the group, the asset is included up to an amount equal to any unrecognized past service pension costs and the discounted value of economic benefits in the form of possible future refunds or lower future pension premiums from the fund. In calculating the discounted value of economic benefits, the lowest possible financing obligations are taken into account as applicable to the individual schemes in force within the Group. An economic benefit is receivable by the Group if it can be realized within the period to maturity of the scheme or upon settlement of the scheme's obligations. Actuarial gains and losses, including any movements in limitations on the net pension assets, are recognized in the unrecognized results within the Consolidated statement of recognized and unrecognized income and expenses. If plan benefits are changed or when a scheme is constrained, past service cost or a resulting curtailment profit or loss is recognized directly in the income statement. The Group recognizes profit or losses on the settlement of defined benefit schemes at the time of the settlement.

Short-term employee benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed when the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee, and the obligation can be estimated reliably.

Other long-term employee benefits
The other long-term employee benefits mainly consist of jubilee benefits. The calculation of these liabilities is executed according to the 'projected unit credit' method using the actuarial assumptions for the predominant defined benefit scheme.

Share-based remuneration plans
Member of the Board of Management and some senior employees are granted a bonus scheme that is based on the development of the share price, whereby the bonus is distributed in cash. The fair value of the amount payable over the year, is recognized as personnel expenses in the income statement, with a corresponding increase in liabilities. The liability is remeasured each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as personnel expenses in the income statement.

3.18 PROVISIONS

Provisions are determined on the basis of estimates of future outflows of economic benefits relating to operational activities for legal or constructive obligations of an uncertain size or with an uncertain settlement date that arises from past events and for which a reliable estimate can be made. Provisions are discounted insofar as the difference between the discounted value and nominal value is material. Provisions, if applicable, relate to reorganization, warranties, provisions for unfavorable contracts and onerous contracts, legal proceedings, submitted claims and soil decontamination. Provisions for reorganization costs are recognized when a detailed and formal plan is announced at balance sheet date to all those concerned or when the execution of the plan has commenced. Provisions for warranties are recognized for warranty claims relating to completed projects with agreed warranty periods applying to some of the consolidated/proportionally consolidated entities. The book value of these provisions is based on common practice in the industry and the company's history of warranty claims over the past ten years for relevant projects.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

In accordance with the Group's policy and applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expenses, is recognized when the land is contaminated.

3.19 TRADE AND OTHER PAYABLES

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

3.20 ASSETS HELD FOR SALE

Assets are classified as held for sale (disposal group) when it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Liabilities related to the assets held for sale are separately recognized as liabilities held for sale. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated.

3.21 REVENUE

Revenue of the operational segments Dredging & Inland Infra and Offshore Energy (excluding ocean going transport services) mainly consists of the cost price of the work done during the reporting period, plus a part of the expected results upon completion of the project in proportion to the progress made during the reporting period, and including and/or deducting the provisions recognized and/ or used and released during the reporting period for expected losses. Revenues from additional work are included in the overall contract revenues if the client has accepted the sum involved in any way. Claims and incentives are carried in construction work in progress if negotiations with the customer are in a sufficiently advanced stage. The applied "percentage-of-completion" method is, by its nature, based on an estimation process. Revenue also includes services rendered to third parties during the reporting period. The revenue from services relates in particular to activities of Harbour Towage and to hire or to make available equipment and/or personnel (including ocean going transport services of Offshore Energy) and this revenue is recognized in the income statement in proportion to the stage of completion of the work performed at the reporting date. The stage of completion is determined based on assessments of the work performed. Revenue from salvage work that is completed at the balance sheet date (part of the operational segment Towage & Salvage), but for which the proceeds are not finally determined between parties, is recognized at expected proceeds taking into account the

estimation uncertainty. When it is uncertain whether the economic benefits of work done or services rendered will flow to the Group, the relevant revenue is not recognized. Revenue does not include any direct taxes.

3.22 OTHER INCOME AND OTHER EXPENSES

Other income and other expenses mainly consists of book results from disposals and insurance results.

3.23 RAW MATERIALS, CONSUMABLES, SERVICES AND CONTRACTED WORK

Raw materials, consumables, services and contracted work consist of the cost price of the work done during the reporting period, excluding personnel expenses, amortization, depreciation and impairments. This item also includes, among others, equipment utilization costs, cost of operational leases, general overhead costs, external costs for research and development where not capitalized, currency translation differences, fair value changes of derivatives related to hedging foreign currency effects of projects and other results/late results.

3.24 PERSONNEL EXPENSES

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

3.25 LEASE PAYMENTS

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

3.26 FINANCE INCOME AND COSTS

Finance income comprises interest received and receivable from third parties, currency gains and gains on financial instruments to hedge risks of which the results are recognized through the finance income and expenses. Interest income is recognized in the income statement as it accrues, using the effective interest rate method.

Finance costs include interest paid and payable to third parties, which are allocated to reporting using the effective interest method, currency losses, arrangement fees, and losses on financial instruments used to hedge risks of which the results are recognized through the finance income and expenses. The interest component of financial lease payments is recognized in the income statement using the effective interest rate method.

Borrowing costs not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the income statement.

3.27 SHARE IN RESULT OF JOINT VENTURES AND ASSOCIATED COMPANIES

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

3.28 TAXATION / DEFERRED INCOME TAX ASSETS AND LIABILITIES

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

3.29 PROFIT PER SHARE

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

3.30 DIVIDENDS

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

3.31 DETERMINATION OF FAIR VALUE

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

Intangible assets
The fair value of other intangible assets recorded as a result of a business combination, is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Financial assets available for sale
The fair value of the financial assets available for sale is determined on quoted prices.

Strategic joint ventures
Where relevant, the fair value of strategic joint ventures is determined or disclosed based on business valuations.

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

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

Share-based payment transactions
The fair value is determined based on quoted prices.

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

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

3.32 CONSOLIDATED STATEMENTS 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. In the cash flows are also included the cash flows, if any, related to the disposal group.

3.33 FIRST APPLICATION OF IFRS 10 AND IFRS 11

As from 1 January 2014 the Group applies IFRS 10 and IFRS 11. As a result, revisions arising from the adoption of these standards are included in the financial statements of 2014 for the first time. These adjustments are accounted for retrospectively and as such presented in the consolidated financial statements. Comparative figures regarding 2013 are modified accordingly. IFRS 10 does not lead to changes in the comparative figures. The adjustments resulting from the application of IFRS 11 in the consolidated income statement and consolidated balance sheet for 2013 are as follows:

Impact on the consolidated income statement, including impact on disclosure

	2013		
Consolidated Financial Statements	**ACCOUNTING POLICIES PREVIOUS YEAR**	**EFFECT FIRST APPLICATION IFRS 11**	**AFTER APPLICATION IFRS 11**
Operating income (Revenue and Other income)	3,635,103	- 394,274	3,240,829
Operating expenses			
Raw materials, consumables, services and subcontracted work	- 2,253,844	219,053	- 2,034,791
Personnel expenses	- 576,483	68,686	- 507,797
Other expenses	- 4,678	- 23	- 4,701
Depreciation, amortization and impairment losses	- 334,174	40,387	- 293,787
	- 3,169,179	328,103	- 2,841,076
Revaluation of stake in associated company prior to business combination	-	22,716	22,716
Share in result of joint ventures and associated companies (after taxation)	-	40,956	40,956
Operating result	465,924	- 2,499	463,425
Finance income and costs	- 55,220	9,832	- 45,388
Taxation	- 64,444	11,688	- 52,756
Revaluation of stake in associated company prior to business combination	22,716	- 22,716	-
Share in result of associated companies (after taxation)	- 2,502	2,502	-
Net group profit	366,474	- 1,193	365,281
Non-controlling interests	783	- 1,193	- 410
Net group profit attributable to shareholders	365,691	-	365,691
EBITDA	800,098	- 42,886	757,212

The changes in accounting policies do not affect the earnings per share.

Impact on the consolidated statement of recognized and unrecognized income and expenses

	2013		
Consolidated Financial Statements	ACCOUNTING POLICIES PREVIOUS YEAR	EFFECT FIRST APPLICATION IFRS 11	AFTER APPLICATION OF IFRS 11
Net group profit for the reporting period	366,474	- 1,193	365,281
Actuarial gains and losses and asset limitation on defined benefit pension schemes	64,776	-	64,776
Currency translation differences on foreign operations	- 50,498	-	- 50,498
Movement in fair value of cash flow hedges	- 15,457	280	- 15,177
Income tax on unrecognized income and expenses	- 13,739	- 280	- 14,019
	- 14,918	-	- 14,918
Total recognized and unrecognized income and expenses for the reporting period	351,556	- 1,193	350,363
Shareholders	352,584	- 544	352,040
Non-controlling interests	- 1,028	- 649	- 1,677
	351,556	- 1,193	350,363

Impact on the consolidated balance sheet

	1 January 2013		
Consolidated Balance Sheet	ACCOUNTING POLICIES PREVIOUS YEAR	EFFECT FIRST APPLICATION IFRS 11	AFTER APPLICATION IFRS 11
Non-current assets			
Intangible assets	596,013	- 173,352	422,661
Property, plant and equipment	2,260,968	- 451,868	1,809,100
Investments in joint ventures and associated companies	228,605	501,993	730,598
Other	77,723	- 36,853	40,870
	3,163,309	- 160,080	3,003,229
Current assets			
Inventories	105,150	- 28,769	76,381
Receivables (including due from customers)	1,222,210	- 217,309	1,004,901
Cash and cash equivalents	398,102	- 78,931	319,171
	1,725,462	- 325,009	1,400,453
Total assets	4,888,771	- 485,089	4,403,682
Group equity			
Equity	1,898,005	-	1,898,005
Non-controlling interests	18,147	- 8,902	9,245
	1,916,152	- 8,902	1,907,250
Non-current liabilities			
Interest-bearing borrowings	605,473	- 201,915	403,558
Other	236,295	- 32,630	203,665
	841,768	- 234,545	607,223
Current liabilities			
Due to customers	352,893	- 34,499	318,394
Interest-bearing borrowings	382,317	- 30,116	352,201
Bank overdrafts	8,120	- 3,396	4,724
Other	1,387,521	- 173,631	1,213,890
	2,130,851	- 241,642	1,889,209
Total liabilities	2,972,619	- 476,187	2,496,432
Total group equity and liabilities	4,888,771	- 485,089	4,403,682
Solvability	39.2%		43.3%

Consolidated Balance Sheet	As at 31 December 2013 ACCOUNTING POLICIES PREVIOUS YEAR	EFFECT FIRST APPLICATION IFRS 11	AFTER APPLICATION OF IFRS 11
Non-current assets			
Intangible assets	748,062	- 182,460	565,602
Property, plant and equipment	3,034,862	- 408,032	2,626,830
Investments in associated companies	11,897	433,464	445,361
Other	56,842	- 37,642	19,200
	3,851,663	- 194,670	3,656,993
Current assets			
Inventories	103,328	- 5,512	97,816
Receivables (including due from customers)	1,110,258	- 154,598	955,660
Cash and cash equivalents	386,887	- 56,536	330,351
Assets disposal group	280,387	-	280,387
	1,880,860	- 216,646	1,664,214
Total assets	5,732,523	- 411,316	5,321,207
Group equity			
Equity	2,525,237	-	2,525,237
Non-controlling interests	14,692	- 7,770	6,922
	2,539,929	- 7,770	2,532,159
Non-current liabilities			
Interest-bearing borrowings	1,168,082	- 203,047	965,035
Other	146,023	- 18,495	127,528
	1,314,105	- 221,542	1,092,563
Current liabilities			
Due to customers	313,190	- 59,568	253,622
Interest-bearing borrowings	26,366	- 22,337	4,029
Bank overdrafts	5,794	- 85	5,709
Other	1,414,782	- 100,014	1,314,768
Liabilities disposal group	118,357	-	118,357
	1,878,489	- 182,004	1,696,485
Total liabilities	3,192,594	- 403,546	2,789,048
Total group equity and liabilities	5,732,523	- 411,316	5,321,207
Solvability	44.3%		47.6%

Impact on the consolidated Cash Flow Statement

	2013 ACCOUNTING POLICIES PREVIOUS YEAR	EFFECT FIRST APPLICATION IFRS 11	AFTER APPLICATION OF IFRS 11
Net cash from operating activities	586,112	7,991	594,103
Net cash used in investing activities	- 536,620	69,965	- 466,655
Net cash used in / from financing activities	- 19,994	- 58,846	- 78,840
Net increase in cash and cash equivalents	29,498	19,110	48,608
Net cash and cash equivalents as at 31 December	**410,755**	**- 56,451**	**354,304**

4. SEGMENT REPORTING

The Group recognizes three operational segments which, as described below, constitute the strategic business units (lines of business) of the Group. These strategic business units offer different products and services and are managed separately because they require different strategies. Each of the strategic business units is reviewed by the Board of Management based on internal management reporting at least once every quarter. The, at the beginning of March 2014, acquired company Fairmount is presented in the operational segment Offshore Energy.

The following is a brief summary of the activities of the operational segments:

- Dredging & Inland Infra

Traditionally, dredging is the core activity of Boskalis. It involves all activities required to remove silt, sand and other layers from the water bed and in some cases using it elsewhere, for example for coastal protection or land reclamation. The services also include the construction and maintenance of ports and waterways, and coastal defense and riverbank protection, as well as associated specialist services such as underwater rock fragmentation. In addition, Boskalis is active in the extraction of raw materials using dredging techniques. In the Netherlands, Boskalis also operates as a contractor of dry infrastructure projects. This involves the design, preparation (by means of dry earthmoving) and execution of large-scale civil infra works, such as the construction of roads and railroads, bridges, dams, viaducts and tunnels. In doing so, Boskalis also performs specialist works such as soil improvement and land remediation.

- Offshore Energy

With the offshore services of Boskalis and its subsidiaries Dockwise and Fairmount the company supports the activities of the international energy sector, including oil and gas companies and providers of renewable energy such as wind power. Boskalis is involved in the development, construction, maintenance and decommissioning of oil and LNG-import/export facilities, offshore platforms, pipelines and cables and offshore wind farms. In performing these activities Boskalis applies its expertise in the areas of heavy transport, lift and installation work, as well as diving and ROV services complemented with dredging, offshore pipeline, cable and rock installation. With VBMS (50% owned by Boskalis) we are a leading player in the European market for offshore cable installation.

- Towage & Salvage

In ports around the world assistance is provided to incoming and outgoing oceangoing vessels through Boskalis' joint ventures and associated companies Keppel Smit Towage, SAAM SMIT Towage and the forthcoming joint venture with Kotug. In addition, a full range of services for the operation and management of onshore and offshore terminals is offered through Smit Lamnalco, which is 50% owned by Boskalis. These include assistance with the berthing and unberthing of tankers at oil and LNG terminals and additional support services. With our versatile fleet of over 450 vessels we assist vessels in over 90 ports in 35 countries, including oil and chemical tankers, container ships, reefers, RoRo ships and mixed cargo ships. Through SMIT Salvage we provide services relating to the salvage of ships and wreck removal. SMIT Salvage provides assistance to vessels in distress and is able to spring into action at any time and anywhere in the world. It is able to do so by operating out of four locations which are strategically situated in relation to the main international shipping routes: Houston, Cape Town, Rotterdam and Singapore. Clearance of wrecks of sunken ships and offshore platforms almost always takes place at locations where the wreck forms an obstruction to traffic or presents an environmental hazard.

The operational segments are monitored based on the segment result (operating result) and the EBITDA. The segment result and EBITDA are used for performance measurement of operational segments, both between segments and compared to other companies in the same industries. Inter-operational segment services, if any, take place at arm's length basis. EBITDA is defined as being the segment result before depreciation, amortization and impairments. In the reporting period there were no material inter-operational segment services. After the sale of the interest in Archirodon in 2013, which decreased the amount of Inland Infra activities substantially, the Dredging & Inland Infra activities, which are managed jointly, are reported on a jointly basis. Due to this change in reporting the external segment information, as shown below, is adjusted accordingly. The information with regard to 2013 has been adjusted for comparison purposes.

4.1 OPERATIONAL SEGMENTS

2014	DREDGING & INLAND INFRA	OFFSHORE ENERGY	TOWAGE & SALVAGE	HOLDING & ELIMINATIES	GROUP
Revenue	**1,664,768**	**1,238,576**	**270,628**	**- 7,084**	**3,166,888**
EBITDA	**487,483**	**387,840**	**118,596**	**- 48,060**	**945,859**
Share in result of strategic companies	**3,055**	**15,057**	**38,299**	**-**	**56,411**
Operating result	**380,129**	**236,118**	**84,011**	**- 47,913**	**652,345**
Non-allocated finance income and expenses					**- 35,954**
Non-allocated taxation					**- 124,163**
Net group profit					**492,228**
Carrying amount strategic companies	**3,352**	**120,781**	**651,009**	**325**	**775,467**
Investments in property, plant and equipment	**139,197**	**134,203**	**10,733**	**28,902**	**313,035**
Depreciation on property, plant and equipment	**96,723**	**127,661**	**21,818**	**- 1,733**	**244,469**
Amortization on intangible assets	**192**	**16,428**	**846**	**- 60**	**17,406**
Impairment losses on property, plant and equipment	**10,439**	**6,910**	**-**	**146**	**17,495**
Impairment losses on intangible assets	**-**	**723**	**11,921**	**1,500**	**14,144**

2013	DREDGING & INLAND INFRA	OFFSHORE ENERGY	TOWAGE & SALVAGE	HOLDING & ELIMINATIES	GROUP
Revenue	1,725,539	1,067,431	363,021	- 11,943	3,144,048
EBITDA	362,427	274,699	103,913	16,173	757,212
Share in result of strategic companies	6,905	17,749	21,879	- 5,577	40,956
Revaluation share in associated company prior to business combination				22,716	22,716
Operating result	255,185	146,958	67,192	- 5,910	463,425
Non-allocated finance income and expenses					- 45,388
Non-allocated taxation					- 52,756
Net group profit					365,281
Carrying amount strategic companies	991	114,708	328,420	1,242	445,361
Investments in property, plant and equipment	96,493	126,937	11,849	9,505	244,784
Depreciation on property, plant and equipment	96,027	93,562	33,468	106	223,163
Amortization on intangible assets	376	28,817	2,523	- 493	31,223
Impairment losses on property, plant and equipment	12,924	3,090	730	602	17,346
Impairment losses on intangible assets	-	292	-	21,763	22,055

5. BUSINESS COMBINATIONS AND ASSETS HELD FOR SALE

5.1 ACQUISITION FAIRMOUNT

On 3 March 2014 the Group gained control of Fairmount after acquiring 100% of all outstanding Fairmount shares and voting rights. At that date a business combination was realized and reported accordingly within the consolidated Group.

The addition of five 205 ton bollard pull Anchor Handling Tugs (AHT's) from Fairmount leads to a further strengthening of the market position and provision of services for Boskalis both for Offshore energy as well as Salvage. Furthermore the acquisition of control on Fairmount provides the Group with new opportunities to create synergy advantages through cost reductions.

After gaining control Fairmount contributed EUR 37.8 million to Group revenue and EUR 7.0 million positive to the net group profit in 2014. This does not include costs related to the acquisition. Management believes that if the acquisition had taken place at the start of 2014, revenue for the reporting period would have been EUR 3,180.6 million and the consolidated net group profit would have totaled EUR 493.2 million. In determining these amounts Management assumed the same fair value adjustments as at the date of acquisition.

Considerations paid
The consideration paid for acquiring 100% of the outstanding Fairmount shares and voting rights at 3 March 2014 amounts to, in cash, USD 88.9 million (EUR 64.6 million).

