

This Offer expires at 18:00 hours, Amsterdam time, on 26 March 2010, unless extended

## OFFER MEMORANDUM

dated 24 February 2010

## RECOMMENDED CASH OFFER

BY

BOSKALIS HOLDING B.V.

(a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*), incorporated under the laws of the Netherlands, having its seat (*statutaire zetel*) in Papendrecht, the Netherlands)

FOR ALL THE ISSUED AND OUTSTANDING ORDINARY SHARES WITH A NOMINAL  
VALUE OF EUR 2.30 EACH IN THE SHARE CAPITAL OF

## SMIT INTERNATIONALE N.V.

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

This offer memorandum (the **Offer Memorandum**) contains the details of the recommended cash offer by Boskalis Holding B.V. (the **Offeror**), an indirectly wholly-owned subsidiary of Royal Boskalis Westminster N.V. (**Boskalis**) to all holders of issued and outstanding ordinary shares with a nominal value of EUR 2.30 each (the **Shares** and each a **Share**, the holders of such Shares the **Shareholders**), in the share capital of Smit Internationale N.V. (**Smit** or the **Company**) to purchase for cash their Shares on the terms and subject to the conditions and restrictions set forth in this Offer Memorandum (the **Offer**).

This Offer Memorandum contains the information required by Article 5:76 of the Dutch Act on Financial Supervision (*Wet op het financieel toezicht*, the **Wft**) in conjunction with Article 8,

paragraph 1 of the Dutch Decree on public offers Wft (*Besluit openbare biedingen Wft*, the **Bob**) in connection with the Offer. The information required by Article 18, paragraph 2 of the Bob in connection with the Offer is included in the Position Statement to be issued by Smit in connection with the Offer. This Offer Memorandum has been reviewed and approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**).

Capitalised terms used in this Offer Memorandum have the meaning set out in Section 4 (Definitions) or elsewhere in this Offer Memorandum.

Shareholders tendering their Shares under the Offer will be paid on the terms and subject to the conditions and restrictions contained in this Offer Memorandum in consideration for each Share validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and transferred (*geleverd*) an amount in cash of EUR 60 (sixty euro) (the **Offer Price**). The Offer Price is ex dividend. Boskalis and Smit have agreed that the Company shall declare a cash interim dividend for the year 2009 of EUR 2.75 (two euro and seventy-five cents) per Share and pay this dividend to the Shareholders before Settlement (the **Interim Dividend**).

**The Management Board and the majority of the Supervisory Board support and recommend the Offer to the Shareholders for acceptance. Reference is made to the Position Statement.**

Two major shareholders of Smit, Delta Lloyd Groep and Janivo Beleggingen, holding approximately 10.4% and 5.9% of the Shares respectively, have irrevocably undertaken to tender all their Shares under the terms and conditions of this Offer Memorandum.

The Offer Period under the Offer will commence at 09:00 hours, Amsterdam time, on 25 February 2010 and will expire at 18:00 hours Amsterdam time, on 26 March 2010, unless the Offeror extends the Offer Period according to Section 5.6, in which case the closing date shall be the date on which the extended Offer Period expires (such initial or postponed date, the **Closing Date**).

Shares tendered on or prior to the Closing Date may not be withdrawn other than as permitted under Article 15, paragraph 3 of the Bob.

On the date of this Offer Memorandum, Boskalis holds 4,915,671 Shares representing 26.8% of the aggregate number of issued and outstanding Shares. Reference is made to Section 6.10 (Respective cross-shareholdings).

The Offeror will announce whether the Offer is declared unconditional (*gestand wordt gedaan*) within three (3) Business Days following the Closing Date, in accordance with Article 16 of the Bob (the **Acceptance Announcement Date**).

Announcements contemplated by the foregoing paragraphs will be made by press release. Reference is made to Section 5.10 (Announcements).

In the event that the Offeror announces that the Offer is declared unconditional (*gestand wordt gedaan*), Shareholders who have validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and transferred (*geleverd*) their Shares for acceptance pursuant to the Offer prior to or on the Closing Date (each of these Shares, the **Tendered Share**) will receive the Offer Price per Share in respect of each Tendered Share, and the Offeror shall therefore acquire each Tendered Share within five (5) Business Days following the Acceptance Announcement Date (the **Settlement** and the day on which the Settlement occurs the **Settlement Date**).

At 10:00 hours, Amsterdam time, on 16 March 2010, an extraordinary general meeting of Shareholders (the **Shareholders' Meeting**) will be convened at Rotterdam, at which meeting the Offer, among other matters, will be discussed in accordance with Article 18, paragraph 1 of the Bob. Reference is made to the Position Statement.