Identifiable assets and liabilities acquired
Resulting from the acquisition, the following identifiable assets and liabilities are acquired:

As at 3 March 2014	
Property, plant and equipment	**79,024**
Inventory	**5,158**
Current receivables and other current assets	**8,572**
Cash, cash equivalents and bank overdrafts	**20,729**
Interest bearing loans	**- 43,149**
Current liabilities	**- 8,863**
Net amount of identified assets	**61,471**

Trade accounts and other receivables consist of a gross amount of contractual obligations of EUR 8.0 million, which were fully deemed recoverable at the date of acquisition.

The following valuation techniques were used in assessing the fair value of identified assets and liabilities:

- Property, plant & equipment. The fair value of the individual vessels is determined based on a market approach performed by external vessel valuator.
- Inventories. Market comparison approach: the fair value of the inventories, mainly bunkers, is based on the estimated sales price minus (selling)costs and the related profit margin.
- Other assets and liabilities: the fair value is determined on the market value based on the income approach for the expected income and expenses arising from the assets and liabilities.

Goodwill
Goodwill arising from the acquisition:

Goodwill due to the acquisition of Fairmount	
Consideration paid at 3 March 2014	**64,570**
Less: Net amount of identified assets	**- 61,471**
Goodwill (as at 3 March 2014)	**3,099**

Transactions related to the acquisition
The Group incurred acquisition-related expenses of EUR 0.2 million in connection with the costs of external advisors, due diligence and fees paid to the institutions involved. These costs are recognized in the consolidated income statement in the line 'raw materials, consumables, services and subcontracted work'. This item is included in 'Holding & eliminations' in the table 'Operational segments' in note 4.1.

5.2 COOPERATION WITH SAAM

As at 1 July 2014 Boskalis and SAAM S.A. have established a joint venture, SAAM Smit Towage (SST), for the execution of their harbour towage activities in Brazil, Mexico, Canada and Panama. The geographic scope of the joint venture covers the Brazilian towage market and the Group has a 50% share in this joint venture. The second joint venture in which SAAM holds a 51% stake and the Group holds a 49% stake, relates to the towage activities in Panama and Canada (Boskalis) and Mexico (SAAM). Besides operational synergies, added value will be generated through exchanging best practices and market synergies. The assets, liabilities and activities which have been contributed by both Boskalis and SAAM in SST are expected to have a comparable company value.

The transaction has been accounted for in the consolidation as at 1 July 2014. As from this date the towage activities are included in the financial statements through the strategic partnership SAAM-Smit. Under IFRS SAAM-Smit is accounted for as a sale of a group company by the Group and subsequently as an investment in a strategic investment. The net realizable value of the group companies sold, thus the acquisition price of the two strategic investments, is estimated based on company valuations. Preliminary determined market values are estimated for the assets and liabilities for determination of the goodwill included in the company value. The book result arising from the transaction amounts to EUR 4.4 million, including EUR 9.6 million negative as a result of the recycling of cumulative foreign currency differences.

As at 31 December 2013 the Group had classified the activities from the operational segment Towage & Salvage, which were incorporated at 1 July 2014, as assets held for sale. These were valued at book value.

5.3 DISPOSAL GROUP

Combining towage services Smit with Kotug International B.V.
At year end, The Group and Kotug International B.V. (Kotug) signed an agreement to continue their towage services in North West Europe on a joined basis, after complying with several (customary) conditions, such as the agreement from involved financial institutions and supervisors in the respective countries in which the joint venture will operate. This combination will lead to a leading towage service provider in North West Europe. The combination will improve the market position of the combined entities as well as provide operational synergy advantages. At balance sheet date the assets and liabilities which will be contributed in the joint venture are classified as held for sale. As from 2015 no depreciation or amortization will be accounted for.

Intention of sale of Aannemingsbedrijf De Jong en Zoon Beesd B.V.
The Group has determined to dispose the activities from Aannemingsbedrijf De Jong en Zoon Beesd B.V. at the end of the financial year. The disposal has been realized in February 2015.

Assets and liabilities from activities held for sale
As at 31 December 2014 the assets and liabilities to be contributed relating to the towage activities from Smit in North West Europe (in the operational segment Towage & Salvage) and Aannemingsbedrijf De Jong en Zoon Beesd B.V. (in the segment Dredging & Inland Infra) are valued at book value and classified as held for sale. These are as follows:

	2014
Intangible assets	**52,024**
Property, plant and equipment	**130,563**
Other non-current assets	**1,365**
Receivables and other non-current assets	**52,178**
Cash and cash equivalents	**1,855**
Assets disposal group	**237,985**
Financing and interest bearing loans	**13,249**
Deferred tax liabilities	**11,178**
Employ benefit liabilities and provisions	**303**
Creditors and other current liabilities	**29,516**
Liabilities disposal group	**54,246**

6. REVENUE

The revenue of the segments Dredging & Inland Infra and Offshore Energy mainly comprises revenues from work in progress. Movements in the value of work in progress, consisting of cumulative incurred costs plus profit in proportion to progress less provisions for losses, together with the work done and completed during the reporting period, determine the revenue for these segments. The revenue from services rendered to third parties is primarily realized in the operational segments Offshore Energy (including sea transport services) and Towage & Salvage. The revenue from construction contracts (IAS 11) and services on a project base by analogy with this standard amounts to approximately EUR 2.0 billion (2013: EUR 2.1 billion). The revenue from other services amounts to approximately EUR 1.2 billion (2013: EUR 1.0 billion).

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

Revenue by region can be specified as follows:

	REVENUE	
	2014	2013
Netherlands	**714,058**	661,693
Rest of Europe	**766,877**	645,565
Australia / Asia	**832,666**	741,356
Middle East	**173,757**	168,067
Africa	**274,394**	328,825
North and South America	**405,136**	598,542
	3,166,888	3,144,048

The region is determined as the location in which projects are realized and services are provided; for sea transport the region refers to the port of arrival of the transport. A large part of the Group's revenue is executed project based for a various group of clients in various countries and geographical areas. Because of the often incidental character and spread of the contracts none of these clients qualifies structurally as a material client in relation to the total revenue of the Group.

7. OTHER INCOME AND OTHER EXPENSES

Other income mainly comprises of book results on the SAAM transaction amounting to EUR 4.4 million and from disposal of equipment of EUR 6.9 million (2013: EUR 31.6 million). Furthermore, the other income in 2013 comprised the result of the receipt of insurance claims for EUR 13.9 million and book results from the disposal of share in the joint venture Archirodon (EUR 50.9 million).

8. RAW MATERIALS, CONSUMABLES, SERVICES AND CONTRACTED WORK

In 2013, expenses for reorganizations within the segment Dredging & Inland Infra amounted to EUR 14.3 million and related to unused rented buildings and the decrease in value of a limited number of assets to net selling price.

9. PERSONNEL EXPENSES

	2014	2013
Wages and salaries	**- 410,050**	- 405,166
Social security costs	**- 52,762**	- 51,829
Pension costs for defined benefit pension schemes	**- 31,275**	- 32,778
Pension costs for defined contribution pension schemes	**- 19,904**	- 18,024
	- 513,991	- 507,797

For the remuneration of the Board of Management and the Supervisory Board reference is made to note 29.2. For the pension costs for defined benefit pension schemes reference is made to note 24.1.

10. FINANCE INCOME AND EXPENSES

	2014	2013
Interest income on short-term bank deposits	**7,034**	4,541
Change in fair value of (hedging instruments regarding) borrowings	**3,066**	-
Finance income	**10,100**	4,541
Interest expenses	**- 38,680**	- 33,979
Change in fair value of (hedging instruments regarding) borrowings	**-**	- 7,071
Other finance expenses	**- 7,374**	- 8,879
Finance expenses	**- 46,054**	- 49,929
NET FINANCE EXPENSE RECOGNIZED IN CONSOLIDATED INCOME STATEMENT	**- 35,954**	- 45,388

The other finance expenses contain the effective interest expenses on financing, including amortized financing costs of EUR 1.4 million (2013: EUR 3.7 million). Other finance expenses also include a write off of capitalized transaction costs as a result of an adjustment in financing (EUR 4.5 million) and paid commitment fees of EUR 1.2 million (2013: EUR 2.2 million). Furthermore the finance expenses in 2013 included an amount of EUR 2.9 million for the settlement of a forward start interest rate swap.

In the fair value adjustments (regarding hedging instruments) for loans EUR 44.6 million (2013: EUR 13.5 million) of foreign currency translation effects on loans and other financing obligations are included and an equal but opposite effect on foreign currency translation on the related derivatives is included.

11. TAXATION

	2014	2013
CURRENT TAX EXPENSE		
Current year	**- 141,288**	- 74,243
Over / under(-) provided in prior years	**7,696**	13,579
Reclassification of deferred taxes regarding prior financial years	**- 1,044**	736
	- 134,636	- 59,928
DEFERRED TAX EXPENSE		
Origination and reversal of temporary differences	**9,277**	9,112
Reclassification of deferred taxes regarding prior financial years	**1,044**	- 736
Movement of recognized tax losses carried forward	**152**	- 1,204
	10,473	7,172
TAXATION IN THE CONSOLIDATED INCOME STATEMENT	**- 124,163**	- 52,756

The operational activities of the Group are subject to various tax regimes with tax rates varying from 0.0% to 40.5% (2013: 0.0% to 40.0%). These different tax rates, together with fiscal facilities in various countries and the treatment of tax losses, results not subject to taxation and non-deductible costs, lead to an effective tax rate in the reporting period of 20.1% (2013: 12.6%). The effective tax rate is calculated as the tax charge divided by the profit before tax, as shown in the consolidated income statement.

The reconciliation between the Dutch nominal tax rate and the effective tax rate is as follows:

	2014	2013
Nominal tax rate in the Netherlands	**25.0%**	25.0%
Application of local nominal tax rates	**- 4.3%**	- 6.1%
Non-deductible expenses	**2.0%**	2.8%
Effect of unrecognized tax losses and temporary differences	**2.2%**	3.0%
Effect of previously unrecognized tax losses	**- 0.9%**	- 0.8%
Special taxation regimes	**- 1.4%**	- 2.4%
Adjustment in respect of prior years	**- 1.2%**	- 2.9%
Application of participation exemption of result in Other income	**0.6%**	- 3.2%
Effect of share in result of joint ventures and associated companies	**- 1.9%**	- 2.8%
Effective tax rate	**20.1%**	12.6%

12. INCOME TAX RECEIVABLE AND PAYABLE

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

13. DEFERRED INCOME TAX ASSETS AND LIABILITIES

	BALANCE AS AT 1 JANUARY 2014		**MOVEMENT IN TEMPORARY DIFFERENCES DURING THE YEAR**					**BALANCE AS AT 31 DECEMBER 2014**	
	Asset	**Liability**	**Charged (-)/ added to net profit**	**Charged to equity**	**Reclass to disposal group**	**In / out consolida-tion**	**Currency translation differences**	**Asset**	**Liability**
Intangible assets	**-**	**- 8,272**	**4,043**	**-**	**- 1,016**	**15**	**- 18**	**-**	**- 5,248**
Property, plant and equipment	**2,299**	**- 28,578**	**5,385**	**-**	**10,027**	**- 194**	**- 181**	**2,053**	**- 13,295**
Due from and due to customers	**-**	**-**	**- 402**	**-**	**-**	**-**	**-**	**-**	**- 402**
Trade and other receivables	**38**	**- 213**	**147**	**-**	**- 7**	**-**	**- 2**	**17**	**- 54**
Hedging reserve	**7,618**	**-**	**- 82**	**- 1,946**	**-**	**-**	**-**	**5,590**	**-**
Actuarial gains and losses and asset limitation on defined benefit pension schemes	**8,083**	**-**	**-**	**10,272**	**-**	**-**	**-**	**18,355**	**-**
Employee benefits	**2,274**	**- 7,887**	**- 417**	**-**	**- 4**	**-**	**- 111**	**1,860**	**- 8,005**
Provisions	**1,499**	**- 2,002**	**49**	**-**	**577**	**-**	**38**	**1,461**	**- 1,300**
Interest-bearing borrowings	**384**	**- 90**	**- 636**	**-**	**714**	**-**	**- 1**	**392**	**- 21**
Trade and other payables	**893**	**- 305**	**253**	**-**	**-**	**-**	**34**	**1,120**	**- 245**
Other assets and liabilities	**308**	**- 10,730**	**1,420**	**1,633**	**-**	**15**	**- 419**	**262**	**- 8,035**
Fiscal reserves	**-**	**- 1,178**	**194**	**-**	**983**	**-**	**1**	**-**	**-**
Foreign branch results	**-**	**- 1,942**	**367**	**-**	**-**	**-**	**-**	**-**	**- 1,575**
Tax losses carried forward	**679**	**-**	**152**	**-**	**- 96**	**- 552**	**-**	**183**	**-**
	24,075	**- 61,197**	**10,473**	**9,959**	**11,178**	**- 716**	**- 659**	**31,293**	**- 38,180**
Offsetting deferred tax assets and liabilities	**- 18,096**	**18,096**						**- 12,106**	**12,106**
Net in the consolidated balance sheet	**5,979**	**- 43,101**						**19,187**	**- 26,074**

	BALANCE AS AT 1 JANUARY 2013		MOVEMENT IN TEMPORARY DIFFERENCES DURING THE YEAR					BALANCE AS AT 31 DECEMBER 2013	
	Asset	Liability	Charged (-)/ added to net profit	Charged to equity	Reclass to disposal group	In / out consolida-tion	Currency translation differences	Asset	Liability
Intangible assets	-	- 14,281	8,055	-	- 1,456	-	- 590	-	- 8,272
Property, plant and equipment	4,612	- 41,184	- 620	-	7,324	926	2,663	2,299	- 28,578
Due from and due to customers	-	- 1,811	1,811	-	-	-	-	-	-
Trade and other receivables	118	- 38	- 28	-	- 204	-	- 23	38	- 213
Hedging reserve	3,599	-	-	4,019	-	-	-	7,618	-
Actuarial gains and losses and asset limitation on defined benefit pension schemes	27,197	-	-	- 19,114	-	-	-	8,083	-
Employee benefits	762	- 11,686	- 5,030	10,261	73	-	7	2,274	- 7,887
Provisions	864	- 1,127	1,050	-	- 1,132	-	- 158	1,499	- 2,002
Interest-bearing borrowings	849	-	2,196	-	- 2,415	-	- 336	384	- 90
Trade and other payables	1,069	- 460	75	-	-	-	- 96	893	- 305
Other assets and liabilities	270	- 1,108	- 517	- 9,185	-	-	118	308	- 10,730
Fiscal reserves	-	- 1,368	189	-	-	-	1	-	- 1,178
Foreign branch results	-	- 3,137	1,195	-	-	-	-	-	- 1,942
Tax losses carried forward	1,954	-	- 1,204	-	-	-	- 71	679	-
	41,294	- 76,200	7,172	- 14,019	2,190	926	1,515	24,075	- 61,197
Offsetting deferred tax assets and liabilities	- 17,734	17,734						- 18,096	18,096
Net in the consolidated balance sheet	23,560	- 58,466						5,979	- 43,101

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

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

	2014		
	BEFORE TAX	TAX (EXPENSE) BENEFIT	NET OF TAX
Foreign currency translation differences for foreign operations	**200,749**	**1,633**	**202,382**
Fair value of cash flow hedges	**5,505**	**- 1,946**	**3,559**
Defined benefit plan actuarial gains (losses) and asset limitation	**- 63,542**	**10,272**	**- 53,270**
	142,712	**9,959**	**152,671**

	2013		
	BEFORE TAX	TAX (EXPENSE) BENEFIT	NET OF TAX
Foreign currency translation differences for foreign operations	- 48,430	- 9,185	- 57,615
Adjustment currency translation reserve prior to disposal of joint venture	- 257	-	- 257
Fair value of cash flow hedges	- 15,177	4,019	- 11,158
Defined benefit plan actuarial gains (losses) and asset limitation	64,776	- 8,853	55,923
	912	- 14,019	- 13,107

UNRECOGNIZED DEFERRED INCOME TAX ASSETS

Unrecognized deferred tax assets regarding tax losses carried forward of Group companies amount to EUR 154.0 million (2013: EUR 128.5 million). These deferred tax assets are not recognized in the balance sheet as long as recovery through taxable profit or deductible temporary differences before expiration is not probable.

	2014		
	TAX LOSSES CARRIED FORWARD	DEDUCTIBLE TEMPORARY DIFFERENCES	DISPOSAL GROUP
No later than 1 year	-	-	-
Later than 1 year and no later than 5 years	3,070	21,300	-
Later than 5 years	118,225	11,378	-
	121,295	32,678	-

	2013		
	TAX LOSSES CARRIED FORWARD	DEDUCTIBLE TEMPORARY DIFFERENCES	DISPOSAL GROUP
No later than 1 year	-	-	548
Later than 1 year and no later than 5 years	7,904	-	1,812
Later than 5 years	98,918	8,993	10,303
	106,822	8,993	12,663

14. INTANGIBLE ASSETS

	GOODWILL	OTHER	TOTAL
Balance as at 1 January 2014			
Cost	474,085	161,323	635,408
Accumulated amortizations and impairments	-	- 69,806	- 69,806
Book value	474,085	91,517	565,602
Movements			
Acquired through business combinations	3,099	-	3,099
Reclassified to Assets held for Sale	- 46,481	- 5,543	- 52,024
Amortization	-	- 17,406	- 17,406
Impairment	-	- 14,144	- 14,144
Currency translation differences and other movements	27,904	4,637	32,541
	- 15,478	- 32,456	- 47,934
Balance as at 31 December 2014			
Cost	458,607	142,521	601,128
Accumulated amortizations and impairments	-	- 83,460	- 83,460
Book value	458,607	59,061	517,668

	GOODWILL	OTHER	TOTAL
Balance as at 1 January 2013			
Cost	342,421	99,103	441,524
Accumulated amortizations and impairments	-	- 18,863	- 18,863
Book value	342,421	80,240	422,661
Movements			
Acquired through business combinations	248,465	80,462	328,927
Reclassified to Assets held for Sale	- 100,525	-	- 100,525
In / (out) consolidation	2,879	- 3,053	- 174
Amortization	-	- 31,223	- 31,223
Impairment	-	- 22,055	- 22,055
Currency translation differences and other movements	- 19,155	- 12,854	- 32,009
	131,664	11,277	142,941
Balance as at 31 December 2013			
Cost	474,085	161,323	635,408
Accumulated amortizations and impairments	-	- 69,806	- 69,806
Book value	474,085	91,517	565,602

14.1 GOODWILL

In 2014 the activities from Dockwise and Fairmount were incorporated in the segment Offshore Energy together with the existing activities within this segment. Therefore as from 2014 neither a separate, independent, company nor a cash generating unit was applicable. The goodwill arising from the acquisitions of Dockwise and Fairmount has been allocated to the cash generating unit Offshore Energy.

The reclassifications of assets held for sale in 2014 and 2013 refer to goodwill arising from the cash generating unit Harbour Towage. As a result, the goodwill from Harbour Towage, as presented below, has decreased.

The goodwill from (primarily) Dockwise and Fairmount is presented in US dollar, the functional currency of the respective units. The currency differences mainly refer to the goodwill from Dockwise and Fairmount.

The goodwill is allocated to the following cash generating units:

CASH GENERATING UNIT	OPERATIONAL SEGMENT	2014	2013
Harbour Towage	Towage & Salvage	**-**	46,481
Salvage	Towage & Salvage	**36,875**	36,875
Offshore Energy	Offshore Energy	**361,530**	330,527
Dry Infrastructure (Netherlands)	Dredging & Inland Infra	**46,607**	46,607
Dredging	Dredging & Inland Infra	**13,595**	13,595
Total		**458,607**	474,085

When conducting the impairment testing of goodwill, the value in use of the cash generating unit is determined by discounting future cash flows from continuing operations of the unit. The calculation comprises of cash flow projections for a period of five years starting with the budget 2015, after which the cash flows are extrapolated at the assumed growth rate. The valuation models have been consistently applied for the different cash generating units.

Management has projected cash flows based on past trends and estimates and of future market developments. Also it is assumed that cost efficiencies can and will be realized. The key assumptions relate to the discount rate used and the growth rate applied in the calculation of the terminal value. The discount rates used are for Harbour Towage 8.2% (2013: 8.4%), for Salvage 8.2% (2013: 11.0%), for Offshore Energy 9.8% (2013: 9.2%), for Dry Infrastructure (Netherlands) 10.4% (2013: 11.1%) and for Dredging 10.1% (2013: 9.2%).

The growth rate applied in the terminal value is set at 1.0% (2013:1.6%). The growth rates applied do not exceed the long-term average growth rate which may be expected for the activities. The assessment has indicated that for none of the cash generating units an impairment is required since the recoverable amount is higher than the sum of the recognized goodwill and the carrying amount of the assets and liabilities attributable to the respective cash generating unit. Changes that could be reasonably expected in the underlying parameters for calculating the recoverable amount at year-end such as an increase in the discount rate by 1% or a decrease in growth rate in the terminal value by 1% also do not give rise to an impairment. Moreover, considering the sufficient amount of headroom for each cash generating unit, no further, detailed sensitivity analysis has been presented.

14.2 OTHER INTANGIBLE ASSETS

Other intangible assets, which are identified and recognized at fair value during business combinations, consist of tradenames, client portfolio, order portfolio, technology (including software) and favourable contracts. The intangible assets include a tradename with an infinite useful life for an amount of EUR 9.5 million (2013: 20.0 million), which is assessed on a yearly basis for indications of impairment. In 2014 an impairment of EUR 5.2 million (2013: EUR 16.4 million) was recorded for intangible assets with an infinite useful life. This impairment refers to an intangible asset in the Towage & Salvage segment in 2014 and in the Offshore Energy segment in 2013. Both impairments referred to the tradename Smit.

15. PROPERTY, PLANT AND EQUIPMENT

	LAND AND BUILDINGS	FLOATING AND OTHER CONSTRUCTION EQUIPMENT	OTHER FIXED ASSETS	PROPERTY, PLANT & EQUIPMENT UNDER CONSTRUCTION	TOTAL
Balance as at 1 January 2014					
Cost	91,901	3,587,874	41,423	267,073	3,988,271
Accumulated depreciation and impairment losses	- 28,074	- 1,306,714	- 25,291	- 1,362	- 1,361,441
Book value	63,827	2,281,160	16,132	265,711	2,626,830
Movements					
Investments, including capitalized borrowing cost	2,254	39,432	3,049	268,300	313,035
Acquired through business combinations	-	79,002	22	-	79,024
In / (out) consolidation	-	- 7,746	- 23	-	- 7,769
Put into operation	25,030	275,903	5,237	- 306,170	-
Impairment losses	- 146	- 17,057	- 292	-	- 17,495
Depreciation	- 3,330	- 234,829	- 6,310	-	- 244,469
Disposals	- 32	- 12,637	- 79	- 21	- 12,769
Other movements	- 484	- 25,561	- 4,174	832	- 29,387
Reclassified to disposal group	- 79	- 129,685	- 794	- 5	- 130,563
Currency translation differences	246	152,572	634	13,999	167,451
	23,459	119,394	- 2,730	- 23,065	117,058
Balance as at 31 December 2014					
Cost	117,725	3,870,710	37,479	244,008	4,269,922
Accumulated depreciation and impairment losses	- 30,439	- 1,470,156	- 24,077	- 1,362	- 1,526,034
Book value	87,286	2,400,554	13,402	242,646	2,743,888

	LAND AND BUILDINGS	FLOATING AND OTHER CONSTRUCTION EQUIPMENT	OTHER FIXED ASSETS	PROPERTY, PLANT & EQUIPMENT UNDER CONSTRUCTION	TOTAL
Balance as at 1 January 2013					
Cost	94,057	2,744,908	48,517	179,064	3,066,546
Accumulated depreciation and impairment losses	- 29,519	- 1,192,959	- 29,849	- 5,119	- 1,257,446
Book value	64,538	1,551,949	18,668	173,945	1,809,100
Movements					
Investments, including capitalized borrowing cost	3,681	78,887	4,976	157,240	244,784
Acquired through business combinations	-	1,063,011	4,737	53,382	1,121,130
In / (out) consolidation	-	- 39,521	- 128	-	- 39,649
Put into operation	914	87,394	2,721	- 91,029	-
Impairment losses	-	- 15,159	- 2,187	-	- 17,346
Depreciation	- 3,268	- 214,045	- 5,850	-	- 223,163
Disposals	- 1,909	- 32,561	- 379	- 1,545	- 36,394
Other movements	443	6,935	- 3,891	- 8,784	- 5,297
Reclassified to disposal group	-	- 110,738	- 356	- 11,590	- 122,684
Currency translation differences	- 572	- 94,992	- 2,179	- 5,908	- 103,651
	- 711	729,211	- 2,536	91,766	817,730
Balance as at 31 December 2013					
Cost	91,901	3,587,874	41,423	267,073	3,988,271
Accumulated depreciation and impairment losses	- 28,074	- 1,306,714	- 25,291	- 1,362	- 1,361,441
Book value	63,827	2,281,160	16,132	265,711	2,626,830

Annually the Group reviews the main units of the fleet on (expected) utilization and operational results. In 2014 this resulted in the testing of a limited number of specific units on possible impairments and the recognition of an impairment charge amounting to EUR 17.5 million (2013: EUR 17.3 million). For equipment that will be put out of operation in the short term the realizable value (EUR 1.2 million) is determined as the net selling price net of sale and demolition expenses. As a consequence an impairment loss of EUR 7.4 million was recognized. Furthermore impairments to value in use were recognized amounting to EUR 10.1 million. The realizable value of these assets amounts to EUR 28.8 million. The realizable value of the assets concerned is determined on the basis of the present value of the estimated future cash flows, remaining useful life and relevant discount rates (7% - 9%).

In 2014 the expected useful life of (components of) units were evaluated. For part of the units the useful lives were adjusted prospectively. On balance, the impact of these adjustments on net group profit in the reporting period amounts to an expense of merely EUR 15.1 million, the expected impact on the future four reporting periods amounts to a mere EUR 4.0 million decrease in expenses.

The capitalized financing costs on investments recognized amounts to EUR 1.1 million (2013:EUR 0.9 million).

In accordance with the characteristics of the Group's activities property, plant & equipment can be deployed on a worldwide scale during the reporting period. As a consequence, segmentation of the property, plant & equipment to geographical areas would not provide additional relevant information.

16. JOINT VENTURES AND ASSOCIATED COMPANIES

The Group participates in a number of strategic and other investments whose activities correspond with, or related service to its activities. The activities and risks of these joint ventures or associates are similar to the activities of the Group. Within the operating segment Offshore Energy this refers to Asian Lift Pte. Ltd. (Operating and rental of floating cranes), Ocean Marine Egypt SAE (Terminal services) and VBMS B.V. (Installation of cables on the seabed). Within the division Towage and Salvage cooperation takes place in Smit Lamnalco Ltd (worldwide terminal services) and Keppel Smit Towage Pte Ltd and Maju Maritime Pte Ltd in Singapore, both active in the harbor towage services. We work closely together on the American continent in the field of harbor towage services in SAAM-SMIT Towage (SAAM SMIT Towage Brasil S.A. and SAAM Remolques SA de CV). A number of projects, or related activities within the operating segment Dredging & Inland Infra is placed in private companies of which SAAOne Holding B.V. (A Public Private Partnership in the Netherlands) is the most important. These investments are financed in principle on a nonrecourse basis. The Group agreed on a capital funding obligation for SAAOne Holding B.V. and for Rebras Rebras SA a guarantee of a portion of bank financing was provided by the Group. For some projects from VBMS B.V. the Group has issued guarantees. This commitment respectively guarantees are included in note 28 Commitments and contingent liabilities.

Net profit for the year and other comprehensive income are as follows:

	2014		
	JOINT VENTURES	**ASSOCIATED COMPANIES**	**TOTAL**
Net result of the period	**51,772**	**4,639**	**56,411**
Other Comprehensive Income	**49,124**	**19,576**	**68,700**
Total Comprehensive Income	**100,896**	**24,215**	**125,111**

	2013		
	JOINT VENTURES	**ASSOCIATED COMPANIES**	**TOTAL**
Net result of the period	40,985	- 29	40,956
Other Comprehensive Income	- 10,934	- 304,636	- 315,570
Total Comprehensive Income	30,051	- 304,665	- 274,614

	2014		
	JOINT VENTURES	**ASSOCIATES**	**TOTAL**
Balance as at 1 January	**436,848**	**8,513**	**445,361**
Net investments	**84,937**	**147,000**	**231,937**
Share in result in other associated companies	**51,772**	**4,639**	**56,411**
Dividends received	**- 25,434**	**- 1,530**	**- 26,964**
Currency translation differences and other movements	**49,124**	**19,598**	**68,722**
	160,399	**169,707**	**330,106**
Balance as at 31 December	**597,247**	**178,220**	**775,467**

	2013		
	JOINT VENTURES	**ASSOCIATES**	**TOTAL**
Balance as at 1 January	506,050	224,548	730,598
Investment Dockwise Ltd	-	65,248	65,248
Revaluation of existing stake in Dockwise prior to business combination	-	22,716	22,716
Decrease due to extending share in Dockwise resulting in control	-	- 309,921	- 309,921
Net investments	- 82,371	-	- 82,371
Share in result in other associated companies	40,985	- 29	40,956
Dividends received	- 17,232	- 1,340	- 18,572
Currency translation differences and other movements	- 10,584	7,291	- 3,293
	- 69,202	- 216,035	- 285,237
Balance as at 31 December	436,848	8,513	445,361

The Group is partner in the following joint ventures:

ENTITY	COUNTRY OF INCORPORATION	Ownership interest 2014	2013
VBMS B.V. (formerly named VSMC B.V.)	Netherlands	**50%**	50%
Smit Lamnalco Ltd	Cyprus	**50%**	50%
Ocean Marine Egypt S.A.E	Egypt	**50%**	50%
Asian Lift Pte. Ltd.	Singapore	**50%**	50%
Keppel Smit Towage Pte Ltd	Singapore	**49%**	49%
Maju Maritime Pte Ltd	Singapore	**49%**	49%
SAAM SMIT Towage Brasil S.A.*	Brasil	**50%**	100%
SAAone Holding B.V.	Netherlands	**17%**	17%

* Until mid-2014 SAAM SMIT Towage Brasil S.A. (previously Rebras Rebocadores do Brasil S.A.) was consolidated in the financial statements of the Group.

The key associated companies of the Group are:

COMPANY	COUNTRY OF INCORPORATION	Ownership interest 2014	2013
Damietta for Maritime Services Company S.A.E.	Egypt	**31%**	31%
SAAM Remolques S.A. de C.V.	Mexico	**49%**	-

The voting rights in associated companies are equal to the ownership interests.

For a disclosure on the commitments provided with regard to strategic partnerships reference is made to paragraph 28.

17. NON-CURRENT FINANCIAL ASSETS

17.1 OTHER NON-CURRENT RECEIVABLES

	2014	2013
Balance as at 1 January	**12,674**	16,491
Granted loan (to joint venture)	**7,153**	2,603
Repayment of loan (by joint venture)	**- 9,278**	- 2,016
Currency translation differences and other movements	**- 2,458**	- 4,404
Balance as at 31 December	**8,091**	12,674

The other non-current receivables comprise loans to joint ventures, associated companies, long-term advance payments to suppliers and long-term receivables and retentions from customers, which are due in agreed time schedules. This item also includes accrued receivables which are allocated to the result over periods longer than one year.

17.2 FINANCIAL INSTRUMENTS AVAILABLE FOR SALE

In the fourth quarter of 2014 the group acquired 19.9% of the certificates on outstanding shares of Fugro N.V. The interest is classified as a financial instrument available for sale. This is as follows:

	2014
Balance as at 1 January	**-**
Acquisition of share in Fugro N.V.	**242,364**
Change in value in the period	**48,571**
Balance as at 31 December	**290,935**

18. INVENTORIES

	2014	2013
Fuel and materials	**42,337**	38,558
Spare parts	**58,260**	56,045
Other inventories	**2,479**	3,213
	103,076	97,816

During 2014 and 2013 no write-down of inventories to net realizable value was required.

19. DUE FROM AND DUE TO CUSTOMERS

	2014	2013
Cumulative incurred costs plus profit in proportion to progress less provisions for losses	**3,760,654**	4,174,875
Progress billings	**3,778,032**	4,065,327
Advances received	**98,861**	111,808
Progress billings and advances received	**3,876,893**	4,177,135
Balance	**- 116,239**	- 2,260
Due from customers	**167,494**	251,362
Due to customers	**- 283,733**	- 253,622
Balance	**- 116,239**	- 2,260

As at year-end 2014 the payments due from customers do not include amounts which will be paid subject to specified conditions (retentions) from third parties (2013: EUR 10.2 million). The determination of the profit in proportion to the stage of completion and the provision for losses is based on estimated costs and revenues of the relating projects. These estimates contain uncertainties.

20. TRADE AND OTHER RECEIVABLES

	2014	2013
Trade receivables	**363,621**	418,449
Amounts due from joint ventures and associated companies	**24,650**	12,231
Other receivables and prepayments	**243,726**	252,637
	631,997	683,317

21. CASH AND CASH EQUIVALENTS

	2014	2013
Bank balances and cash	**357,748**	281,731
Short-term bank deposits	**38,204**	48,620
Cash and cash equivalents	**395,952**	330,351
Bank overdrafts	**- 2,371**	- 5,709
Bank balances and cash of disposal group	**1,855**	24,526
Short-term bank deposits to disposal group	**-**	5,136
Net cash and cash equivalents in the consolidated statement of cash flows	**395,436**	354,304

Cash and cash equivalents include EUR 65,2 million (2013: EUR 65,0 million) held by project-driven construction consortiums (joint operations). The remaining funds were freely disposable.

22. GROUP EQUITY

22.1 ISSUED CAPITAL AND SHARE PREMIUM

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

Movements can be specified as follows:

(in number of shares)	**2014**	2013
On issue and fully paid at 1 January	**120,265,063**	107,283,679
Stock dividend	**2,672,757**	3,284,415
Stock issuance	**-**	9,696,969
On issue and fully paid at 31 December	**122,937,820**	120,265,063
Repurchased shares	**- 629,123**	- 6
Shares entitled to dividend at 31 December	**122,308,697**	120,265,057

Stockdividend

In 2014 a dividend was distributed relating to financial year 2013 for an amount of EUR 1,24 per share, for a total amount of EUR 149.1 million. 75% of the shareholders opted for a dividend in shares. As a result 2,672,757 new shares Royal Boskalis Westminster N.V. were issued.

Share issue

On 10 January 2013 Boskalis issued shares for a price of EUR 33.00 per share to finance the acquisition of shares of Dockwise. Boskalis issued 9,696,969 shares. The expenses related to the issuance of these shares amounted to EUR 2.1 million after taxation.

Repurchase of shares

On 13 May 2014 the General Meeting of Shareholders agreed upon the conditions for the repurchase of own shares as part of the share repurchase program, for a period of 18 months. On 14 August 2014 the Group started repurchasing the shares. In 2014 629,123 shares were repurchased for an amount of EUR 27.7 million (including EUR 1.7 million dividend tax).

Share premium

The share premium consists of additional paid-in capital exceeding the par value of outstanding shares. The share premium is distributable free of tax.

Shares per balance sheet date

The issued capital as at 31 December 2014 consists of 122,937,820 ordinary shares with a par value of EUR 0.80 each and consequently amounts to EUR 98.4 million (2013: EUR 96.2 million). 629,123 shares were owned by the Group as at 31 December 2014 as part of the issued capital. The six ordinary shares which were owned by the Group as at 31 December 2013 were sold on 13 March 2014.

Preference shares

The Stichting Continuïteit KBW has received an option right to acquire cumulative protective preference shares in Royal Boskalis Westminster N.V. This option has not been exercised yet.

22.2 RETAINED EARNINGS

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

22.3 DIVIDENDS

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

	2014	2013
Dividends previous year EUR 1.24 respectively EUR 1.24 per ordinary share	**149,129**	145,056
Total announced and distributed dividend	**149,129**	145,056
Stock dividend	**112,021**	101,819
Cash dividend	**37,108**	43,237
TOTAL DISTRIBUTED DIVIDEND	**149,129**	145,056

In 2014 25% of the shareholders have opted for a distribution of dividend in cash. An amount of EUR 37.1 million was distributed and the accompanying dividend tax was paid in July 2014.

22.4 EARNINGS PER SHARE

Earnings per share over 2014 amount to EUR 4.03 (2013: EUR 3.09). As a result of a lack of dilution effects, the diluted earnings per share also amount to EUR 4.03 (2013: EUR 3.09). The calculation of earnings per share is based on the profit attributable to shareholders of EUR 490.3 million (2013: EUR 365.7 million) and the weighted average number of ordinary shares for the year 2014 is 121,606,364 (2013: 118,445,238). This number is calculated as follows:

(in number of shares)	**2014**	2013
Issued ordinary shares (entitled to dividend) as at 1 January	**120,265,057**	107,283,679
Weighted effect of ordinary shares issued due to optional dividend	**1,493,815**	1,889,663
Weighted effect of ordinary shares issued	**-**	9,271,896
Weighted effect on purchased own ordinary shares issued	**- 152,508**	-
Weighted average number of ordinary shares during the fiscal year	**121,606,364**	118,445,238

The first adoption of IFRS 10 and IFRS 11 does not affect the earnings per share.

22.5 OTHER RESERVES

Movement in other reserves:

	Legal reserves					
	OTHER LEGAL RESERVE	**HEDGING RESERVE**	**REVALUATION RESERVE**	**CURRENCY TRANSLATION RESERVE**	**ACTUARIAL RESERVE**	**TOTAL OTHER RESERVES**
Note	*[22.5.1]*	*[22.5.2]*	*[22.5.3]*	*[22.5.4]*	*[22.5.5]*	
Balance as at 1 January 2014	**305,500**	**- 22,598**	**43,150**	**- 61,106**	**- 32,031**	**232,915**
Defined benefit plan actuarial gains (losses) and asset limitation, after taxation	**-**	**-**	**-**	**-**	**- 53,270**	**- 53,270**
Foreign currency translation differences for foreign operations, after taxation	**-**	**-**	**-**	**202,382**	**-**	**202,382**
Cash flow hedges, after taxation	**-**	**3,559**	**-**	**-**	**-**	**3,559**
Realization through sale of underlying asset	**-**	**-**	**- 1,936**	**-**	**-**	**- 1,936**
Reclass result of new joint venture to revaluation reserve	**-**	**-**	**4,405**	**-**	**-**	**4,405**
Movement legal reserve	**34,689**	**-**	**-**	**-**	**-**	**34,689**
Total movement	**34,689**	**3,559**	**2,469**	**202,382**	**- 53,270**	**189,829**
Balance as at 31 December 2014	**340,189**	**- 19,039**	**45,619**	**141,276**	**- 85,301**	**422,744**

	Legal reserves					
	OTHER LEGAL RESERVE	HEDGING RESERVE	REVALUATION RESERVE	CURRENCY TRANSLATION RESERVE	ACTUARIAL RESERVE	TOTAL OTHER RESERVES REVISED*
Note	*[22.5.1]*	*[22.5.2]*	*[22.5.3]*	*[22.5.4]*	*[22.5.5]*	
Balance as at 1 January 2013	**325,853**	**- 11,440**	**20,434**	**- 3,234**	**- 129,014**	**202,599**
Defined benefit plan actuarial gains (losses) and asset limitation, after taxation	-	-	-	-	63,919	63,919
Foreign currency translation differences for foreign operations, after taxation	-	-	-	- 57,872	-	- 57,872
Cash flow hedges, after taxation	-	- 11,158	-	-	-	- 11,158
Gross up actuarial reserve regarding company pension fund Smit prior to reclassification	-	-	-	-	- 7,996	- 7,996
Reclass relating to settlement of Smit company pension scheme	-	-	-	-	41,060	41,060
Revaluation existing participation prior to business combination Dockwise	-	-	22,716	-	-	22,716
Movement legal reserve	- 20,353	-	-	-	-	- 20,353
Total movement	- 20,353	- 11,158	22,716	- 57,872	96,983	30,316
Balance as at 31 December 2013	305,500	- 22,598	43,150	- 61,106	- 32,031	232,915

* For the revisions in previous year reference is made to note 2.2 in the accounting policies.