## 1. TABLE OF CONTENTS

1.	TABLE OF CONTENTS.....	4
2.	RESTRICTIONS.....	5
3.	IMPORTANT INFORMATION.....	8
4.	DEFINITIONS.....	12
5.	INVITATION TO THE SHAREHOLDERS .....	18
6.	EXPLANATION AND BACKGROUND OF THE OFFER.....	25
7.	INFORMATION REGARDING SMIT.....	46
8.	INFORMATION ON THE OFFEROR AND BOSKALIS.....	56
9.	FURTHER DECLARATIONS PURSUANT TO THE DUTCH DECREE ON PUBLIC OFFERS WFT.....	59
10.	TAX ASPECTS OF THE OFFER.....	61
11.	PRESS RELEASES.....	65
12.	DUTCH LANGUAGE SUMMARY .....	73
13.	SELECTED CONSOLIDATED FINANCIAL INFORMATION SMIT .....	88
14.	FINANCIAL STATEMENTS 2008 OF SMIT.....	105

## **2. RESTRICTIONS**

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

The distribution of this Offer Memorandum and/or the making of the Offer in jurisdictions other than the Netherlands may be restricted and/or prohibited by law. The Offer is not being made, and the Shares will not be accepted for purchase from or on behalf of any Shareholder, in any jurisdiction in which the making of the Offer or acceptance thereof would not be in compliance with the securities or other laws or regulations of such jurisdiction or would require any registration, approval or filing with any regulatory authority not expressly contemplated by the terms of this Offer Memorandum. Persons obtaining this Offer Memorandum are required to take due note and observe all such restrictions and obtain any necessary authorisations, approvals or consents (to the extent applicable). Outside of the Netherlands, no actions have been taken (nor will actions be taken) to make the Offer possible in any jurisdiction where such actions would be required. In addition, this Offer Memorandum has not been filed with nor recognised by the authorities of any jurisdiction other than the Netherlands. Neither the Offeror, nor Boskalis nor any of its advisers accepts any liability for any violation by any person of any such restriction. Any person (including, without limitation, custodians, nominees and trustees) who forwards or intends to forward this Offer Memorandum or any related document to any jurisdiction outside the Netherlands should carefully read Sections 2 and 3 of this Offer Memorandum (Restrictions and Important Information) before taking any action. The release, publication or distribution of this Offer Memorandum in jurisdictions other than the Netherlands may be restricted by law and therefore persons into whose possession this Offer Memorandum comes should inform themselves about and observe such restrictions. Any failure to comply with any such restrictions may constitute a violation of the law of any such jurisdiction.

### **2.1 United States of America**

The Offer is not being, and will not be, made, directly or indirectly, in or into the United States, or by the use of the mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of, interstate or foreign commerce of, or of any facilities of a national securities exchange of the United States. The Offer may not be accepted in or from the United States, by the use of the mails of the United States, or by any means or instrumentality (including, without limitation, telephonically or electronically) of, interstate or foreign commerce of, or of any facilities of a national securities exchange of the United States. Neither this document nor any related documents are being mailed or otherwise distributed or sent in or into the United States. Persons receiving such documents (including, without limitation, custodians, depositaries, nominees and trustees) must not distribute or send them in, into or from the United States or to any U.S. person, or use such mails or any such means,

instrumentality or facilities for any purpose directly or indirectly in connection with the Offer, and so doing will render invalid any related purported acceptance. U.S. residents wishing to accept the Offer should not use any such means, instrumentality or facilities for any purpose, directly or indirectly, relating to an acceptance of the Offer. All persons who wish to accept the Offer must provide addresses outside the United States for a receipt of the consideration to which they are entitled under the Offer. This communication is not an extension of the Offer in the United States. Any purported tender of Shares in the Offer resulting directly or indirectly from a violation of these restrictions will be invalid.

Each Shareholder who tenders Shares under the Offer will be deemed to have represented, agreed and acknowledged that it has received a copy of this Offer Memorandum and that such tendering holder is outside the United States and that the Offeror and the Exchange Agent and their respective affiliates may rely on the foregoing representations, agreements and acknowledgements.

This Offer Memorandum and related materials are not being and should not be mailed or otherwise distributed or sent in or into the United States.

As used herein, "the United States" means the United States of America, its territories and possessions, any state of the United States of America, and the District of Columbia.

## 2.2 Canada, Australia and Japan

The Offer and any solicitation in respect thereof is not being made, directly or indirectly, in or into Canada, Australia or Japan, or by use of the mails, or by any means or instrumentality of interstate or foreign commerce, or any facilities of a national securities exchange, of Canada, Australia or Japan. This includes, but is not limited to, post, facsimile transmission, telex or any other electronic form of transmission and telephone. Accordingly, copies of this Offer Memorandum and any related press announcements, acceptance forms and other documents are not being sent and must not be mailed or otherwise distributed or sent in, into or from Canada, Australia or Japan or, in their capacities as such, to custodians, nominees or trustees holding Shares for persons residing in Canada, Australia or Japan. Persons receiving this Offer Memorandum and/or such other documents must not distribute or send them in, into or from Canada, Australia or Japan, or use such mails or any such means, instrumentality or facilities for any purpose in connection with the Offer; so doing will invalidate any purported acceptance of the Offer. The Offeror will not accept any tender by any such use, means, instrumentality or facility from within Canada, Australia or Japan.