The changes in accounting principles do not affect the other reserves. The legal reserves are based on Dutch law and are not available for dividend distribution to shareholders.

22.5.1 OTHER LEGAL RESERVE (LEGAL RESERVE)

With regard to the difference between the cost price and equity value of joint ventures and associated companies, a legally required reserve is recognized resulting from a lack of control over the distribution of profits only to the extent that these differences are not included in the accumulated currency translation differences on foreign operations.

22.5.2 HEDGING RESERVE (LEGAL RESERVE)

The hedging reserve comprises the fair value of effective cash flow hedges, not yet realized at balance sheet date, net of taxation, including results realized on the "rolling forward" of existing hedges as a result of differences between the duration of the hedges concerned and the underlying cash flows. Details about the movements in the hedging reserve are disclosed in note 27.2.

22.5.3 REVALUATION RESERVE (LEGAL RESERVE)

This reserve relates mainly to the revaluations of the existing interests in 2008 following the business combination Dragamex SA de CV and Codramex SA de CV and the profit with respect to the revaluation of the existing non-controlling interest prior to the business combination with Smit Internationale N.V. (2010: EUR 17.3 million) and Dockwise Ltd. (2013: EUR 22.7 million). In 2014 part of the assets which were revaluated in 2008 were disposed and the accompanying revaluation reserve was released in favour of the retained earnings. Furthermore, in 2014 an amount of EUR 4.4 million is transferred from the retained earnings with respect to the book result on the newly formed strategic partnership SAAM-Smit.

22.5.4 CURRENCY TRANSLATION RESERVE (LEGAL RESERVE)

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

22.5.5 ACTUARIAL RESERVE

The actuarial reserve relates to the limitation on net plan assets of defined benefit pension schemes and the actuarial gains and losses, which originated from the difference between the realized and the expected movement in defined benefit obligations and the return on plan assets. The movement in 2013 from actuarial reserve to reserve retained earnings is initiated by the settlement of a company pension scheme (reference is made to note 24.1).

23. INTEREST-BEARING BORROWINGS

	31 DECEMBER	
	2014	2013
NON-CURRENT LIABILITIES		
Mortgage loans	**6,141**	16,829
Other interest-bearing loans	**816,676**	948,206
	822,817	965,035
CURRENT LIABILITIES		
Mortgage loans (current portion)	**3,277**	4,029
Other interest-bearing loans (current portion)	**74,846**	-
	78,123	4,029

In 2014, the Group agreed with the bank syndicate to adapt the credit facility, consisting of a term loan of USD 525 million and a revolving credit facility of EUR 500 million as agreed upon in 2013, to a revolving multi-currency credit facility. This adjusted credit facility, amounting to EUR 600 million, has a duration of 5 year, with an option to extend to 7 years. On 31 December 2014 the Group drew USD 215 million and EUR 75 million respectively as part of this credit facility.

The Other interest-bearing loans concern, translated at year-end foreign currency rates, for EUR 622.4 million (2013: EUR 589.7 million) two US Private Placements. One, amounting to USD 325 million, was placed with institutional investors in July 2013. The principal of this placement will be repayed after the duration of ten years. The annual interest rate amounts to 3.66%. The other loan concerns a US private placement of an inaugural US dollar 433 million and GBP 11 million, in July 2010, with institutional investors in the United States and the United Kingdom. The placement consists of three tranches with an original duration of 7, 10 and 12 year respectively. The US dollar and GBP proceeds have been swapped into euros, for a total amount of EUR 354 million, through a cross currency rate swap. The fixed interest rate amounts to 4.76%.

The Group has agreed to comply with a number of covenants with the bank syndicate and US private placement holders. These are mainly a net debt / EBITDA ratio, with a limit of 3, and the EBITDA / net interest ratio, with a minimum of 4. These covenants are met as at 31 December 2014.

Interest rates, remaining terms and currencies of the interest-bearing borrowings are disclosed in the explanatory notes to the financial instruments in the interest rate risk paragraph. As at 31 December 2014 the average interest rate for the non-current portion of the mortgage loans and other interest-bearing loans was 3.53% (2013: 3.42%). The non-current portions of other interest-bearing loans due after more than five years amount to EUR 433.9 million (2013: EUR 384.5 million). The loans of the disposal group as at 31 December 2014 are disclosed in note 5.3.

24. EMPLOYEE BENEFITS

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

		31 DECEMBER	
	Note	**2014**	2013
Defined benefit pension schemes	*[24.1]*	**68,280**	6,061
Other liabilities on account of employee benefits		**7,780**	7,696
Employee benefits		**76,060**	13,757

24.1 DEFINED BENEFIT PENSION SCHEMES

	DEFINED BENEFIT OBLIGATION	FAIR VALUE PLAN ASSETS	SURPLUS/ DEFICIT (-)	UNFUNDED PENSION LIABILITIES	TOTAL	CHARGED TO CONSOLI-DATED INCOME STATEMENT	RECOG-NIZED DIRECTLY IN EQUITY
Balance as at 1 January 2014	**554,486**	**585,038**	**30,552**	**- 4,673**	**25,879**		
Current service cost	**31,278**	**-**	**- 31,278**	**- 20**	**- 31,298**	**31,298**	
Past service cost	**- 809**	**-**	**809**	**-**	**809**	**- 809**	
Interest cost on obligation	**21,765**	**-**	**- 21,765**	**- 149**	**- 21,914**	**21,914**	
Contributions received from the Group	**-**	**31,875**	**31,875**	**-**	**31,875**		
Return on plan assets	**-**	**21,128**	**21,128**	**-**	**21,128**	**- 21,128**	
Net actuarial gains / losses	**153,910**	**66,314**	**- 87,596**	**- 798**	**- 88,394**		**88,394**
Benefits paid	**- 18,709**	**- 18,709**	**-**	**324**	**324**		
Foreign currency exchange rate changes and other changes	**5,887**	**6,286**	**399**	**-**	**399**		
Total movement	**193,322**	**106,894**	**- 86,428**	**- 643**	**- 87,071**	**31,275**	**88,394**
Balance as at 31 December 2014	**747,808**	**691,932**	**- 55,876**	**- 5,316**	**- 61,192**		
Limitation on net plan assets as at 1 January					**- 31,940**		
Movement in limit on net plan assets					**24,852**		**- 24,852**
Limitation on net plan assets as at 31 December					**- 7,088**		
Balance as at 31 December 2014 after limitation on net plan assets					**- 68,280**		
Total result defined benefit pension schemes					**94,817**	**31,275**	**63,542**

	DEFINED BENEFIT OBLIGATION	FAIR VALUE PLAN ASSETS	SURPLUS/ DEFICIT (-)	UNFUNDED PENSION LIABILITIES	TOTAL	CHARGED TO CONSOLI-DATED INCOME STATEMENT	RECOG-NIZED DIRECTLY IN EQUITY
Balance as at 1 January 2013	789,692	700,381	- 89,311	- 4,616	- 93,927		
Current service cost	32,414	-	- 32,414	- 18	- 32,432	32,432	
Past service cost	- 3,556	-	3,556	-	3,556	- 3,556	
Interest cost on obligation	23,238	-	- 23,238	- 169	- 23,407	23,407	
Contributions received from the Group	-	60,291	60,291	-	60,291		
Return on plan assets	-	19,505	19,505	-	19,505	- 19,505	
Net actuarial gains / losses	- 120,162	- 12,250	107,912	- 178	107,734		- 107,734
Benefits paid	- 24,507	- 24,507	-	308	308		
Acquired through business combination	26,350	27,248	898	-	898		
Transfers, foreign currency exchange rate changes and other changes	- 168,983	- 185,630	- 16,647	-	- 16,647		16,588
Total movement	- 235,206	- 115,343	119,863	- 57	119,806	32,778	- 91,146
Balance as at 31 December 2013	554,486	585,038	30,552	- 4,673	25,879		
Limitation on net plan assets as at 1 January					- 5,570		
Movement in limit on net plan assets					- 26,370		26,370
Limitation on net plan assets as at 31 December					**- 31,940**		
Balance as at 31 December 2013 after limitation on net plan assets					**- 6,061**		
Total result defined benefit pension schemes					- 31,998	32,778	- 64,776

As of 1 July 2014 the Group has adjusted its pension plan for the majority of its Dutch (staff) employees. The adjustments mainly relate to the increase in the annual pension accrual rate and the increase of the pensionable age to 67 years. These adjustments have resulted in a non-recurring non-cash past service cost expense of EUR 14.6 million. The expense has been accounted for in the first half of 2014. The board of the pension fund, Boskalis pension fund, decided to liquidate the fund as at 11 April 2014. In the second half of 2014 all assets and liabilities from the fund were transferred to Pensioenfonds Grafische Bedrijven (PGB). The transfer did not affect the consolidated income statement. In the fourth quarter the Group announced to further adjust the pension schemes for Dutch staff employees as of 2015. These adjustments consist of the decrease in the offset, decrease in the annual pension accrual rate and the introduction of a cap on pensionable salary. This announcement resulted in a non-recurring non-cash past service cost gain of EUR 15.4 million. On balance, a non-cash gain amounting to EUR 0.8 million is recognized in the income statement 2014 as a result of the (announced) adjustments in pension schemes.

Part of the Dutch staff participates in five multi-employer pension funds. These pension funds have indicated they are not able to provide sufficient information for a calculation in accordance with IFRS because there is no reliable and consistent basis to attribute the pension obligations, plan assets, income and expenses to the individual member companies of these pension funds. In all cases in which participation takes place in multi-employer pension funds, the Group has no obligation whatsoever to pay additional contributions in the case of a shortage in the respective fund, other than contributing future premiums. Neither can the Group impose its rights on potential surpluses in these funds. As a result, these defined benefit pension schemes are accounted for as defined contribution pension schemes in these financial statements, in accordance with IFRS.

The defined benefit pension schemes that are funded, respectively placed at pension funds, are the company pension funds in The Netherlands, Belgium, United Kingdom, United States and South Africa. The pension rights include retirements and dependants pensions These pension schemes are characterized by defined pension rights over service years, mainly based on average wages. The pension rights are indexed where for the main part of these schemes a limit is set to the available contributions and the return on investments respectively. The pension schemes, liabilities and plan assets are managed by pension funds or insurance companies. The risks for the Group related to the pensions is therefore limited. Regarding the funded defined benefit schemes there are no legal or constructive obligations for the Group for immediate replenishment in case of insufficient funds to fulfill future actuarially determined obligations. The future cashflows are limited to the yearly actuarially determined contributions due. The contribution is subject to the customary, actuarial assumptions, expected returns and agreed contribution ceiling.

The pension scheme managed by PGB does neither have an obligation for replenishment nor any specific separated plan assets of the Group. As such, the plan assets of the Boskalis pension scheme are determined actuarially based on the present value of the liabilities transferred to PGB.

The unfunded defined benefit pension schemes are minor pension schemes for two German Group companies. The other pension schemes within the Group do not classify as defined benefit pension schemes.

Plan assets consist of the following:

	31 DECEMBER	
	2014	2013
Investments quoted in active markets		
Equities	**32,688**	170,927
Bonds	**157,602**	357,089
Real estate	**1,139**	14,171
	191,429	542,187
Unquoted investments		
Cash (non-interest-bearing)	**924**	54,195
Other receivables and payables	**3,062**	- 11,344
	3,986	42,851
Actuarial valuation of the inseperable share in plan assets of funds, mainly PGB	**496,517**	-
Total plan assets	**691,932**	585,038

As per 31 December 2014 and 31 December 2013 the plan assets do not include shares issued by Royal Boskalis Westminster N.V.

Periodically the boards of the pension funds prepare an asset liability management study to assess the matching of the pension liability and the expected duration of the investments. Based on the outcome of these studies the management of the pension funds adjusts, if necessary, the nature and mix of the asset portfolio on the expected duration of the pension liabilities. The average duration of the obligations of the pension schemes is about 19 years.

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

	2014	2013
Total result defined benefit schemes	**94,817**	- 31,998
Pension costs for defined benefit pension schemes charged to the consolidated income statement	**- 31,275**	- 32,778
Actuarial gains and losses and asset limitation recognized directly in equity	**63,542**	- 64,776
Taxation	**- 10,272**	8,853
Actuarial gains and losses and asset limitation recognized directly in equity net of tax	**53,270**	- 55,923
Effective return on plan assets	**87,442**	7,255

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

	2014	2013
Accumulated actuarial gains and losses as at 31 December	**- 114,480**	- 26,086
Asset limitation on net plan assets as at 31 December	**- 7,088**	- 31,940
	- 121,568	- 58,026

In 2015 the Group expects to contribute premiums at an amount of EUR 24.4 million to funded defined benefit schemes and premiums at an amount of EUR 0.4 million to unfunded defined benefit schemes.

The principal actuarial assumptions used for the calculations are:

	2014	2013
Discount rate	**2.43%**	3.90%
Expected future salary increases	**1.80%**	2.00%
Expected future inflation	**1.80%**	2.30%
Expected future pension increases active participants	**1.38%**	1.90%
Expected future pension increases inactive participants	**0.68%**	1.00%

Assumptions per 31 December 2014	Increase of 0.25%	Decrease of 0.25%
Effect on defined benefit obligation		
Change in discount rate	- 35,574	38,645
Change in expected future salary increases	5,344	- 5,144
Change in pension increase participants	6,342	- 5,736
Change in pension increase participants	27,585	- 25,361
Effect on attributed pension expenses to the service year		
Change in discount rate	- 2,928	3,220
Change in expected future salary increases	591	- 579
Change in pension increase participants	782	- 672
Change in pension increase participants	2,163	- 1,765

Assumptions per 31 December 2013	Increase of 0.25%	Decrease of 0.25%
Effect on defined benefit obligation		
Change in discount rate	- 22,514	24,244
Change in expected future salary increases	3,914	- 3,730
Change in pension increase participants	4,016	- 3,623
Change in pension increase participants	16,696	- 15,751
Effect on attributed pension expenses to the service year		
Change in discount rate	- 1,790	1,946
Change in expected future salary increases	402	- 390
Change in pension increase participants	489	- 424
Change in pension increase participants	1,244	- 1,164

Historical information:

	2014	2013	2012	2011	2010
Defined benefit obligation	**- 747,808**	- 554,486	- 789,692	- 687,660	- 586,570
Fair value of plan assets	**691,932**	585,038	700,381	629,183	580,157
Surplus / deficit (-)	**- 55,876**	30,552	- 89,311	- 58,477	- 6,413
Unfunded pension liabilities	**- 5,316**	- 4,673	- 4,616	- 4,359	- 4,420
Total surplus / deficit (-)	**- 61,192**	**25,879**	**- 93,927**	**- 62,836**	**- 10,833**

The movements in defined benefit obligations and the fair value of plan assets are primarily caused by changes in the discount rate.

24.2 DEFINED CONTRIBUTION PENSION SCHEMES

In 2015 the Group expects to contribute an amount of EUR 20.0 million for premiums to defined contributions schemes. This concerns contributions to pension schemes placed with multi-employer pension funds, which are accounted for as defined contribution pension schemes in these financial statements, in accordance with IFRS.

25. PROVISIONS

	UNFAVOURABLE AND ONEROUS CONTRACTS	CLAIMS	GUARANTEE OBLIGATIONS	SOIL DECONTA-MINATION	OTHER	TOTAL	2013
Balance as at 1 January 2014	**20,527**	**4,828**	**3,031**	**1,575**	**900**	**30,861**	24,958
Acquired through business combinations	**-**	**-**	**-**	**-**	**-**	**-**	22,328
Provisions made during the year	**6,620**	**3,305**	**3,220**	**-**	**23**	**13,168**	7,819
Provisions used during the year	**- 9,126**	**- 2,173**	**- 138**	**-**	**-**	**- 11,437**	- 19,947
Provisions reversed during the year	**-**	**- 530**	**- 150**	**- 454**	**-**	**- 1,134**	- 2,827
Reclass to disposal group	**-**	**- 303**	**-**	**-**	**-**	**- 303**	- 2,551
Other movements	**1,247**	**110**	**564**	**-**	**-**	**1,921**	1,522
Exchange rate differences	**- 709**	**-**	**-**	**-**	**-**	**- 709**	- 441
Balance as at 31 December 2014	**18,559**	**5,237**	**6,527**	**1,121**	**923**	**32,367**	30,861
Non-current	**17,048**	**3,608**	**6,341**	**1,121**	**473**	**28,591**	26,202
Current	**1,511**	**1,629**	**186**	**-**	**450**	**3,776**	4,659
Balance as at 31 December 2014	**18,559**	**5,237**	**6,527**	**1,121**	**923**	**32,367**	30,861

The provision for unfavourable and onerous contracts consists mainly of provisions, resulting from business combinations (primarily in 2013), for projects or customer contracts with a negative fair value. Moreover in 2013 a provision is made for onerous contracts for unused offices. The provision for unused offices amounts to EUR 4.5 million as at 31 December 2014 (year-end 2013: EUR 6.8 million) includes expected (sub)rental income of EUR 0.3 million (2013: EUR 2.1 million).

The other provisions relate mainly to warranty liabilities, expected costs for cleaning up soil contamination and claims for completed projects received during the reporting period and in previous years. The Group disputes these claims and has made an assessment of the projected costs resulting from these claims. The results of the claims are uncertain and may differ from the above listed provisions.

26. TRADE AND OTHER PAYABLES

	31 DECEMBER	
	2014	2013
Trade payables	**185,248**	218,702
Taxes and social security payables	**41,975**	48,067
Amounts due to joint ventures and associated companies	**21,878**	21,164
Other creditors and accruals	**911,480**	854,776
	1,160,581	1,142,709

The trade and other payables are generally not interest-bearing.

27. FINANCIAL INSTRUMENTS

GENERAL

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

27.1 FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk, existing of: currency risk, interest rate risk and price risk

27.1.1 CREDIT RISK

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

Exposure to credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables. The Group's exposure to credit risk is mainly determined by the individual characteristics of each of the customers and the location of these customers.

A large part of the Group's projects in progress within the operational segments Dredging & Inland Infra and Offshore Energy is directly or indirectly performed on behalf of state controlled authorities and (contractors of) oil and gas producers in various countries and geographical areas. Activities relating to Harbour Towage activities (part of Towage & Salvage) are often performed for major ship owning companies and harbour agents. Receivables relating to terminal services (part of Towage & Salvage) are generally outstanding with oil and gas producers, therefore a significant portion of the receivables relates to clients from these industries. Salvage receivables (part of Towage & Salvage) are mainly outstanding with shipping companies and their Protection & Indemnity Associations, or "P&I Clubs". In general there is healthy diversification of receivables with different customers in several countries in which the Group is performing its activities. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The credit history of the Group over the recent years indicates that bad debts incurred are insignificant compared to the level of activities. Therefore, management is of the opinion that credit risk is adequately controlled through the currently applicable procedures.