Tender and transfer of Shares constitutes a representation and warranty that the person tendering the Shares (i) has not received or sent copies of this Offer Memorandum or any related documents in, into or from Canada, Australia or Japan and (ii) has not otherwise utilised in connection with the Offer, directly or indirectly, the mails or any means or instrumentality including, without limitation, facsimile

transmission, telex and telephone of interstate or foreign commerce, or any facility of a national securities exchange of, Canada, Australia or Japan. The Offeror reserves the right to refuse to accept any purported acceptance that does not comply with the foregoing restrictions, and any such purported acceptance will be null, void and without effect.

### 3. IMPORTANT INFORMATION

#### *Information*

This Offer Memorandum contains important information that should be read carefully before any Shareholder makes a decision to tender Shares in connection with the Offer. Shareholders are advised to seek independent advice where necessary. In addition, Shareholders may wish to consult with their tax advisers regarding the tax consequences of tendering their Shares under the Offer.

The information included in Sections 1-6 (excluding Sections 6.6, 6.9, 6.10, 6.12.5 and 6.14), 8 (information on the Offeror and Boskalis), 10-12 has been solely provided by the Offeror. The information included in Sections 6.6 (decision-making and recommendation by the Boards), 6.9 (shareholdings of members of the Boards), 7 (information on Smit), 13.1-13.4, 13.6 and 13.8 and 14 has been solely provided by Smit. The information included on the front page and the information in Sections 6.10 (respective cross shareholdings), 6.12.5 (employees), 6.14 (Merger Protocol) and 9 (further declarations) has been provided by the Offeror and Smit jointly. The information included in Sections 13.5 and 13.7 has been provided by KPMG and is identical to the original auditor's statements as of the same date issued by KPMG. Section 12 is a Dutch language summary of information provided by the Offeror and/or Smit in the English language.

The Offeror and Smit are exclusively responsible for the accuracy and completeness of the information provided in this Offer Memorandum, each with respect to such information as it has provided, and together with respect to the information they have provided jointly, except for information that has not been provided by either of them or jointly by them (which includes the information in Sections 13.5 and 13.7 for which KPMG is responsible).

Both the Offeror and Smit confirm, each with respect to such information it has provided and jointly with respect to the information they have provided together in this Offer Memorandum, that to the best of their knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in this Offer Memorandum is in accordance with the facts and contains no omission likely to affect its import.

It is pointed out that certain financial and statistical information and other figures contained in this Offer Memorandum may be rounded up or down and should therefore not be regarded as exact.

The information included in this Offer Memorandum reflects the situation as at the date of this Offer Memorandum unless specified otherwise. Neither the issue nor the distribution of this Offer Memorandum shall under any circumstances imply that the information contained herein is accurate and complete as of any time subsequent to the date of this Offer Memorandum or that there has been no change in the information set out in this Offer Memorandum or in the affairs of the Offeror, Smit



and/or their respective subsidiaries and/or affiliates since the date of this Offer Memorandum. The foregoing does not affect the obligation of both the Offeror and Smit, each in so far as it concerns them, to make a public announcement pursuant to Article 5:25i Wft or Article 4, paragraph 3 of the Bob, if applicable.

No person, other than the Offeror, Boskalis and Smit and without prejudice to the Auditors' Reports issued by KPMG, is authorised in connection with the Offer to provide any information or to make any statements on behalf of the Offeror, Boskalis and/or Smit in connection with the Offer or any information contained in this Offer Memorandum. If any such information or statement is provided or made by parties other than the Offeror, Boskalis and/or Smit such information or statement should not be relied upon as having been provided by or made by or on behalf of the Offeror, Boskalis and/or Smit. Any information or representation not contained in this Offer Memorandum must not be relied upon as having been provided by or made by or on behalf of the Offeror, Boskalis and/or Smit.

#### *Governing law*

This Offer Memorandum and the Offer are, and any tender, purchase or transfer of Shares will be, governed by and construed in accordance with the laws of the Netherlands. The District Court of Amsterdam (*Rechtbank Amsterdam*) and its appellate courts will have exclusive jurisdiction to settle any disputes which might arise out of or in connection with this Offer Memorandum, the Offer and/or any tender, purchase or transfer of Shares. Accordingly, any legal action or proceedings arising out of or in connection with this Offer Memorandum, the Offer and/or any tender, purchase or transfer of Shares may be brought exclusively in such courts.

#### *Language*

This Offer Memorandum is published in the English language and a Dutch language summary is included as Section 12. In the event of any differences, whether or not in interpretation, between the English text of this Offer Memorandum and the Dutch language summary of this Offer Memorandum, the English text of this Offer Memorandum will prevail.

Rabo Securities has been appointed as Exchange Agent in the context of the Offer.

#### Addresses

##### **The Offeror**

Boskalis Holding B.V.  
Rosmolenweg 20  
3356 LK Papendrecht  
The Netherlands

**The Company**

Smit Internationale N.V.  
Waalhaven O.Z. 85, Portnumber 2204  
3087 BM Rotterdam  
The Netherlands

**The Exchange Agent**

Rabo Securities  
Attn: ECM - Syndication  
Amstelplein 1  
1096 HA Amsterdam  
The Netherlands

P.O. Box 94640  
1090 GP Amsterdam  
The Netherlands

Tel: +31 (0) 20 4604805  
Fax: +31 (0) 20 4604949  
Email: [prospectus@rabobank.com](mailto:prospectus@rabobank.com)

*Incorporation by reference*

Digital copies of this Offer Memorandum are available on the websites of Smit ([www.smit.com](http://www.smit.com)) and Boskalis ([www.boskalis.com](http://www.boskalis.com)). Copies of this Offer Memorandum are also available free of charge at the offices of the Offeror, Smit or the Exchange Agent at the addresses mentioned above. The Smit and Boskalis websites do not constitute a part of, and are not incorporated by reference into, this Offer Memorandum.