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

	31 DECEMBER	
	2014	2013
Non-current receivables	**8,091**	12,674
Trade receivables	**363,621**	418,449
Amounts due from joint ventures and associated companies	**24,650**	12,231
Other receivables and prepayments	**243,724**	252,637
Derivatives (receivable)	**9,329**	12,731
Income tax receivable	**11,558**	8,797
Cash and cash equivalents	**395,952**	330,351
	1,056,925	1,047,870

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

	31 DECEMBER	
	2014	2013
Dredging & Inland Infra	**227,396**	234,037
Offshore energy	**126,754**	129,921
Towage & Salvage	**7,411**	50,151
Holding	**2,060**	4,340
	363,621	418,449

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

	2014		2013	
	Gross	**Impairment**	Gross	Impairment
Not past due	**223.423**	**-**	219.481	-
Past due 0 - 90 days	**84.016**	**- 2.028**	129.385	- 1.589
Past due 90 - 180 days	**6.417**	**- 1.128**	48.862	- 4.124
Past due 180 - 360 days	**37.085**	**- 2.285**	9.359	- 1.515
More than 360 days	**31.248**	**- 13.127**	28.188	- 9.598
	382.189	**- 18.568**	435.275	- 16.826
Impairment	**- 18.568**		- 16.826	
Trade receivables at book value	**363.621**		418.449	

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

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

	2014	2013
Balance as at 1 January	**16,826**	14,120
Provisions made during the year	**9,864**	13,049
Provisions used during the year	**- 263**	- 10,482
Provisions released during the year	**- 7,590**	- 78
Exchange rate differences	**- 269**	217
	1,742	2,706
Balance as at 31 December	**18,568**	16,826

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

27.1.2 LIQUIDITY RISK

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

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

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements and excluding financial liabilities accounted for as part of the disposal group:

As at 31 December 2014	Book value	Contractual cash flows	One year or less	1 - 5 years	More than 5 years
Mortgage loans	**- 9,418**	**- 10,836**	**- 3,789**	**- 6,606**	**- 441**
Other interest-bearing loans	**- 891,522**	**- 1,084,865**	**- 107,207**	**- 489,986**	**- 487,672**
Bank overdrafts	**- 2,371**	**- 2,371**	**- 2,371**	**-**	**-**
Trade and other payables	**- 1,160,581**	**- 1,160,581**	**- 1,160,581**	**-**	**-**
Current tax payable	**- 195,162**	**- 195,162**	**- 195,162**	**-**	**-**
Derivatives	**- 21,279**	**- 3,061**	**- 14,463**	**2,484**	**8,918**
	- 2,280,333	**- 2,456,876**	**- 1,483,573**	**- 494,108**	**- 479,195**

As at 31 December 2013	Book value	Contractual cash flows	One year or less	1 - 5 years	More than 5 years
Mortgage loans	- 20,858	- 23,433	- 7,280	- 15,251	- 902
Other interest-bearing loans	- 948,206	- 1,161,492	- 32,312	- 680,882	- 448,298
Bank overdrafts	- 5,709	- 5,709	- 5,709	-	-
Trade and other payables	- 1,142,709	- 1,142,709	- 1,142,709	-	-
Current tax payable	- 142,481	- 142,481	- 142,481	-	-
Derivatives	- 69,387	- 73,812	- 2,427	- 25,440	- 45,945
	- 2,329,350	- 2,549,636	- 1,332,918	- 721,573	- 495,145

27.1.3 MARKET RISK

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

Currency risk

The functional currency of the Group is the euro. A number of group companies, of which the most important companies are Dockwise and other substantial strategic investments (Smit-Lamnalco, Keppel Smit Towage, Asian Lift and SAAM-Smit), have different functional currencies than the euro. The main other currency is the US Dollar, which is the functional currency of Dockwise, Smit-Lamnalco and SAAM-Smit, followed by the Singapore Dollar. The revenues and expenses of these companies are largely or entirely based on other currencies than the euro. These group companies attribute approximately 35 – 40% to the group revenue, 40 – 45% to the operational result and 35 – 40% to the EBITDA in 2014. The Board of Management has defined a policy to control foreign currency risks based on hedging of material transactions in foreign currencies of group companies other than the functional currency. The basic assumption is that these group companies hedge their currency risks, if material, which result from operational transactions in currencies different than their functional currency. The Group contracts a larger part of the projects in US Dollars and currencies which are related to some extent to the US Dollar or another currency. Consequently, a large part of the activities of the group companies have the euro as functional currency. This is mainly relevant for group companies involved in dredging or offshore projects. The expenses of these companies are mainly presented in euros and to lesser extent in local currencies of the country of operation of the activities.

Consequently, the reported financial results and cash flows of the respective operations are exposed to foreign currency risk. The exchange rate of the US Dollar and the euro are relevant in this perspective. The Board of Management has defined a policy to mitigate foreign risks by hedging foreign currency exposure of operational activities immediately, in most cases by forward currency contracts.

The Group uses derivative financial instruments only to the extent to hedge related transactions, mainly from future cash flows from agreed project. The Group applies hedge accounting for its cash flow hedges.

Exposure to currency risk
The Group's currency risk management policy was carried out during 2014 and resulted in a non-material sensitivity of the Group to currency transaction risk.

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

	Average rate		Spot rate as per 31 December	
Euro	**2014**	2013	**2014**	2013
US Dollar	**1.326**	1.330	**1.210**	1.378
Singapore Dollar	**1.682**	1.667	**1.604**	1.740
South African Rand	**14.356**	12.850	**13.999**	14.440
Brazilian Real	**3.121**	2.883	**3.217**	3.240

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

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

	31 DECEMBER	
Euro	**2014**	2013
US dollar	**1,553,145**	1,100,342
Singapore dollar	**408,460**	295,793
South African rand	**27,130**	20,904
Brazilian real	**5,843**	46,093
	1,994,578	1,463,132

For the year 2014, profit before tax, excluding the effect of non-effective cash flow hedges, would have been EUR 14.2 million higher (2013: EUR 16.9 million higher) if the corresponding functional currency had strengthened by 5% in comparison to the euro with all other variables, in particular interest rates, held constant. This would have been mainly as a result of foreign exchange gains on translation of the US Dollar denominated result of the affiliates mentioned above. The total effect on the currency translation reserve amounts to about EUR 89 million (2013: approximately EUR 75 million).

A 5% weakening of the corresponding functional currency against the euro at year-end would have had the equal but opposite effect assuming that all other variables would remain constant.

Currency translation risk, excluding interest-bearing financing
The currency translation risk can be summarized as follows:

	2014	2013
Expected cash flows in US dollars	**205,168**	238,482
Expected cash flows in Australian dollars	**- 84,872**	- 84,710
Expected cash flows in Britsch Pounds	**20,747**	26,591
Expected cash flows in Indian Rupees	**36,849**	73,998
Expected cash flows in Singapore dollars	**- 10,413**	- 29,960
Expected cash flows in Swedish Krona	**23,951**	7,654
Expected cash flows in other currencies	**2,088**	- 5,059
Expected cash flows in foreign currencies	**193,518**	226,996
Cash flow hedges	**- 171,167**	- 229,837
Net position	**22,351**	- 2,841

Sensitivity analysis

Due to the fact that the expected future cash flows in foreign currencies are hedged, the sensitivity for foreign currency risk for financial instruments, excluding interest-bearing financing, is limited for the Group. The Group is mainly funded with loans denominated in euros and in US Dollars, as well as US Private Placements denominated in US Dollars and in Great British Pounds Sterling (reference is made to note 23). To a large extent the US Dollar Private Placements and the full amount expressed in Great British Pound Sterling is swapped into euros, by means of cross currency swaps. The other part of the US Private Placements expressed in US Dollar and the other US Dollar financing is used to hedge, in part, the net-investment in Dockwise and Fairmount, including the intercompany financing provided to Dockwise. As a result there is no sensitivity in the profit and loss account with respect to financing in other currencies that the euro.

Interest rate risk

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

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

As at 31 December 2014	Interest rate	One year or less	1 - 5 years	Over 5 years	Total
Cash and cash equivalents	**0.03%**	**357,748**	**-**	**-**	**357,748**
Short-term deposits	**4.92%**	**38,204**	**-**	**-**	**38,204**
Mortgage loans (EUR)	**4.40%**	**- 1,756**	**-**	**-**	**- 1,756**
Mortgage loans (other)	**8.56%**	**- 1,521**	**- 5,687**	**- 454**	**- 7,662**
Other interest-bearing loans (EUR)	**0.75%**	**- 74,846**	**- 2,006**	**-**	**- 76,852**
Other interest-bearing loans (US Dollar)	**3.43%**	**-**	**- 381,197**	**- 420,616**	**- 801,813**
Other interest-bearing loans (other)	**5.19%**	**-**	**-**	**- 12,857**	**- 12,857**
Bank overdrafts (EUR)	**1.15%**	**- 1,374**	**-**	**-**	**- 1,374**
Bank overdrafts (other)	**17.50%**	**- 997**	**-**	**-**	**- 997**
		315,458	**- 388,890**	**- 433,927**	**- 507,359**

As at 31 December 2013	Interest rate	One year or less	1 - 5 years	Over 5 years	Total
Cash and cash equivalents	0.03%	281,731	-	-	281,731
Short-term deposits	2.26%	48,620	-	-	48,620
Mortgage loans (EUR)	3.41%	- 2,718	- 9,600	-	- 12,318
Mortgage loans (other)	8.75%	- 1,311	- 6,370	- 859	- 8,540
Other interest-bearing loans (EUR)	5.97%	-	- 8,703	- 2,501	- 11,204
Other interest-bearing loans (US Dollar)	3.32%	-	- 555,869	- 368,290	- 924,159
Other interest-bearing loans (other)	5.20%	-	-	- 12,843	- 12,843
Bank overdrafts (EUR)	1.25%	- 5,248	-	-	- 5,248
Bank overdrafts (other)	17.00%	- 461	-	-	- 461
		320,613	- 580,542	- 384,493	- 644,422

Cash, deposits and bank overdrafts and the other interest-bearing loans do not have fixed interest rates.

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

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments taking into account the corresponding effective hedge instruments, was:

	31 DECEMBER	
	2014	2013
FIXED RATE INSTRUMENTS		
Financial assets	**254,305**	220,538
Financial liabilities	**- 649,935**	- 587,089
	- 395,630	- 366,551
VARIABLE RATE INSTRUMENTS		
Financial assets	**141,647**	109,813
Financial liabilities	**- 251,005**	- 381,975
	- 109,358	- 272,162

A decrease of 100 basis points, if possible, in interest rates at 31 December 2014 would have increased the Group's profit before income tax by approximately EUR 2.1 million (2013: EUR 3.3 million increase), with all other variables, in particular currency exchange rates, held constant.

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

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

At year-end 2014 the Group has an interest of 19.9% of the certificates on shares of Fugro N.V. (reference made to paragraph 17.2). An in- or decrease of 10% of the share price leads to an in- or decrease of the non-realized results of EUR 29.1 million, which is directly recognized in shareholders' equity.

27.2 ON-BALANCE FINANCIAL INSTRUMENTS AND FAIR VALUE

Financial instruments accounted for under assets and liabilities are financial fixed assets, cash and cash equivalents, receivables, and current and non-current liabilities. Derivatives are mainly future cash flows hedged by forward contracts to which hedge accounting is applied. Furthermore, the Group holds a number of interest rate swaps. These are recognized under other derivatives.

The fair value of the majority of the financial instruments does not differ materially from the book value, with the exception of a number of loans and other payables with a fixed rate. The fair value of these instruments is disclosed below.

Fair value hierarchy
For the fair value measurement of the recognized financial instruments a fair value hierarchy is defined in accordance with IFRS 13:

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

The fair value of the forward exchange contracts is based on their listed market price (unadjusted market prices in active markets for identical assets and liabilities) or discounted cash flows based on relevant conditions and durations of the contracts and including public interest rates for comparable instruments per balance sheet date, taking in account the credit risk of the counterparty. The fair value other financial instruments is based on the actual interest rate as at balance sheet date, taking into account terms and maturity. The fair value of non-interest bearing financial instruments with a maturity of twelve months or less is supposed to be equal to their book value.

The fair value and the related hierarchy of the aforementioned financial instruments are:

	As at 31 December 2014			As at 31 December 2013		
	CARRYING AMOUNT	**FAIR VALUE**	**HIERACHY**	CARRYING AMOUNT	FAIR VALUE	HIERACHY
Assets						
Derivatives	**9,329**	**9,329**	**2**	12,731	12,731	2
Available for Sale assets	**290,935**	**290,935**	**1**	-	-	-
Liabilities						
Derivatives	**- 21,279**	**- 21,279**	**2**	- 69,387	- 69,387	2
Interest bearing loans with fixed interest rates	**- 649,935**	**- 716,761**	**3**	- 587,089	- 660,184	3

Derivatives

The composition of outstanding derivatives at year-end is presented below.

2014	WITHIN ONE YEAR	AFTER ONE YEAR	TOTAL
USD forward selling (in US Dollar)	**- 203,947**	**- 15,732**	**- 219,679**
Forward selling of other currencies (average contract rates in EUR)	**72,258**	**16,716**	**88,974**
Forward buying of other currencies (average contract rates in EUR)	**- 100,886**	**-**	**- 100,886**
Fuel hedges (in US Dollar)	**- 1,274**	**- 1,274**	**- 2,548**
Interest Rate Swaps (in EUR)	**3,133**	**29,122**	**32,255**

2013	WITHIN ONE YEAR	AFTER ONE YEAR	TOTAL
USD forward selling (in US Dollar)	- 296,546	- 13,512	- 310,058
USD forward buying (in US Dollar)	2,077	19	2,096
Forward selling of other currencies (average contract rates in EUR)	114,835	-	114,835
Forward buying of other currencies (average contract rates in EUR)	- 123,864	- 1,680	- 125,544
Fuel hedges (in US Dollar)	- 80	- 75	- 155
Interest Rate Swaps (in US Dollar)	- 437	- 1,763	- 2,200
Interest Rate Swaps (in EUR)	- 1,384	- 57,904	- 59,288

The remaining time to maturity of these derivatives has a direct relation to the remaining time to maturity of the relating underlying contracts in the order book.

Cash flows from forward currency buyings and sellings can be rolled forward at settlement date when they differ from the underlying cash flows.

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

	2014	2013
Balance hedging reserve as at 1 January	**- 22,598**	- 11,440
Movement in fair value of effective cash flow hedges recognized in group equity	**3,380**	- 16,780
Transferred to the income statement	**2,125**	1,603
Total directly recognized in group equity	**5,505**	- 15,177
Taxation	**- 1,946**	4,019
Directly charged to the Hedging reserve (net of taxes)	**3,559**	- 11,158
Balance hedging reserve as at 31 December	**- 19,039**	- 22,598

The results on non-effective cash flow hedges are presented within the operational costs and amount to EUR 1.1 million negative in 2014 (2013: EUR 1.1 million negative).

Netting of financial instruments

The Company nets financial instruments as far as this is appropriate. Below the netting of the balance sheet items is disclosed:

	AS AT 31 DECEMBER	
	2014	2013
Gross amount cash and cash equivalents	**416,655**	368,903
Nett bank overdrafts	**- 20,703**	- 38,552
Netted amount in balance sheet	**395,952**	330,351

27.3 CAPITAL MANAGEMENT

The Board of Management's policy is to maintain a strong capital base so as to maintain customer, investor, creditor and market confidence and to support future development of the business. The Board of Management monitors the return on equity, which the Group defines as net operating income divided by total shareholders' equity, excluding minority interests. The Board of Management also monitors the level of dividend to be paid to holders of ordinary shares. For the dividendpolicy reference is made to the Shareholders Information in the Annual Report.

The Board of Management seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the benefits of a sound capital position. The Group's target is to achieve a long-term return on equity of at least 12%; in 2014 the return was 17.5% (2013: 16.5%).

There were no changes in the Group's approach to capital management during the year. Neither the Group nor any of its Group companies are subject to externally imposed capital requirements.

The Group's net debt (EUR 2,753 million; 2013: EUR 2,789 million) to Group equity (EUR 3,160 million; 2013: EUR 2,532 million) at the reporting date amounts to 0.88 (2013: 1.10).

27.4 OTHER FINANCIAL INSTRUMENTS

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

28. COMMITMENTS AND CONTINGENT LIABILITIES

Operational lease obligations

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

	2014	2013
Within one year	**43,566**	42,513
Between one and five years	**73,502**	42,405
After more than five years	**10,465**	9,333
	127,533	94,251

Guarantees
The guarantee commitments as at 31 December 2014 amount to EUR 604 million (2013: EUR 701 million) and can be specified as follows:

	2014	2013
Guarantees provided by third parties with respect to:		
Joint ventures and associate companies	**81,000**	10,000
Contracts and joint ventures	**522,000**	678,000
Lease obligations and other financial obligations	**1,000**	13,000
	604,000	701,000

The above mentioned guarantees outstanding as at 31 December 2014 refer to counter-guarantees provided to financial institutions for approximately EUR 603 million (2013: approximately EUR 700 million) In 2014, 28 key Group companies are jointly and severally liable in respect of credit facilities and guarantees provided to several Group companies. In respect of these credit facilities, it has been agreed to limit the provision of further securities on existing property, plant and equipment. Group companies are jointly and severally liable for the non-consolidated part of the liabilities of their joint ventures: in total EUR 166.4 million (2012: EUR 158.7 million). Group companies are also jointly and severally liable for performance obligations for contracts with third parties in project-driven construction consortiums. In addition, certain recourse obligations exist in respect of project financiers and guarantees of deployment relating to equipment. Where deemed necessary, provisions have been made.

Capital commitments
As at 31 December 2014, capital commitments agreed upon amount to EUR 125 million (year-end 2013: EUR 198 million).

Capital contribution obligations
At year-end 31 December 2014 capital contribution obligations relating to PPS-companies amount to EUR 12.5 million (2013: EUR 12.5 million).

Other
Several legal proceedings and investigations have been instituted against (entities of) Royal Boskalis Westminster N.V. Where deemed necessary and if a reliable estimate of the future cash flows can be made, provisions have been made. Dutch companies form part of a fiscal unity. The companies are therefore liable for the tax obligations of the fiscal unity as a whole.

29. RELATED PARTIES

29.1 IDENTITY OF RELATED PARTIES

The identified related parties to the Group are its Group companies, its joint ventures, its associated companies (see note 16), its shareholders with significant influence, its pension funds that are classified as funded defined benefit pension schemes in accordance with IAS 19 and the members of the Supervisory Board and Board of Management.

GROUP COMPANIES

The following are the most relevant active Group companies.