Copies of the articles of association of the Offeror are available free of charge at the offices of the Offeror and can be obtained by contacting the Offeror at the address mentioned above.

Copies of the Smit Articles of Association and the financial information of Smit relating to the annual financial statements (*jaarrekening*) for the financial year 2008, the financial year 2007 and the financial year 2006 as adopted by the Company's general meeting of Shareholders, are available on the website of Smit ([www.smit.com](http://www.smit.com)).

*Forward-looking statements*

This Offer Memorandum includes forward-looking statements that involve risk and uncertainty. Generally, words such as may, will, expect, intend, estimate, anticipate, believe, plan, seek continue or similar expressions identify forward-looking statements. Although each of the Offeror, Boskalis and Smit, each with respect to the statements it

has provided, believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, no assurance can be given that such statements will be fulfilled or prove to be correct, and no representations are made as to the future accuracy and completeness of such statements. Any such forward-looking statement must be considered together with the fact that actual events or results may vary materially from such forward-looking statements due to, among other things, political, economic or legal changes in the markets and environments in which the Offeror, Boskalis and/or Smit do business, competitive developments or risks inherent to the Offeror's, Boskalis or Smit's business plans and uncertainties, risk and volatility in financial markets and other factors affecting the Offeror, Boskalis and/or Smit.

The Offeror and Smit undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable laws and regulations or by any appropriate regulatory authority.

#### *Financial Advisers*

Kempen & Co and Rabo Securities are acting as financial advisers exclusively to the Offeror and Boskalis and to no one else in connection with the Offer and will not regard any other person (whether or not a recipient of this Offer Memorandum) as a client in relation to the Offer and will not be responsible to anyone other than the Offeror and Boskalis for providing the protections afforded to the clients of Kempen & Co and Rabo Securities or for providing advice in relation to the Offer.

Kempen & Co and Rabo Securities have given and have not withdrawn their written consent to the issue of this Offer Memorandum with the references to their names in the form and context in which they appear.

RBS is acting as financial adviser exclusively to Smit and to no one else in connection with the Offer and will not regard any other person (whether or not a recipient of this Offer Memorandum) as a client in relation to the Offer and will not be responsible to anyone other than Smit for providing the protections afforded to the clients of RBS or for providing advice in relation to the Offer.

RBS has given and has not withdrawn its written consent to the issue of this Offer Memorandum with the references to its name in the form and context in which they appear.

#### 4. DEFINITIONS

Any reference in this Offer Memorandum to defined terms in plural form will constitute a reference to such defined terms in singular form, and vice versa. All grammatical and other changes required by the use of a definition in singular form will be deemed to have been made herein and the provisions hereof will be applied as if such changes have been made.

Defined terms used in this Offer Memorandum will have the following meaning:

<b>Acceptance Announcement Date</b>	has the meaning given to it in Section 5.5;
<b>Admitted Institutions</b>	means those institutions admitted to Euronext Amsterdam ( <i>aangesloten instellingen</i> );
<b>AFM</b>	means the Netherlands Authority for the Financial Markets ( <i>Stichting Autoriteit Financiële Markten</i> );
<b>Auditor</b>	means KPMG Accountants N.V.;
<b>Auditors' Report</b>	means an auditors' report issued by the Auditor;
<b>Boards</b>	means the Supervisory Board and the Management Board together;
<b>Bob</b>	means the Dutch Decree on public offers Wft ( <i>Besluit openbare biedingen Wft</i> ), as amended from time to time;
<b>Boskalis</b>	means Koninklijke Boskalis Westminster N.V., a public limited liability company ( <i>naamloze vennootschap</i> ) incorporated under the laws of the Netherlands, having its seat ( <i>statutaire zetel</i> ) in Sliedrecht, the Netherlands;
<b>Boskalis Group</b>	means Boskalis and its subsidiaries;
<b>Business Day</b>	means a day other than a Saturday or Sunday on which banks in the Netherlands, according to the collective agreements for banking sector ( <i>Algemene Bank-CAO</i> ) and Euronext Amsterdam are generally open for

normal business;

**Closing Date**

means the time and date on which the Offer Period expires, being at 18:00 hours, Amsterdam time, on 26 March 2010, unless extended by the Offeror in accordance with Section 5.6, in which case the closing date shall be the date on which the extended Offer Period expires;

**Combined Group**

means the business combination of the Boskalis Group and the Smit Group following completion of the Offer;

**Company**

means Smit;

**Competing Offer**

means a written proposal by a *bona fide* third party to make a (public) offer for all Shares or all of the Company's business or a merger of the Company with a *bona fide* party, which is in the reasonable opinion of the Boards, taking into account the identity and track record of Boskalis and that of such third party, certainty of execution (including certainty of financing and compliance with all anti-trust and other regulatory laws), conditionality, the nature of the consideration, the future plans of such third party with respect to the Company and the Company's strategy, management, employees and other stakeholders and the other interest of all stakeholders of the Company, a substantially better offer than the Offer as contemplated in this Offer Memorandum;

**Distribution**

has the meaning given to it in Section 5.1;

**Daily Official List**

means the Daily Official List (*Officiële Prijscourant*) of Euronext Amsterdam;

**Dutch Corporate Governance Code**

means the Dutch corporate governance code, dated 1 January 2009 as established under Section 2:391 paragraph 5 of the Dutch Civil Code;

<b>EPS</b>	means earnings per share;
<b>EBITDA</b>	means earnings before interest, tax, depreciation and amortisation;
<b>Euronext Amsterdam</b>	means the stock exchange of Euronext Amsterdam by NYSE Euronext, the regulated market of Euronext N.V.;
<b>Exchange Agent</b>	means Rabo Securities;
<b>Fairness Opinion</b>	means the fairness opinion dated 24 January 2010 issued by RBS;
<b>IFRS</b>	means the international accounting standards, international financial reporting standards and the related interpretations of these standards as adopted by the European Union;
<b>Independent Members</b>	has the meaning given to it in Section 6.12.6;
<b>Initial Announcement</b>	has the meaning given to it in Section 6;
<b>Interim Dividend</b>	has the meaning given to it in Section 5.1;
<b>Kempen &amp; Co</b>	means Kempen Corporate Finance B.V., a full subsidiary of Kempen & Co N.V.;
<b>Legal Merger</b>	has the meaning given to it in Section 6.12.2;
<b>Management Board</b>	means the management board ( <i>raad van bestuur</i> ) of Smit;
<b>Merger Code</b>	means the Merger Code 2000 ( <i>SER-besluit Fusiegedragsregels 2000</i> );
<b>Merger Protocol</b>	means the merger protocol agreed and signed by Boskalis and Smit on 24 January 2010;
<b>Merger Rules</b>	means all applicable laws and regulations, including without limitation, the applicable provisions of and any rules and regulations promulgated pursuant to the Wft, the Bob, the policy guidelines and instructions of the

AFM, the Dutch Works Council Act (*Wet op de ondernemingsraden*), the Merger Code 2000, the rules and regulations of Euronext Amsterdam and the Dutch Civil Code;

<b>Minimum Acceptance Condition</b>	has the meaning given to it in Section 6.7.1;
<b>Offer</b>	means the cash offer described in this Offer Memorandum;
<b>Offer Conditions</b>	means the conditions to the Offer set out in Section 6.7;
<b>Offer Memorandum</b>	means this offer memorandum describing the terms, conditions and restrictions of the Offer;
<b>Offer Period</b>	means the period during which the Shareholders can tender their Shares to the Offeror, which commences at 09:00 hours, Amsterdam time, on 25 February 2010 and ends on the Closing Date;
<b>Offer Price</b>	means a cash amount of EUR 60 (sixty euros) for each Tendered Share excluding the Interim Dividend;
<b>Offeror</b>	means Boskalis Holding B.V., a private limited liability company ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ), incorporated under the laws of the Netherlands, having its seat ( <i>statutaire zetel</i> ) in Papendrecht, the Netherlands;
<b>Peer Group</b>	has the meaning given to it in Section 6.3(b);
<b>Position Statement</b>	means the position statement of Smit in connection with the Offer;
<b>Post Closing Acceptance Period</b>	means a period of no more than 2 weeks after the Offer Period during which the Shareholders that have not yet tendered their Shares under the Offer may be given the opportunity to do so in the same

	manner and under the same conditions as set out in this Offer Memorandum;
<b>Post Offer Actions</b>	has the meaning given to it in Section 6.12.2;
<b>Rabo Securities</b>	means the equity (linked) investment bank division of the Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., acting under the name Rabo Securities;
<b>RBS</b>	means the Royal Bank of Scotland authorised agent of The Royal Bank of Scotland plc;
<b>Revised Offer</b>	has the meaning given to it in Section 6.14.2;
<b>Settlement</b>	means the payment of the Offer Price by the Offeror to the Shareholders for each Tendered Share;
<b>Settlement Date</b>	means the date, being no later than the fifth (5 <sup>th</sup> ) Business Day after the Acceptance Announcement Date, on which, in accordance with the terms of the Offer, the Offeror will pay the Offer Price to the Shareholders for each Tendered Share;
<b>Shareholder(s)</b>	means (a) holder(s) of one or more Share(s);
<b>Shareholders' Meeting</b>	means the extraordinary general meeting of shareholders of Smit that is to be held in accordance with Article 18, paragraph 1 of the Bob at least 6 (six) Business Days prior to 26 March 2010;
<b>Shares</b>	means the issued and outstanding ordinary shares in the share capital of Smit with a nominal value of EUR 2.30 each;
<b>Smit Articles of Association</b>	means the articles of association ( <i>statuten</i> ) of Smit, as most recently amended on 7 May 2009;
<b>Smit Group</b>	means Smit and its subsidiaries;