COMPANY	CITY OF INCORPORATION	COUNTRY OF INCORPORATION	2014	2013
Baggermaatschappij Boskalis B.V.	Papendrecht	The Netherlands	100%	100%
Boskalis Finance B.V.	Papendrecht	The Netherlands	100%	100%
Boskalis Holding B.V.	Papendrecht	The Netherlands	100%	100%
Boskalis Holding I (dollar) B.V.	Papendrecht	The Netherlands	100%	100%
Boskalis Holding II (dollar) B.V.	Papendrecht	The Netherlands	100%	100%
Boskalis International B.V.	Papendrecht	The Netherlands	100%	100%
Boskalis Nederland B.V.	Rotterdam	The Netherlands	100%	100%
Boskalis Offshore Subsea Contracting B.V.	Papendrecht	The Netherlands	100%	100%
Boskalis Offshore Subsea Services B.V.	Rotterdam	The Netherlands	100%	100%
Boskalis Offshore Marine Services B.V.	Rotterdam	The Netherlands	100%	100%
Boskalis Offshore Marine Contracting B.V.	Rotterdam	The Netherlands	100%	100%
Boskalis Westminster Dredging B.V.	Papendrecht	The Netherlands	100%	100%
Boskalis Westminster International B.V.	Papendrecht	The Netherlands	100%	100%
Boskalis Westminster Shipping B.V.	Papendrecht	The Netherlands	100%	100%
BW Marine B.V.	Papendrecht	The Netherlands	100%	100%
BW Soco B.V.	Sliedrecht	The Netherlands	100%	100%
Hydronamic B.V.	Sliedrecht	The Netherlands	100%	100%
Boskalis Dolman B.V.	Dordrecht	The Netherlands	100%	100%
Boskalis Transport B.V.	Rotterdam	The Netherlands	100%	100%
Cofra B.V.	Amsterdam	The Netherlands	100%	100%
Aannemingsbedrijf De Jong & Zoon Beesd B.V.	Beesd	The Netherlands	100%	100%
Zuurmond Groen B.V.	Acquoy	The Netherlands	100%	100%
Aannemingsmaatschappij Markus B.V.	Halfweg	The Netherlands	100%	100%
MNO Vervat B.V.	Nieuw Vennep	The Netherlands	100%	100%
Boskalis Nederland Infra B.V.	Rotterdam	The Netherlands	100%	-
MNO Grond- Weg- en Waterbouw B.V.	Rotterdam	The Netherlands	100%	100%
J. van Vliet B.V.	Wormerveer	The Netherlands	100%	100%
Dockwise B.V.	Breda	The Netherlands	100%	100%
Dockwise Transport N.V.	Curaçao	Netherlands Antilles	100%	100%
Dockwise Shipping B.V.	Breda	The Netherlands	100%	100%
Dockwise Transporter B.V.	Breda	The Netherlands	100%	100%
Dockwise Vanguard B.V.	Breda	The Netherlands	100%	100%
Fairstar Heavy Transport N.V.	Rotterdam	The Netherlands	100%	100%
Fairstar Finesse B.V.	Rotterdam	The Netherlands	100%	100%
Target B.V.	Breda	The Netherlands	100%	100%
Talisman B.V.	Breda	The Netherlands	100%	100%
Treasure B.V.	Breda	The Netherlands	100%	100%
Triumph B.V.	Breda	The Netherlands	100%	100%
Trustee B.V.	Breda	The Netherlands	100%	100%
SMIT Harbour Towage Rotterdam B.V.	Rotterdam	The Netherlands	100%	100%
Smit Internationale Beheer B.V.	Rotterdam	The Netherlands	100%	100%
Smit Internationale N.V.	Rotterdam	The Netherlands	100%	100%
Smit Internationale Overseas B.V.	Rotterdam	The Netherlands	100%	100%
SMIT Salvage B.V.	Rotterdam	The Netherlands	100%	100%
Smit Vessel Management Services B.V.	Rotterdam	The Netherlands	100%	100%
Smit Towage Brasil B.V.	Papendrecht	The Netherlands	100%	-
Smit Towage Mexico Holding B.V.	Papendrecht	The Netherlands	100%	-
Smit Towage Holding B.V.	Papendrecht	The Netherlands	100%	-
Boskalis Offshore Fleet Management B.V.	Papendrecht	The Netherlands	100%	-
Fairmount Marine B.V.	Rotterdam	The Netherlands	100%	-
Fairmount Ocean Towage Company B.V.	Rotterdam	The Netherlands	100%	-
Fairmount Glacier B.V.	Rotterdam	The Netherlands	100%	-
Fairmount Expedition B.V.	Rotterdam	The Netherlands	100%	-
Fairmount Alpine B.V.	Rotterdam	The Netherlands	100%	-
Fairmount Sherpa B.V.	Rotterdam	The Netherlands	100%	-
Fairmount Summit B.V.	Rotterdam	The Netherlands	100%	-
Boskalis Offshore Transport Services N.V.	Antwerp	Belgium	100%	100%
Unie van Redding- en Sleepdienst België N.V.	Antwerp	Belgium	100%	100%
Unie van Redding- en Sleepdienst N.V.	Antwerp	Belgium	100%	100%
Boskalis Offshore Marine Services N.V.	Antwerp	Belgium	100%	100%
Dredging & Contracting Belgium N.V.	Overijse	Belgium	100%	100%
Heinrich Hirdes GmbH	Hamburg	Germany	100%	100%
Heinrich Hirdes EOD Services GmbH	Hamburg	Germany	100%	100%
Heinrich Hirdes Kampfmittelräumung GmbH	Duisburg	Germany	100%	100%

COMPANY	CITY OF INCORPORATION	COUNTRY OF INCORPORATION	2014	2013
Rock Fall Company Ltd	Fareham	United Kingdom	**100%**	100%
Boskalis Westminster Ltd	Fareham	United Kingdom	**100%**	100%
Cofra Ltd	Fareham	United Kingdom	**100%**	100%
Westminster Dredging (Overseas) Ltd	Fareham	United Kingdom	**100%**	100%
Westminster Gravels Ltd	Fareham	United Kingdom	**100%**	100%
Smit Harbour Towage (U.K.) Ltd.	Fareham	United Kingdom	**100%**	100%
Irish Dredging Company Ltd.	Cork	Ireland	**100%**	100%
Atlantique Dragage SARL	Nanterre	France	**100%**	100%
Sociedad Española de Dragados SA	Madrid	Spain	**100%**	100%
Dragapor Dragagens de Portugal SA	Alcochete	Portugal	**100%**	100%
Boskalis Italia S.r.l.	Rome	Italy	**100%**	100%
Terramare Oy	Helsinki	Finland	**100%**	100%
Boskalis Offshore A/S	Randaberg	Norway	**100%**	100%
Boskalis Sweden AB	Gothenburg	Sweden	**100%**	100%
Boskalis Polska Sp. z O.O.	Szczecin	Poland	**100%**	100%
Terramare Eesti Oü	Tallinn	Estonia	**100%**	100%
UAB Boskalis Baltic	Klaipeda	Lithuania	**100%**	100%
Limited Liability Company "Boskalis"	St. Petersburg	Russian Federation	**100%**	100%
Boskalis Offshore Subsea Contracting Azerbaijan LLC	Baku	Azerbaijan	**100%**	-
BKW Dredging & Contracting Limited	Nicosia	Cyprus	**100%**	100%
Boskalis Westminster Dredging Ltd	Nicosia	Cyprus	**100%**	100%
Boskalis Westminster Middle East Ltd	Nicosia	Cyprus	**100%**	100%
BW Marine (Cyprus) Ltd	Nicosia	Cyprus	**100%**	100%
Boskalis do Brasil Dragagem e Serviços Maritímos Ltda	Rio de Janeiro	Brazil	**100%**	100%
Stuyvesant Projects Realization Inc.	Wilmington	United States of America	**100%**	100%
Boskalis Westminster Inc.	Wilmington	United States of America	**100%**	100%
Stuyvesant Envirionmental Contracting LLC	Wilmington	United States of America	**100%**	100%
Boskalis Canada Dredging & Marine Service Ltd	Vancouver	Canada	**-**	100%
Smit Marine Canada Inc	Whitehorse	Canada	**-**	100%
SAAM SMIT Towage Brasil S.A.	Rio de Janeiro	Brazil	**-**	100%
Dragamex S.A. de CV	Coatzacoalcos	Mexico	**100%**	100%
Boskalis Panama S.A.	Ancon	Panama	**100%**	100%
Smit Harbour Towage (Panama), Inc.	Panama City	Panama	**100%**	100%
Boskalis Guyana Inc.	Georgetown	Guyana	**100%**	100%
Riovia S.A.	Montevideo	Uruguay	**100%**	100%
Boskalis International Uruguay S.A.	Montevideo	Uruguay	**100%**	100%
Dravensa C.A.	Caracas	Venezuela	**100%**	100%
Nigerian Westminster Dredging and Marine Ltd	Lagos	Nigeria	**60%**	60%
BKI Gabon S.A.	Libreville	Gabon	**100%**	100%
Smit Amandla Marine (Pty) Ltd.	Capetown	South Africa	**70%**	70%
Boskalis International Maledives Private Ltd	Male	Maledives	**100%**	-
Boskalis Mozambique Lda	Maputo	Mozambique	**100%**	-
Smit Marine South Africa (Pty) Ltd.	Capetown	South Africa	**100%**	100%
Boskalis Westminster (Oman) LLC	Seeb	Oman	**49%**	49%
Boskalis Westminster Al Rushaid Co Ltd	Dhahran	Saoudi Arabia	**49%**	49%
Boskalis Offshore Subsea Services (Middle East) L.L.C.	Dubai	United Arab Emirates	**49%**	49%
Boskalis Australia Pty Ltd	Chatswood	Australia	**100%**	100%
Boskalis Offshore Subsea Services (Australia) Pty Ltd	Chatswood	Australia	**100%**	100%
Boskalis Perth Pty Ltd	Perth	Australia	**100%**	-
Boskalis International (S.) Pte Ltd	Singapore	Singapore	**100%**	100%
Zinkcon Marine Singapore Pte Ltd	Singapore	Singapore	**100%**	100%
Koon Zinkcon Pte Ltd	Singapore	Singapore	**50%**	50%
Smit Shipping Singapore Pte. Ltd.	Singapore	Singapore	**100%**	100%
Smit Singapore Pte Ltd	Singapore	Singapore	**100%**	100%
Smit Holding Singapore Pte. Ltd.	Singapore	Singapore	**100%**	100%
Smit Tak Heavy Lift (S) Pte Ltd	Singapore	Singapore	**100%**	100%
P.T. Boskalis International Indonesia	Jakarta	Indonesia	**100%**	100%
Boskalis Smit India LLP	Mumbai	India	**100%**	100%
Beijing Boskalis Dredging Technology co Ltd.	Beijing	China	**100%**	100%
Boskalis Taiwan Ltd	Taipei	Taiwan	**100%**	100%

OTHER RELATED PARTIES

Strategic partnerships

The main important active joint ventures and associated companies are mentioned in note 16.

Pension funds that are classified as funded defined pension schemes in accordance with IAS 19
For information on pension funds that are classified as funded defined benefit pension plans in accordance with IAS 19, reference is made to note 24.1. There were no further material transactions with these pension funds.

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

29.2 RELATED PARTY TRANSACTIONS

Strategic partnerships
Transactions with joint ventures and associated companies (as part of regular business) take place on a large scale due to the nature of the business activities. In 2014 this refers to sales and purchases amounting to EUR 33.7 million, and EUR 8.5 million respectively (2013: EUR 18.1 million and EUR 24.2 million respectively). Amounts receivable from and payable to joint ventures and associated companies amounting to EUR 18.5 million and EUR 75.2 million respectively (2013: EUR 17.9 million and EUR 79.3 million respectively).

Members of the Board of Management and members of the Supervisory Board
The remuneration for (former) members of the Board of Management and Supervisory Board of the company in 2014 and 2013 were as follows:

	ANNUAL SALARIES AND REMUNERATION	EMPLOYER'S PENSION CONTRIBUTIONS	SHORT- AND LONGTERM VARIABLE REMUNERATION PAID	OTHER REIMBURSEMENTS	TOTAL	2013
Members of the Board of Management						
dr. P.A.M. Berdowski	**743**	**188**	**1,018**	**28**	**1,977**	1,857
T.L. Baartmans	**538**	**135**	**634**	**27**	**1,334**	1,268
A. Goedée (from 8 May 2013 to 13 May 2014)	**184**	**59**	**308**	**2**	**553**	420
J.H. Kamps	**538**	**135**	**662**	**28**	**1,363**	1,280
F.A. Verhoeven	**538**	**137**	**331**	**21**	**1,027**	987
	2,541	**654**	**2,953**	**106**	**6,254**	5,812
Members of the Supervisory Board						
J.M. Hessels	**70**			**2**	**72**	68
H.J. Hazewinkel	**45**			**2**	**47**	47
M.P. Kramer	**50**			**2**	**52**	52
M. Niggebrugge	**55**			**2**	**57**	57
J. N. van Wiechen	**52**			**2**	**54**	54
C. van Woudenberg	**56**			**2**	**58**	58
	328			**12**	**340**	336
Total 2014	**2,869**	**654**	**2,953**	**118**	**6,594**	
Total 2013	2,887	664	2,479	118		6,148

The variable remuneration paid in 2014 is related to the achievement of certain targets during the 2013 financial year (short-term variable remuneration: EUR 1,807 thousand) and the achievement of certain targets during the 2011 - 2013 period (long-term variable remuneration: EUR 1,146 thousand). The expenses on executive remuneration in 2014 differ from the abovementioned remuneration with regard to, in particular, pensions and variable remunerations. With respect to pensions the paid pension premiums are accounted for, in the financial statements the actuarially determined service costs. The longterm variable remuneration includes the actual amounts paid in 2014 regarding 2011-2013. The expenses recognized in the financial statements take into account the expenses arising from the 2014 long-term incentive plan as disclosed below. The pension expenses and short and long term variable remuneration regarding the members of the Board of Management amounts to EUR 575 thousand and EUR 3,880 thousand. The total of the expense for the Members of the Board of Management thus amounts to EUR 7,102 thousand.

Long-term incentive plan
The members of the Board of Management participate in long-term (three years) incentive plans which consist of a part that is based on the development of the share price of the ordinary shares of Boskalis and for a part that depends on the realization of certain objectives, as defined by the Supervisory Board, which are derived from the strategic agenda and in accordance with the objectives of Boskalis for the underlying periods.

Multi-year summary of variable remunerations
With regard to the years 2012, 2013 and 2014 the following variable remunerations were granted to the members of the Board of Management:

	Year of payment		
	2015	2014	2013
dr. P.A.M. Berdowski	**1,316**	1,018	944
T.L. Baartmans	**856**	634	601
A. Goedée (from 8 May 2013 to 13 May 2014)	**-**	308	-
J.H. Kamps	**856**	662	615
F.A. Verhoeven	**856**	331	319
Total	**3,884**	2,953	2,479

Balance sheet position
As at 31 December 2014 the Group has recognized a liability in the balance sheet item Trade and other payables amounted EUR 4.6 million (2013: EUR 2.5 million) related to the long term incentive plans for the periods 2011-2013, 2012-2014 and 2013-2015.

29.3 JOINT OPERATIONS
Joint operations are not defined as related parties, which means that the Group does not disclose any transactions, assets or liabilities with these parties. The major joint operations (project driven construction consortiums) in which the Group is involved are shown below:

ENTITY	COUNTRY OF INCORPORATION	2014	2013
SAAone EPCM bouwcombinatie V.O.F.	The Netherlands	**30%**	30%
SAAone GWW V.O.F.	The Netherlands	**50%**	50%
Projectorganisatie Uitbreiding Maasvlakte (PUMA)	The Netherlands	**50%**	50%
Combinatie BadhoeverBogen V.O.F.	The Netherlands	**20%**	20%
A4ALL V.O.F.	The Netherlands	**10%**	10%
Combinatie A2 HoMa	The Netherlands	**38%**	38%
Combinatie Dinteloord	The Netherlands	**50%**	50%
Combinatie Plas van Heenvliet	The Netherlands	**33%**	33%
Combinatie Ooms-Ballast-MNO	The Netherlands	**33%**	33%
Infra Team N50 Ramspol	The Netherlands	**18%**	18%
ZSNH Combinatie Van Oord/Boskalis V.O.F.	The Netherlands	**50%**	-
SJV Rena VOF	The Netherlands	**50%**	50%
Boskalis Offshore AS - Tideway v.o.f.	The Netherlands	**50%**	50%
Offshore Windforce V.O.F.	The Netherlands	**50%**	50%
Combinatie Regenboog V.O.F.	The Netherlands	**38%**	38%
C.V. Projectbureau Grensmaas	The Netherlands	**17%**	17%
Boskalis International-Haukes V.O.F.	The Netherlands	**50%**	-
Joint Venture Boskalis - Jac. Rijk	The Netherlands	**50%**	50%
Joint Venture Boskalis International - Jac. Rijk V.O.F.	The Netherlands	**50%**	50%
Swinoujscie Breakwater	Poland	**60%**	60%
NMDC-Boskalis-Van Oord-Jan de Nul Consortium for Suez Canal Project	Egypt	**25%**	-
Ras Laffan Port Extension	Qatar	**50%**	50%
Penta-Ocean Koon DI Boskalis Ham JV (Jurong 4)	Singapore	**17%**	17%
Boskalis Jan de Nul - Dragagens E Afins LDA	Angola	**50%**	50%
Boscampo	Cameroon	**50%**	50%
Bahia Blanca	Argentina	**50%**	50%
Quequen	Argentina	**50%**	50%

COMPANY INCOME STATEMENT

(in thousands of EUR)	Note	2014	2013
Result of group companies	[3]	**490,290**	362,871
Other results, after taxation		**-**	2,820
NET PROFIT		**490,290**	365,691

COMPANY BALANCE SHEET BEFORE PROFIT APPROPRIATION

		31 DECEMBER	
(in thousands of EUR)	Note	2014	2013
ASSETS			
Non-current assets			
Investments in group companies	[3]	**3,148,676**	2,527,144
		3,148,676	2,527,144
Current assets			
Amounts due from group companies		**3,261**	-
Other receivables		**-**	716
		3,261	716
Total assets		**3,151,937**	2,527,860
EQUITY AND LIABILITIES			
Shareholders' equity			
Issued capital	[4]	**98,350**	96,212
Share premium	[4]	**537,245**	538,407
Other legal reserve	[5]	**340,189**	305,500
Hedging reserve	[5]	**- 19,039**	- 22,598
Revaluation reserve	[5]	**45,619**	43,150
Currency translation reserve	[5]	**141,276**	- 61,106
Actuarial reserve	[5]	**- 85,301**	- 32,031
Retained earnings	[5]	**1,603,308**	1,292,012
Profit for the year	[6]	**490,290**	365,691
		3,151,937	2,525,237
Current liabilities			
Amounts due to group companies		**-**	2,333
Trade and other payables		**-**	290
		-	2,623
Total equity and liabilities		**3,151,937**	2,527,860

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in thousands of EUR)	Note	Balance as at 1 January 2014	Repurchase own ordinary shares	Cash dividends	Stock dividends	Addition to retained earnings	Other movements	Total recognized income and expenses	Balance as at 31 December 2014
Issued capital	[4]	**96,212**			**2,138**				**98,350**
Share premium	[4]	**538,407**			**- 1,162**				**537,245**
		634,619			**976**				**635,595**
Other legal reserve	[5]	**305,500**				**-**	**34,689**	**-**	**340,189**
Hedging reserve	[5]	**- 22,598**				**-**	**-**	**3,559**	**- 19,039**
Revaluation reserve	[5]	**43,150**				**-**	**2,469**	**-**	**45,619**
Currency translation reserve	[5]	**- 61,106**				**-**	**-**	**202,382**	**141,276**
Actuarial reserve	[5]	**- 32,031**				**-**	**-**	**- 53,270**	**- 85,301**
Total other reserves	[5]	**1,292,012**	**- 27,724**			**327,607**	**- 37,158**	**48,571**	**1,603,308**
		1,524,927	**- 27,724**			**327,607**	**-**	**201,242**	**2,026,052**
Profit appropriation 2013		**365,691**		**- 37,108**	**- 976**	**- 327,607**			**-**
Net profit 2014								**490,290**	**490,290**
Profit for the year	[6]	**365,691**		**- 37,108**	**- 976**	**- 327,607**		**490,290**	**490,290**
Shareholders' equity		**2,525,237**	**- 27,724**	**- 37,108**	**-**	**-**	**-**	**691,532**	**3,151,937**

(in thousands of EUR)	Note	Balance as at1 January 2013	Issue of ordinairy shares	Cash dividends	Stock dividends	Addition to retained earnings	Other movements	Total recognized income and expenses	Balance as at 31 December 2013 REVISED*
Issued capital	[4]	85,827	7,758		2,627				96,212
Share premium	[4]	229,452	310,127		- 1,172				538,407
		315,279	317,885		1,455				634,619
Other legal reserve	[5]	325,853				-	- 20,353	-	305,500
Hedging reserve	[5]	- 11,440				-	-	- 11,158	- 22,598
Revaluation reserve	[5]	20,434				-	22,716	-	43,150
Currency translation reserve	[5]	- 3,234				-	-	- 57,872	- 61,106
Actuarial reserve	[5]	- 129,014				-	41,060	55,923	- 32,031
Total other reserves	[5]	1,131,034				204,401	- 43,423	-	1,292,012
		1,333,633				204,401	-	- 13,107	1,524,927
Profit appropriation 2012		249,093		- 43,237	- 1,455	- 204,401			
Net profit 2013								365,691	365,691
Profit for the year	[6]	249,093		- 43,237	- 1,455	- 204,401		365,691	365,691
Shareholders' equity		1,898,005	317,885	- 43,237	-	-	-	352,584	2,525,237

* For the revisions in previous year reference is made to note 2.2 in the consolidated accounting policies.

EXPLANATORY NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. GENERAL

The Company Financial statements are part of the Financial statements 2014 of Royal Boskalis Westminster N.V. (the 'Company').

2. PRINCIPLES OF FINANCIAL REPORTING

2.1 ACCOUNTING POLICIES

The company financial statements have been drawn up using the reporting standards applied for drawing up the consolidated financial statements, in accordance with Section 362(8), Part 9 of Book 2 of the Dutch Civil Code except for the investment in Group company, which is recognized in accordance with the equity method. Based on Section 362(1), Part 9 of Book 2 of the Dutch Civil Code, the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. These accounting principles are disclosed in note 3 of the consolidated financial statements. Changes in the accounting policies in the consolidated financial statements (reference made to disclosure 2.2 in the consolidated financial statements) do not affect the company financial statements.

2.2 FORMAT

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

2.3 INVESTMENTS IN GROUP COMPANIES

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

2.4 AMOUNTS DUE FROM GROUP COMPANIES

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

2.5 AMOUNTS DUE TO GROUP COMPANIES

Amounts due to Group companies are recognized initially at fair value and subsequently at amortized cost using the effective interest rate.

2.6 RESULT OF GROUP COMPANY

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

3. INVESTMENTS IN GROUP COMPANIES

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

	2014	2013
Balance as at 1 January	**2,527,144**	1,897,380
Dividends received	**- 70,000**	- 40,000
Profit for the year	**490,290**	362,871
Movements directly recognized in equity of group company	**201,242**	- 13,107
Paid-in capital	**-**	320,000
Balance as at 31 December	**3,148,676**	2,527,144

Reference is made to the notes 16 and 29.1 of the consolidated financial statements 2014 for an overview of the most important direct and indirect Group companies.

4. ISSUED CAPITAL AND SHARE PREMIUM

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

In 2014 a dividend was distributed relating to financial year 2013 for an amount of EUR 1.24 per share, for a total amount of EUR 149.1 million. 75% of the shareholders opted for a dividend in shares. As a result 2,672,757 new ordinary shares Royal Boskalis Westminster N.V. were issued.

On 13 May 2014 the General Meeting of Shareholders agreed upon the conditions for the repurchase of own shares as part of the share repurchase program, for a period of 18 months. On 14 August 2014 the Group started with repurchasing the shares. In 2014 629,123 shares were repurchased for an amount of EUR 27.7 million (including dividend tax). The six ordinary shares which were owned by the Group as at 31 December 2013 were sold on 13 March 2014.

In the course of 2013 the issued capital of the Company increased by 9,696,969 ordinary shares due to the issuance of new shares to finance the acquisition of Dockwise and 3,284,415 ordinary shares as a result of the distribution of stock dividend.

(in number of shares)	**2014**	2013
On issue and fully paid at 1 January	**120,265,063**	107,283,679
Stock dividend	**2,672,757**	3,284,415
Stock issuance	**-**	9,696,969
On issue and fully paid at 31 December	**122,937,820**	120,265,063
Repurchased shares	**- 629,123**	- 6
Shares entitled to dividend at 31 December	**122,308,697**	120,265,057

The issued capital as at 31 December 2014 consists of 122,937,820 ordinary shares with a par value of EUR 0.80 each and consequently amounts to EUR 98.4 million (2013: EUR 96.2 million). Of the issued capital as at 31 December 2014, 629,123 ordinary shares were owned by Royal Boskalis Westminster N.V. (six ordinary shares as at 31 December 2013). The Stichting Continuïteit KBW has received an option right to acquire cumulative protective preference shares in Royal Boskalis Westminster N.V. This option has not been exercised yet. Share premium comprises additional paid-in capital exceeding the par value of outstanding shares. Share premium is distributable free of tax.

5. OTHER RESERVES

With regard to the difference between the cost price and equity value of joint ventures and associated companies recognized in accordance with the equity method, a legally required reserve is recognized due to a lack of control over the distribution of profits only to the extent that these differences are not included in the accumulated currency translation differences on foreign operations. The legal reserve for non-distributed profits of group and/or associated companies amounted to EUR 340.2 million at the end of 2014 (2013: EUR 305.5 million). The legal reserve for associated companies is determined on an individual basis.

The other reserves recognized in the company balance sheet are disclosed in the notes to the consolidated financial statements (note 22.5).

6. PROFIT FOR THE YEAR

An amount of EUR 294.6 million will be added to the retained earnings. The proposal to the Annual General Meeting will be to appropriate the remainder, EUR 195.7 million, for a dividend payment of EUR 1.60 per ordinary share.

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

7. FINANCIAL INSTRUMENTS

General
Pursuant to its use of financial instruments, the Group is exposed to credit risk, liquidity risk and market risk. The notes to the consolidated financial statements provide information on the Group's exposure to each of the aforementioned risks, its objectives, principles and procedures for managing and measuring these risks, as well as group capital management. These risks, objectives, principles and procedures for managing and measuring these risks as well as capital management apply mutatis mutandis to the company financial statements of Royal Boskalis Westminster N.V.

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

8. REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT AND MEMBERS OF THE SUPERVISORY BOARD

The remuneration of members of the Board of Management and members of the Supervisory Board is disclosed in the consolidated financial statements under related party transactions (note 29.2).

9. AUDITOR REMUNERATION

With reference to Section 382A, Part 9 of Book 2 of the Netherlands Civil Code, Ernst & Young Accountants LLP (2013: KPMG Accountants N.V.) has charged the following fees to the Company, its subsidiaries and other consolidated entities:

	2014	2013
Audit of the financial statements	**1,172**	1,010
Other audits	**44**	232
	1,216	1,242

Total audit fees, including fees for auditors other than Ernst & Young Accountants LLP, related to the audit of the financial statements amount to EUR 1.8 million (2013: KPMG Accountants N.V. and other auditors related to the audit of the financial statements: EUR 1.9 million).

10. COMMITMENTS AND CONTINGENT LIABILITIES

Royal Boskalis Westminster N.V. heads a fiscal unity. The company is therefore liable for the tax obligations of the fiscal unity as a whole.

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

The company has issued guarantees on behalf of project-driven construction consortiums, and Group companies' own contracts, amounting to EUR 12.5 million as at year-end 2014 (2013: EUR 12.5 million). In addition, certain recourse obligations exist in respect of project financing. Where deemed necessary, provisions have been made.

Some legal proceedings and investigations are ongoing with respect to entities of Royal Boskalis Westminster N.V. Where deemed necessary, provisions have been made.

Papendrecht / Sliedrecht, 11 March 2015

Supervisory Board
J.M. Hessels, chairman
H.J. Hazewinkel
M.P. Kramer
M. Niggebrugge
J.N. van Wiechen
C. van Woudenberg

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

OTHER INFORMATION

PROVISIONS IN THE ARTICLES OF ASSOCIATION RELATING TO PROFIT APPROPRIATION

ARTICLE 28.

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

ARTICLE 29.

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

PROPOSED PROFIT APPROPRIATION

An amount of EUR 294.6 million will be added to the retained earnings. The proposal to the Annual General Meeting will be to appropriate the remainder, EUR 195.7 million, for a dividend payment of EUR 1.60 per share.

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

INDEPENDENT AUDITOR'S REPORT

To: the shareholders of Royal Boskalis Westminster N.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2014

OUR OPINION

We have audited the financial statements 2014 of Royal Boskalis Westminster N.V. (also referred to as "the company"), Sliedrecht, the Netherlands. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:
- the consolidated financial statements give a true and fair view of the financial position of Royal Boskalis Westminster N.V. as at 31 December 2014, its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements give a true and fair view of the financial position of Royal Boskalis Westminster N.V. as at 31 December 2014 and its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:
- the consolidated balance sheet as at 31 December 2014;
- the following statements for 2014: the consolidated income statement, the consolidated statement of recognized and unrecognized income and expenses, the consolidated statement of changes in equity and the consolidated statement of cash flows; and
- the notes comprising a summary of significant accounting policies and other explanatory information.

The company financial statements comprise:
- the company balance sheet as at 31 December 2014;
- the company income statement for 2014; and
- the notes comprising a summary of significant accounting policies and other explanatory information.

BASIS FOR OUR OPINION

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in "Our responsibilities for the audit of the financial statements" section of our report.
We are independent of Royal Boskalis Westminster N.V. in accordance with the Auditor Independence Regulation for Assurance Engagements (*Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten*, "ViO") and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Professional Code of Ethics for Auditors Regulation (*Verordening gedrags- en beroepsregels accountants*, "VGBA").

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

MATERIALITY

Misstatements may arise from fraud or error and are considered material if they, individually or in the aggregate, may reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgment, we determined the materiality for the financial statements as a whole at EUR 17.3 million. Materiality is based on approximately 5% of the profit before taxation, taking into account exceptional settlement results. We have also taken into account misstatements and/or possible misstatements that, in our opinion, are material for qualitative reasons to users of the financial statements.

We agreed with the Supervisory Board that unadjusted misstatements in excess of EUR 0.9 million, identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

SCOPE OF GROUP AUDIT

Royal Boskalis Westminster N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Royal Boskalis Westminster N.V.

Given the fact that we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect, we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit in particular focused on the Dredging & Inland Infra and Offshore Energy operating segments. We performed most of the audit procedures at those segments ourselves. We used the work of other auditors when auditing a number of (foreign) entities. By performing the procedures mentioned above at group entities, together with additional procedures carried out at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

OUR KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of work in progress
The valuation of work in progress is affected by subjective elements including estimated costs and projected revenue, whether or not from additional services, progress and disputes or potential disputes. This is partly prompted by the nature of the operations, which may be impacted by natural circumstances, technological complexity and the effect of the geographical spread of projects across the globe. We therefore identified correct and complete project revenue recognition, the valuation of receivables and additional services, as well as the completeness of project-related liabilities and project provisions as significant risks.

The project revenue recognition process, including determining the appropriate cut-off of revenues, involves significant management estimates. We tested the internal controls with respect to project management and the project results estimation process, as well as performing other audit procedures. These included, among other things, (substantive) procedures relating to contractual terms and conditions, revenue, costs incurred, including local representatives' fees, and disputes or potential disputes. We also performed procedures with respect to project calculations and result forecasts and management's assessment thereof. In connection with this, we discussed a range of financial and other risks and ongoing disputes and related estimation uncertainties with various project officials (both in the Netherlands and abroad) and management, assessing whether these have been adequately addressed in the financial statements. We also performed procedures with respect to the valuation of receivables and the completeness of project liabilities, as well as required disclosures of work in progress and related estimates.

Disclosures of work in progress and estimates are included in note 3.12 and note 19 of the financial statements.

Valuation of floating and other construction equipment
Property, plant and equipment includes 'floating and other construction equipment' for a total amount of EUR 2.4 billion. Each year, the company assesses whether there are indications of impairment, or whether a significant change to the useful life is applicable. If there are such indications, an estimate is made of the recoverable amount of the asset concerned. In making this assessment, management uses assumptions, estimating, among other things, future market and economic conditions. We reviewed the overall assessment of the indications of impairment and discussed it with management. With respect to a number of recognized minor impairments, we reviewed the recoverable amount calculations and reconciled them with expected cash flows as included in the forecast, or with the net realizable value from appraisals. We reviewed the forecasts for the assets concerned and discussed them with management, as well as reviewing the substantiation of the forecasts based on historical information, market information available, order portfolio and recently concluded contracts.

Disclosures of this item are included in note 3.7 and note 15 of the financial statements.

Valuation of goodwill and other intangible assets
Management is required to test goodwill for impairment annually on the basis of the accounting policies used. In addition, each year, the company assesses whether a change to the useful life is applicable and/or whether there are indications of impairment of other intangible assets. This test and assessment are largely based on management expectations and estimates of future results of the cash generating units of which the entities acquired in the past form part. We used a valuation expert in evaluating the valuation models and parameters used by management. We devoted specific attention to forecasts used with respect to future revenue and result. In addition, we performed procedures relating to the disclosures on impairment testing included in the financial statements, looking specifically at the disclosure of assumptions that have the most significant effect on the determination of the recoverable amount of goodwill. In connection with this, we verified whether these disclosures are adequate and provide sufficient insight into the disclosed assumptions and sensitivities of the assumptions underlying the valuation.

Disclosures of goodwill are included in note 3.6 and note 14 of the financial statements.

Tax position and tax exposure
It is inherent in the international arena in which Boskalis operates that it carries out activities in a range of legal areas subject to different tax regimes. In some cases, Boskalis' cross-border operations may result in estimation differences or disputes with various national tax authorities. If management considers it likely that such disputes will lead to an outflow of resources, accruals have been formed accordingly. We performed procedures with respect to the process of estimates, testing the acceptability and adequacy of the accruals formed for that purpose. In doing so, we engaged the services of tax specialists, reviewing the assumptions underlying the estimates and discussing them with management in the light of local tax rules and regulations. In connection with this, we also devoted attention to the substantiation of the estimated probability of the positions taken and details provided thereon by management.

Disclosures of the tax position and tax exposure are included in note 3.28 and note 11 of the financial statements.

RESPONSIBILITIES OF THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD FOR THE FINANCIAL STATEMENTS

The Board of Management of Royal Boskalis Westminster N.V. is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Report of the Board of Management in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Management is responsible for such internal control as the Board of Management deems necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board of Management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks referred to, the Board of Management is required to prepare the financial statements using the going concern basis of accounting, unless it either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Board of Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for oversight of the company's financial reporting process.

OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our responsibility is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

We performed our audit with a high, but not absolute, level of assurance, which means that we may not have detected all errors and fraud.

We maintained professional skepticism and exercised professional judgment where relevant throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included, among other things:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or overriding of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Management;
- establishing that the Board of Management's use of the going concern basis of accounting is acceptable, and, based on the audit evidence obtained, establishing whether events and circumstances exist that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention to the related disclosures in the financial statements in our auditor's report, or, if such disclosures are inadequate, to modify our auditor's report. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may result in the company no longer being able to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements fairly represent the underlying transactions and events.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control.

We provide the Supervisory Board with a statement confirming that we have complied with the relevant ethical requirements pertaining to independence. We also communicate with the Supervisory Board regarding all relationships and any other matters that may reasonably be deemed to influence our independence and any related measures to safeguard our independence.

We determine the key audit matters on the basis of all matters discussed with the Supervisory Board. We describe these key audit matters in our auditor's report, unless this is prohibited by law or rules and regulations, or in extraordinarily rare circumstances where non-disclosure is in the public interest.

REPORT ON OTHER LEGAL AND STATUTORY REQUIREMENTS

Report on the report of the board of management and other information

Pursuant to the legal requirement under Part 9 of Book 2 of the Dutch Civil Code (regarding our responsibility to report on the Report of the Board of Management and the other information):

- we have no deficiencies to report as a result of our examination as to whether the Report of the Board of Management, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed; and
- we report that the Report of the Board of Management, to the extent we can assess, is consistent with the financial statements.

Engagement

We were engaged by the Annual General Meeting of 13 May 2014 as auditor of Royal Boskalis Westminster N.V. with effect from the audit for the 2014 financial year, having served as Royal Boskalis Westminster N.V.'s external auditor since that date.

Rotterdam, 11 March 2015

Ernst & Young Accountants LLP

Signed by W.T. Prins

OTHER INFORMATION

Floating sheerlegs Taklift 4 placing a
jacket for an offshore wind turbine


B2G4

TEN-YEAR OVERVIEW (1) (10)

(in EUR million, unless stated otherwise)		2014 (12)	2013 (12)	2012 (11)	2011	2010	2009	2008	2007	2006	2005
Revenue		**3,167**	3,144	3,081	2,801	2,674	2,175	2,094	1,869	1,354	1,156
Order book		**3,286**	3,323	4,106	3,489	3,248	2,875	3,354	3,562	2,543	2,427
Operating result (EBIT)	(2)	**652.3**	463.4	335.8	354.1	401.9	249.3	339.1	245.5	150.3	82.3
EBITDA	(3)	**945.9**	757.2	567.1	590.5	621.5	444.9	454.6	348.1	236.8	162.5
Net profit		**490.3**	365.7	249.0	254.3	310.5	227.9	249.1	204.4	116.6	62.7
Net group profit		**492.2**	365.3	252.0	261.0	312.9	229.2	250.1	207.1	117.0	63.3
Depreciation, amortization and impairment losses		**293.5**	293.8	231.3	236.4	219.6	195.7	115.4	102.5	86.6	80.2
Cash flow		**785.7**	659.1	483.3	497.4	532.5	424.8	365.6	309.6	203.6	143.5
Shareholders' equity		**3,151.9**	2,525.2	1,898.0	1,732.8	1,565.0	1,295.8	860.1	768.1	618.6	542.9
Average number of outstanding shares (x 1,000)	(4)	**121,606**	118,445	105,644	102,391	99,962	88,372	85,799	85,799	85,799	85,254
Number of outstanding shares (x 1,000)	(5)	**122,309**	120,265	107,284	103,472	100,974	98,651	85,799	85,799	85,799	85,799
Personnel (headcount)		**8,446**	8,459	15,653	13,935	13,832	10,514	10,201	8,577	8,151	7,029
Ratios (percentages)											
Operating result as % of the turnover		**20.6**	14.7	10.9	12.6	15.0	11.5	16.2	13.1	11.1	7.1
Return on capital employed	(6)	**13.8**	13.0	11.1	12.1	18.1	20.2	29.1	27.7	19.1	12.0
Return on equity	(7)	**17.3**	16.5	13.8	15.4	21.7	21.1	30.6	29.5	20.1	12.4
Solvency	(8)	**53.4**	47.6	39.2	37.4	37.1	46.5	34.0	35.3	39.4	41.3
Figures per share (in EUR)											
Profit	(5) (9)	**4.03**	3.09	2.36	2.48	3.11	2.58	2.90	2.38	1.36	0.74
Cash flow	(5)	**6.46**	5.56	4.59	4.86	5.33	4.81	4.26	3.61	2.37	1.68
Dividend		**1.60**	1.24	1.24	1.24	1.24	1.19	1.19	1.19	0.68	0.37
Share price range (in EUR)											
(Depositary receipts of) ordinary shares		**33.71**	26.92	23.26	20.67	23.16	13.25	15.30	21.06	14.67	8.58
		47.18	38.58	34.50	38.46	36.58	28.45	42.45	46.25	25.48	18.75

(1) Figures taken from the respective financial statements.
(2) Operating result as reported in the consolidated income statement.
(3) Operating result before depreciation, amortization and impairment losses.
(4) Weighted average number of outstanding shares less the number of shares owned by the company.
(5) Number of outstanding ordinary shares less the number of shares owned by the company as at December 31.
(6) Net result + interest paid on long-term loans as % of the average capital employed (shareholders' equity + long-term loans).
(7) Net result as % of the average shareholders' equity.
(8) Group equity as % of the balance sheet total (fixed assets + current assets).
(9) The dilution effect was practically nil up to and including the financial year 2014.
(10) On May 21, 2007 Royal Boskalis Westminster N.V. effected a share split on a three-for-one basis (three new shares for one old share) in order to increase the liquidity of the Boskalis share. For comparative purposes the data regarding the number of shares and figures per share of all the periods has been recalculated to the situation after the split of the ordinary Boskalis shares in 2007.
(11) Adjusted for changes in the IFRS regulations (IAS19R).
(12) As of 1 January 2014 Boskalis applies IFRS11 which impacts the way joint ventures and associated companies are recognized. The full year 2013 comparative figures have been adjusted accordingly.