<b>Smit</b>	means Smit Internationale N.V., a public limited liability company ( <i>naamloze vennootschap</i> ) incorporated under the laws of the Netherlands, having its seat ( <i>statutaire zetel</i> ) in Rotterdam, the Netherlands;
<b>Squeeze-Out</b>	has the meaning given to it in Section 6.12.2;
<b>Supervisory Board</b>	means the supervisory board ( <i>raad van commissarissen</i> ) of Smit;
<b>Takeover Squeeze-Out</b>	has the meaning given to it in Section 6.12.2;
<b>Tendered Share</b>	means each Share validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and transferred ( <i>geleverd</i> ) for acceptance pursuant to the Offer prior to or on the Closing Date;
<b>Wft</b>	means the Dutch Act on Financial Supervision ( <i>Wet op het financieel toezicht</i> ).

## 5. INVITATION TO THE SHAREHOLDERS

Shareholders are advised to review this Offer Memorandum (including all documents incorporated by reference herein) and in particular Sections 2 and 3 (Restrictions and Important Information) thoroughly and completely and to seek independent advice where appropriate in order to reach a balanced judgement with respect to the Offer and this Offer Memorandum. Shareholders who consider not tendering their Shares are advised to review Section 6.12 (Consequences of the Offer) in particular. With due reference to all statements, terms, conditions and restrictions included in this Offer Memorandum, Shareholders are hereby invited to tender their Shares under the Offer in the manner and subject to the terms and restrictions set out in this Offer Memorandum.

### 5.1 Offer Price

For each Tendered Share, the Offeror offers a consideration of EUR 60 (sixty euro) in cash (the **Offer Price**). The Offer Price is ex dividend. Boskalis and Smit have agreed that the Company shall declare a cash interim dividend for the year 2009 of EUR 2.75 (two euro and seventy-five cents) per Share and shall pay this dividend to the Shareholders before Settlement (the **Interim Dividend**).

With the exception of the Interim Dividend, if, between the date of this Offer Memorandum and the Settlement Date, Smit, by any means whatsoever declares one or more dividends (including any interim dividends), distributes share premium or any other reserves or reduces its issued capital (including pursuant to a redemption (*intrekking*) of shares or reduction of nominal value (*vermindering van nominale waarde*)) and any of the above is paid or has a record date for payment before the Settlement Date (each, a **Distribution** and collectively, the **Distributions**), then the amount of cash to be paid in connection with the Offer in exchange for each tendered Share will be reduced by the amount of such Distribution (before any applicable withholding tax).

### 5.2 Acceptance by Shareholders

#### 5.2.1 Acceptance by holders of Shares through an admitted institution

Shareholders who hold their Shares through an Admitted Institution are requested to make their acceptance known through their bank or stockbroker no later than 18:00 hours Amsterdam time on 26 March 2010, unless the Offer Period is extended in accordance with Section 5.6 (Extension). The custodian, bank or stockbroker may set an earlier deadline for communication by Shareholders in order to permit the custodian, bank or stockbroker to communicate its acceptances to the Exchange Agent in a timely manner.

The Admitted Institutions may tender Shares for acceptance only to the Exchange Agent and only in writing. In submitting the acceptance, the Admitted Institutions are required to declare that (i) they have the Tendered Shares in their administration, (ii)

each Shareholder who accepts the Offer irrevocably represents and warrants that the Tendered Shares by it are being tendered in compliance with the restrictions set out in Sections 2 and 3 (Restrictions and Important Information) and (iii) they undertake to transfer these Shares to the Offeror prior to or ultimately on the Settlement Date, provided that the Offer has been declared unconditional (*gestand wordt gedaan*).

Subject to Article 15, paragraph 3 of the Bob, the tendering of Shares in acceptance of the Offer will constitute irrevocable instructions to block any attempt to transfer the Shares tendered, so that on or prior to the Settlement Date no transfer of such Shares may be effected (other than to the Exchange Agent on or prior to the Settlement Date if the Offer is declared unconditional (*gestand wordt gedaan*) and the Shares have been accepted for purchase) and to debit the securities account in which such Shares are held on the Settlement Date in respect of all of the Tendered Shares, against payment by the Exchange Agent of the Offer Price per Share.

5.2.2 Acceptance by holders of Shares individually recorded in the shareholders' register

Holders of Shares individually recorded in the shareholders' register wishing to accept the Offer in respect of such Shares must deliver a completed and signed acceptance form to the Exchange Agent in accordance with the terms and conditions of the Offer, not later than 18:00 hours, Amsterdam time, on 26 March 2010, unless the Offer Period is extended in accordance with Section 5.6 (Extension). The acceptance forms are available upon request from the Exchange Agent. The acceptance form will serve as a deed of transfer (*akte van levering*) with respect to the Shares referenced therein.