SMIT

STICHTING CONTINUÏTEIT KBW

REPORT

By decision of the General Meeting of Shareholders held on 9 May 2001 the foundation Stichting Continuïteit KBW was granted the right to acquire cumulative protective preference shares in Royal Boskalis Westminster N.V. for a nominal amount equal to the nominal amount of ordinary shares outstanding at the time of issue of the shares concerned, minus the nominal value of one ordinary share. The option of issuing such cumulative protective preference shares was not exercised during the period under review.

The Board of Stichting Continuïteit KBW consists of three members:

J.A. Dekker, chairman
J.S.T. Tiemstra
P.N. Wakkie

DECLARATION OF INDEPENDENCE

The Board of Stichting Continuïteit KBW and the Board of Management of Royal Boskalis Westminster N.V. hereby declare that in their opinion Stichting Continuïteit KBW is an independent legal entity, separate from Royal Boskalis Westminster N.V., as defined in Section 5:71, first paragraph under c of the Dutch Financial Supervision Act.

Papendrecht / Sliedrecht, 11 March 2015
Royal Boskalis Westminster N.V.
Board of Management

's-Gravenland, 11 March 2015
Stichting Continuïteit KBW
The Board

Work on the Room for the River project Nederrijn in the Netherlands

SUPERVISION, BOARD AND MANAGEMENT

MEMBERS OF THE SUPERVISORY BOARD

MR. J.M. HESSELS (1942), CHAIRMAN

- date of first appointment 17 August 2011, current term ends AGM 2015
- former chairman of the Management Board of Royal Vendex KBB N.V.
- member of the Supervisory Board Euronext N.V. and Euronext Amsterdam N.V.
- member of the Supervisory Board General Atlantic Coöperatief U.A./non-executive chairman of the Board of MeteoGroup Ltd.

MR. H.J. HAZEWINKEL (1949), DEPUTY CHAIRMAN

- date of first appointment 27 March 2010, current term ends AGM 2018
- former chairman of the Management Board of Royal Volker Wessels Stevin N.V.
- chairman of the Supervisory Board of TKH Group N.V. and SOWECO N.V.
- deputy chairman Supervisory Board of N.V. Luchthaven Schiphol
- member of the Supervisory Board of Heisterkamp Beheer II B.V.
- member of the Supervisory Board of Stichting HET Symfonieorkest
- non-executive partner Baese Strategy & Finance B.V.
- chairman of the Board of Stichting ING Aandelen
- member of the Board of Stichting Administratiekantoor Slagheek

MR. M.P. KRAMER (1950)

- date of first appointment 19 August 2009, current term ends AGM 2016
- former Chief Executive Officer of N.V. Nederlandse Gasunie and CEO of South Stream Transport A.G. and South Stream Transport B.V.
- director / owner SST Advisory
- senior Counsel of the management of OAO Gazprom

MR. M. NIGGEBRUGGE (1950)

- date of first appointment 30 August 2006, current term ends AGM 2017
- former member of the Executive Board of N.V. Nederlandse Spoorwegen
- member of the Supervisory Board of SPF Beheer B.V.

MR. J.N. VAN WIECHEN (1972)

- date of first appointment 12 May 2011, current term ends AGM 2015
- member of the Board of HAL Holding N.V./director HAL Investments B.V.
- chairman of the Supervisory Board of N.V. Nationale Borg-Maatschappij
- member of the Supervisory Board of Atlas Services Group Holding B.V., InVesting B.V. and Orthopedie Investments Europe B.V.

MR. C. VAN WOUDENBERG (1948)

- date of first appointment 9 May 2007, current term ends AGM 2015
- former member of the Executive Committee of Air France-KLM
- chairman of the Supervisory Board of Blauwe Oceaan B.V.
- member of the Supervisory Board of MN Services N.V.
- member of the Supervisory Board of Stichting Het Gelders Orkest (The Arnhem Philharmonic Orchestra)

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

Secretary: Ms. F.E. Buijs (1969)

MEMBERS OF THE BOARD OF MANAGEMENT

DR. P.A.M. BERDOWSKI (1957), CHAIRMAN

- chairman of the Board of Management since 2006
- member of the Board of Management since 1997
- chairman of the Supervisory Board of Amega Holding B.V.
- member of the Supervisory Board of Van Gansewinkel Groep B.V.

MR. T.L. BAARTMANS (1960)

- member of the Board of Management since 2007
- chairman of the Executive Board of the Netherlands Association of International Contractors (NABU)
- member of the board of the International Association of Dredging Companies (IADC)

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

MR. J.H. KAMPS (1959), CHIEF FINANCIAL OFFICER

- member of the Board of Management since 2006
- member of the Board of Stichting Fondsenbeheer Waterbouw and Stichting Bedrijfstakpensioenfonds Waterbouw

MR. F.A. VERHOEVEN (1951)

- member of the Board of Management since 2012
- member of the Supervisory Board Houdstermaatschappij Dekker B.V.
- member of the Supervisory Committee Stichting Maritiem Research Instituut Nederland (Marin)
- member of the Board Stichting Vrienden van het Nationaal Baggermuseum

Secretary: Ms. F.E. Buijs (1969)

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

GROUP MANAGEMENT

dr. P.A.M. Berdowski chairman Board of Management
T.L. Baartmans member Board of Management
J.H. Kamps member Board of Management, Chief Financial Officer
F.A. Verhoeven member Board of Management
P. van der Linde group director

CORPORATE SUPPORT

Company secretary	F.E. Buijs
Treasury & Insurance	F.A.J. Rousseau
IR & Corporate Communications	M.L.D. Schuttevâer
Fiscal Affairs	R.J. Selij
Legal Affairs	M.A. van de Molen
Corporate Development	C.A. Visser

CENTRAL BUSINESS SUPPORT

Personnel & Organization	J. den Hartog
Group Controlling	J.O.B. Goslings RC
ICT	M.J. Krijger
SHE-Q	W. Haaijer
Research & Development	dr. A.C. Steenbrink
Central Fleet Support	P.E. van Eerten
Procurement & Logistics	J.E. Rijnsdorp

DREDGING & INLAND INFRA

Area Northwest Europe
J.M.L.D. Dieteren
Area Eastern Europe and Indian sub continent
M. Siebinga
Area Middle
S.G.M. van Bemmelen
Area Middle East
J.F.A. de Blaeij
Area East
L. Slinger
Area West
P. Klip
The Netherlands
P. van der Knaap
Boskalis Environmental
J.A. Dolman
Cofra
J.K. van Eijk

Design, Tendering & Engineering
B.J.H. Pröpper
Fleet Management
E.C. Holman
Personnel & Organization
L. Wijngaard

OFFSHORE ENERGY

Subsea Contracting
P.G.R. Devinck
Subsea Services
S. Korte
Marine Contracting and Transport & Installation
W.B. Vogelaar, J.G.M. Meij
Marine Services and Heavy Marine Transport
A.C. Bikkers, H. van Raaphorst
Logistical Management
K.E. Lewton-Jones

Design, Tendering & Engineering
W.Q. Nelemans
Fleet Management
E.B. van Dodeweerd
Personnel & Organization
M. van Faassen

TOWAGE & SALVAGE

Towage & Salvage
R.J.A. van Acker, T.R. Bennema

WORKS COUNCIL

T.A. Scheurwater (chairman), D.A. van Uitert (deputy chairman), M.F. van Wijk (secretary), E.J. van den Biggelaar, R. van den Broek, D. van Eck, J.C. Elenbaas, R. Gooijer, J. van der Heiden, M.A. Koerts, S. van der Land, M. Martens, P.J. Meijer, R. Meijer, F. Pronk, J.G. Roos, M. Treffers.

Dredging work by the cutter suction dredger Phoenix in Qatar

DISCLOSURES REQUIRED BY THE DECREE ARTICLE 10 OF THE EU DIRECTIVE ON TAKEOVER BIDS

Under the Decree article 10 of the EU Directive on takeover bids companies whose securities are admitted to trading on a regulated market must disclose information in their annual reports on matters including their capital structure and the existence of any shareholders with special rights. In accordance with these requirements, Boskalis hereby makes the following disclosures:

a. For information on the capital structure of the company, the capital and the existence of various types of shares, please refer to page 98 of the notes to the consolidated financial statements in this Annual Report. For information on the rights attached to these shares, please refer to the company's Articles of Association which can be found on the company website. To summarize, the rights attached to ordinary shares comprise pre-emptive subscription rights upon the issue of ordinary shares, the entitlement to attend the General Meeting of Shareholders, and to speak and vote at that meeting, and the right to distribution of such amount of the company's profit as remains after allocation to reserves. As at December 31, 2014 the issued capital consisted exclusively of ordinary shares (partly registered and partly bearer shares). These are only issued against payment in full.

b. The company has imposed no limitations on the transfer of ordinary shares. The Articles of Association have stipulated a blocking procedure for protective preference shares. The company is not aware of any shares having been exchanged for depositary receipts.

c. For information on equity stakes in the company to which a notification requirement applies (pursuant to Sections 5:34, 5:35 and 5:43 of the Financial Supervision Act), please refer to the section 'Investor Relations' on page 17 of this Annual Report. Under the heading 'Shareholders' you can find a list of shareholders who are known to the company to have holdings of 3% or more at the stated date.

d. There are no special control rights or other rights associated with shares in the company.

e. The company does not operate a scheme granting employees rights to acquire or obtain shares in the capital of the company or any of its subsidiaries.

f. No restrictions apply to voting rights associated with the company's shares, nor are there any deadlines for exercising voting rights.

g. No agreements with shareholders exist which may result in restrictions on the transfer of shares or limitation of voting rights.

h. The rules governing the appointment and dismissal of members of the Board of Management and the Supervisory Board and amendment of the Articles of Association are stated in the company's Articles of Association. To summarize, the statutory structure regime is applicable to the company. Members of the Board of Management are appointed and dismissed by the Supervisory Board, with the proviso that the General Meeting of Shareholders must be consulted prior to the dismissal of any member of the Board of Management. Supervisory Board members are nominated by the Supervisory Board and appointed by the General Meeting of Shareholders. The Works Council has an enhanced right of recommendation for one-third of the number of Supervisory Board members. The General Meeting of Shareholders can declare a vote of no confidence in the Supervisory Board by an absolute majority of votes cast, representing at least one-third of issued capital. Such a vote of no confidence shall result in the immediate dismissal of the Supervisory Board members. An amendment of the company's Articles of Association requires a decision by the General Meeting of Shareholders in response to a proposal made by the Board of Management with the approval of the Supervisory Board.

i. The general powers of the Board of Management are set out in the Articles of Association of the company. The powers of the Board of Management in respect of the issuance of shares in the company are set out in article 4 of the company's Articles of Association. To summarize, the General Meeting of Shareholders – or the Board of Management authorized by the General Meeting of Shareholders – takes the decision, subject to prior approval by the Supervisory Board, to issue shares, whereby the issue price and other conditions relating to the issue are determined by the general meeting – or the Board of Management authorized by the General Meeting of Shareholders. In the event the Board of Management is authorized to take decisions with respect to the issue of shares, the number of shares that may be issued as well as the term of the authorization must also be determined. Procedures governing the acquisition and disposal by the company of shares in its own capital are set out in article 7 of the Articles of Association. To summarize (briefly), the Board of Management may decide, subject to authorization by the General Meeting of Shareholders and to prior approval by the Supervisory Board, for the company to buy back fully paid-up shares up to a statutory maximum of 50% of issued capital. Decisions regarding the disposal of shares acquired by the company are taken by the Board of Management, subject to prior approval by the Supervisory Board.

j. With the exception of the option agreement with Stichting Continuïteit KBW concerning the placement of cumulative protective preference shares as set out in section 27.4 of the financial statements, the company is not a party to any significant agreements which take effect or are altered or terminated upon a change of control of the company as a result of a public offer within the meaning of Section 5:70 of the Financial Supervision Act. The General Meeting of Shareholders of May 9, 2001 decided to grant Stichting Continuïteit KBW the right to acquire cumulative protective preference shares.

k. The company has not entered into any agreements with either members of the Board of Management or employees, which provide for a pay-out on termination of their employment as a result of a public offer within the meaning of Section 5:70 of the Financial Supervision Act.

The new floating sheerlegs Asian Hercules III
with a lift capacity of 5,000 tons

GLOSSARY

Acquired orders Contract value of acquired assignments.

AGM Annual General Meeting of Shareholders.

Backhoe dredger A large hydraulic excavating machine positioned on the end of a pontoon. The pontoon is held firmly in place using spuds. Backhoes can dredge in a range of soil types with extreme precision.

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

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

Cost leadership Achieving lowest cost price.

Cutter *See cutter suction dredger.*

Cutter suction dredger (CSD) A vessel that dredges while being held into place using spuds and anchors. This technique combines powerful cutting with suction dredging. Cutter suction dredgers are mainly used where the bed is hard and compact. The dredged material is sometimes loaded into hoppers but is generally pumped to land through a pressure pipeline.

Decommission To dismantle and/or remove an object.

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

CO_2 Emissions Carbon dioxide released into the environment.

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

Fallpipe vessel Vessel that moves over the area to be covered, while dumping the stones on board through a fallpipe. The vessel is kept in place by a dynamic positioning system in which the propellers and rudders are controlled by an automatic system. The end of the pipe is located just a few meters above the level of the surface to be covered.
The fallpipe is controlled using a precise positioning system. The fallpipe vessel Seahorse can also be equipped with an A-frame on the aftship and a grab controlled by an ROV (Remotely Operated Vehicle). This makes it possible to dredge down to depths of 1,000 meters.

Float-over installation Installation of a topside (for an offshore oil or gas platform production unit) on a subsea structure such as a jacket. A semi-submersible heavy transport vessel is used to convey the topside to the site and position it precisely in relation to the subsea structure piles. The ship is then partially submerged, allowing the support points of the topside to be lowered precisely onto the jacket connectors.

Floating Sheerlegs Floating cranes for heavy lifting.

FPSO Floating Production Storage and Offloading unit. Floating production, storage and transshipment systems that often operate a long way offshore. The systems separate the incoming liquids into oil, gas and water and temporarily store the crude oil. Tankers are used to transport the oil.

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

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

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

Heavy-lift vessel *See HTV.*

Home market Boskalis distinguishes itself from its competitors in the Dredging segment by the use of a home market strategy. The home market organizations have local marketing profiles, as well as their own fleets and infrastructures. They can rely on the support of the financial and technical resources of the global Boskalis organization. Home markets provide a stable flow of assignments and opportunities to generate additional margins through associated activities.

Hopper/hopper dredger *See trailing suction hopper dredger.*

HTV A (semi-submersible) heavy transport vessel. At 275 meters long and 75 meters wide the Dockwise Vanguard is the biggest semi-submersible heavy transport vessel in the world and is capable of conveying objects weighing up to 110,000 tonnes.

International projects market Market that focuses primarily on larger capital expenditure projects for new buildings and/or extensions. In addition, there are projects that regularly involve cooperation with third parties. This makes it possible to provide clients with optimal services and to share risks.

Jack-up platform An offshore platform that can either float or have its legs lowered to stand on the seabed. Jack-up rigs are generally used by oil and gas companies for exploration and production purposes. Platforms of this type can be transported either by semi-submersible heavy transport vessel (Dockwise) or by oceangoing tug (Fairmount).

LNG Liquefied Natural Gas.

LTI Lost Time Injury. Expresses the number of workplace accidents serious enough to result in absence from work.

LTIF Lost Time Injury Frequency. Expresses the number of workplace accidents serious enough to result in absence from work, per 200,000 hours worked.

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

NINA No Injuries No Accidents. In a bid to achieve an incident and accident-free working environment Boskalis applies the NINA safety program. NINA sets out Boskalis' vision on safety and describes the safety conduct the company expects from its staff and subcontractors. The program makes people aware of their own responsibility and encourages them to take action in situations which are unsafe.

Order book The revenue accounted for by parts of orders as yet uncompleted.

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

Return on equity Net result as % of the average shareholders' equity.

Revenue work done Work executed for a client related to a project and/or a service contract.

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

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

ROV Remotely Operated Vehicle. An unmanned robotic subsea vehicle that is remotely controlled (often from a ship or platform).

SHE-Q Safety, Health, Environment & Quality.

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

Topside The upper section of an offshore oil production platform.

Trailing suction hopper dredger (TSHD) A self-propelled unit that loads its well or hopper using centrifugal pumps and pipes that trail over the bed as the ship sails. Trailing suction hopper dredgers can operate independently of other equipment and can transport material over long distances. The dredged material is dumped through flaps or bottom doors, by rainbowing, or pumped onto land using a pipeline.

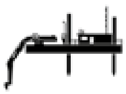
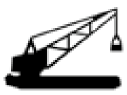
Work done Work executed for a client in relation to a project and/or service contract.


Boskalis

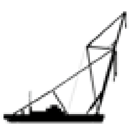
Dredging work by the trailing suction hopper
dredger Willem van Oranje

EQUIPMENT

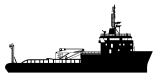
DREDGERS

	**Trailing suction hopper dredgers**	**26**
	Capacity > 6,000 m³	9
	Capacity ≤ 6,000 m³	17
	**Cutter suction dredgers**	**19**
	Capacity > 12,000 kW	4
	Capacity ≤ 12,000 kW	15
	**Backhoes**	**17**
	Bucket capacity from 1.4 to 24 m³	
	**Floating grab cranes**	**16**
	Grab capacity from 1.2 to 9.2 m³	
	Other dredging equipment	**23**
	bucket dredger, environmental disc cutter, barge unloading dredgers, suction dredgers, stone placing vessels	

OFFSHORE VESSELS

	**Heavy lift vessels (semi-submersible)**	**23**
	Capacity up to 110,000 tons	
	**Fallpipe vessels**	**2**
	Capacity from 17,000 to 18,500 tons	
	**Diving support vessels**	**4**
	Air and saturation diving support, ROV services	
	**Multipurpose/cable laying vessels**	**3**
	**Floating sheerlegs**	**8**
	Capacity from 400 to 5,000 tons	

ANCHOR HANDLING TUGS

	**Anchor Handling Tugs**	**10**
	120 - 205 tons bollard pull	
	**Anchor Handling Tugs**	**17**
	28 - 120 tons bollard pull	

BARGES

	**Hopper barges**	**78**
	Capacity from 50 to 3,800 m³	
	**Oceangoing flat top barges (semi-submersible)**	**4**
	Capacity 21,000 tons	
	Oceangoing flat top barges/Floating Super Pallets	**22**
	Capacity from 1,000 to 14,000 tons	
	Inland barges	**55**
	Capacity from 100 to 2,000 tons	

VESSELS TOWAGE JOINT VENTURES	**470**
LAUNCHES, WORK/SUPPLY VESSELS	**87**
VARIOUS/OTHERS	**101**

The numbers listed above include the vessels under construction and vessels and floating equipment of the (non-controlled) associated companies, including the announced joint venture with Kotug. In addition to the equipment shown here, the group also owns a range of auxiliary equipment such as floating pipelines, winches, pumps, draglines, hydraulic excavators, wheel loaders, dumpers, bulldozers, mobile cranes, crawler drill rigs, sand pillers, filling installations for shore protection, mattresses, fixed land pipelines and a wide variety of salvage equipment, such as fire-fighting, diving and anti-pollution equipment.


Boskalis
H124

COLOPHON

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

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