5.2.3 Undertakings, Representations and Warranties by tendering Shareholders

Each Shareholder tendering Shares pursuant to the Offer, by such tender, undertakes, represents and warrants to the Offeror, on the date that such Shares are tendered and including the Settlement Date, that:

- (a) the tender of any Shares constitutes an acceptance by the Shareholder of the Offer, on and subject to the terms and conditions of the Offer;
- (b) such Shareholder has full power and authority to tender, sell and transfer (*leveren*) the Shares tendered by it, and has not entered into any other agreement to tender, sell or transfer (*leveren*) the Shares stated to have been tendered to any party other than the Offeror (together with all rights attaching thereto) and, when the same are purchased by the Offeror under the Offer, the Offeror will acquire such Shares, with full title guarantee and free and clear of all third party rights and restrictions of any kind; and
- (c) such Shares are being tendered in compliance with the restrictions as set out in Sections 2 and 3 (Restrictions and Important Information) and the securities and other applicable laws or regulations of the jurisdiction in which such Shareholder is located or of which it is a resident and no registration, approval

or filing with any regulatory authority of such jurisdiction is required in connection with the tendering of such Shares.

#### 5.2.4 Acceptance of Defective Tenders

The Offeror reserves the right to accept any tender for acceptance, even if it has not been effected in the manner as set out in this Section 5.2 (Acceptance by Shareholders).

#### 5.2.5 Withdrawal Rights

Shares tendered on or prior to the Closing Date may not be withdrawn, subject to the right of withdrawal of any Tendered Shares during any extension of the Offer Period in accordance with the provisions of Article 15 paragraph 3 of the Bob.

#### 5.3 Conditions

The Offer will be declared unconditional (*gestanddoening*) subject to the conditions precedent set out in Section 6.7 being satisfied or waived (as set out in Section 6.7), to the extent permitted by law. The Offeror will announce within three (3) Business Days following the Closing Date whether the Offer is declared unconditional.

#### 5.4 Offer Period (*aanmeldingstermijn*)

The Offer Period will commence at 09:00 hours, Amsterdam time, on 25 February 2010 and will expire on 26 March 2010 at 18:00 hours, Amsterdam time, unless the Offer Period is extended in accordance with Section 5.6 (Extension).

Shares tendered on or prior to the Closing Date may not be withdrawn, subject to the right of withdrawal of any tender during any extension of the Offer Period in accordance with the provisions of Article 15, paragraph 3 of the Bob. In case of extension of the Offer Period, any Shares previously tendered and not withdrawn will remain subject to the Offer.

If all conditions to the Offer are satisfied or, where appropriate, waived, the Offeror will accept all Shares that have been validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and not previously withdrawn pursuant to provisions of Article 15, paragraph 3 of the Bob in accordance with the procedures set forth in Section 5.2 (Acceptance by Shareholders).

#### 5.5 Declaring the Offer Unconditional (*gestanddoening*)

The Offer will be subject to the satisfaction of the Offer Conditions. See also Section 6.7 (Offer Conditions). The Offer Conditions may be waived, to the extent permitted by law or by agreement, as set out in Section 6.7. If the Offeror or the Company wishes to (partly) waive one or more Offer Conditions according to Section 6.7, the Offeror or the Company, as the case may be, will inform the Shareholders as required by the Merger Rules.

No later than on the third (3) Business Days following the Closing Date, such date being the Acceptance Announcement Date, the Offeror will determine whether the Offer Conditions have been satisfied or waived as set out in Section 6.7, to the extent permitted by law. In addition, the Offeror will announce on the Acceptance Announcement, whether (i) the Offer is declared unconditional, (ii) the Offer will be extended in accordance with Article 15 of the Bob or (iii) the Offer is terminated, as a result of the Offer Conditions not having been satisfied or waived set out in Section 6.7, all in accordance with Article 16 of the Bob. In the event that the Offer is not declared unconditional, the Offeror will motivate such decision.

In the event that the Offeror announces that the Offer is declared unconditional (*gestand wordt gedaan*) the Offeror will accept for payment all the Tendered Shares and may continue the Offer by way of a Post Closing Acceptance Period (*na-aanmeldingstermijn*) as set out in Section 5.7 (Post Closing Acceptance Period).

## 5.6 Extension

If and to the extent one or more of the Offer Conditions set out in Section 6.7 is not satisfied by 26 March 2010, the Offeror may, in accordance with Article 15 paragraph 1 and paragraph 2 of the Bob, extend the Offer Period for a minimum period of two (2) weeks and a maximum period of ten (10) weeks in order to have such Offer Conditions satisfied or waived. Extension of the Offer Period may occur once. In case of such extension all references in this Offer Memorandum to 18:00 hours Amsterdam time on 26 March 2010 shall, unless the context requires otherwise, be changed to the latest date and time to which the Offer Period has been so extended.

If the Offer Period is extended, so that the obligation pursuant to Article 16 of the Bob to announce whether the Offer is declared unconditional is postponed, a public announcement to that effect will be made ultimately on the third (3<sup>rd</sup>) Business Day following the Closing Date in accordance with the provisions of Article 15, paragraph 1 and paragraph 2 of the Bob. If the Offeror extends the Offer Period, the Offer will expire at the latest time and date to which the Offeror extends the Offer Period.

During an extension of the Offer Period, any Shares previously tendered and not withdrawn will remain subject to the Offer, subject to the right of each Shareholder to withdraw the Shares he or she has already tendered in accordance with Article 15, paragraph 3 of the Bob.

## 5.7 Post Closing Acceptance Period (*na-aanmeldingstermijn*)

In the event that the Offeror announces that the Offer is declared unconditional (*gestand wordt gedaan*), the Offeror may, at its discretion, in accordance with Article 17 of the Bob, within three (3) Business Days after declaring the Offer unconditional, publicly announce a Post Closing Acceptance Period (*na-aanmeldingstermijn*) to enable Shareholders who did not tender their Shares during the Offer Period to tender their Shares under the same terms and conditions as the Offer. Such Post Closing Acceptance Period shall commence on the first Business Day following the

announcement of a Post Closing Acceptance Period for a period of no longer than two (2) weeks.

The Offeror will publicly announce the results of the Post Closing Acceptance Period and the total amount and total percentage of Shares held by it in accordance with Article 17, paragraph 4 of the Bob ultimately on the third Business Day following the end of the Post Closing Acceptance Period. The Offeror shall continue to accept for payment all Shares validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) during such Post Closing Acceptance Period and shall pay for such Shares within five (5) Business Days following the end of the Post Closing Acceptance Period. Reference is made to Section 5.8 (Settlement).

During the Post Closing Acceptance Period, neither Shareholders who tendered Shares during the Offer Period, if such Shares were accepted pursuant to the Offer, nor Shareholders who tender Shares during a Post Closing Acceptance Period, will have any right to withdraw such Shares from the Offer.

#### 5.8 Settlement

In the event that the Offeror announces that the Offer is declared unconditional (*gestand wordt gedaan*), Shareholders who have tendered and delivered their Shares for acceptance pursuant to the Offer on or prior to the Closing Date will receive within five (5) Business Days following the Acceptance Announcement Date the Offer Price in respect of each Tendered Share, at which point dissolution or annulment of a Shareholder's tender or transfer (*levering*) shall not be permitted.

Shareholders who have tendered and transferred their Shares for acceptance during the Post Closing Acceptance Period will receive the Offer Price within five (5) Business Days following the last day of the Post Closing Acceptance Period.

#### 5.9 Dividends

Smit may or may not pay (cash) dividends to the Shareholders after Settlement. The Offeror anticipates to significantly amend Smit's dividend policy, ceasing the payment of regular cash dividends in the foreseeable future. Dividends paid may be of a one off nature only and the amount of any dividends will depend on a number of factors associated with the Offeror's tax and financial preferences from time to time. Distributions made in respect of the Shares after the Settlement Date will be deducted from the price per Shares for purposes of establishing such price in any Legal Merger or other measure contemplated by Section 6.12.2 (Legal Structure and Corporate Structure following the Offer).

#### 5.10 Announcements

Any announcements contemplated by this Offer Memorandum will be issued by press release. Subject to any applicable requirements of the Merger Rules and without limiting the manner in which the Offeror may choose to make any public

announcement, the Offeror will have no obligation to communicate any public announcement other than as described above.

#### 5.11 Commission

Admitted Institutions will receive from the Exchange Agent on behalf of the Offeror a commission in the amount of EUR 0.054 in respect of each Tendered Share, up to a maximum of EUR 1,000 per Shareholder tender. The commission must be claimed from the Offeror through the Exchange Agent within thirty days of the Settlement Date. No costs will be charged to Shareholders by the Offeror or by Smit for the transfer and payment of each Tendered Share if an Admitted Institution is involved. However, Shareholders may be charged certain fees by their banks or stockbrokers. Costs may also be charged to Shareholders by or on behalf of a foreign institution involved in the transfer and payment of the Tendered Shares. Shareholders should consult their banks and stockbrokers regarding any such fees.

#### 5.12 Restrictions

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

### 5.13 Indicative Timetable

<b>Expected Date and Time</b> (All times are Amsterdam time)	<b>Event</b>
09:00 hours, 24 February 2010	Press release announcing the availability of the Offer Memorandum and the commencement of the Offer
09:00 hours, 25 February 2010	Commencement of the Offer Period under the Offer
4 March 2010 (after cob)	Publication Smit Annual Accounts 2009
10:00 hours, 16 March 2010	Shareholders' Meeting, at which meeting the Offer will be discussed
10:30 hours, 17 March 2010	Shareholders' Meeting Boskalis
18:00 hours, 26 March 2010	Closing Date:  Deadline for Shareholders wishing to tender Shares, unless the Offer is extended in accordance with Article 15 of the Bob
No later than three Business Days after the Closing Date	Acceptance Announcement Date:  The date on which the Offeror will publicly announce whether the Offer is declared unconditional ( <i>gestand wordt gedaan</i> ) in accordance with Article 16 of the Bob
Not later than five (5) Business Days after the Acceptance Announcement Date	Settlement Date:  The date on which, in accordance with the terms and conditions of the Offer, the Offeror will pay the Offer Price per Share to the Shareholders who have validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and transferred ( <i>geleverd</i> ) their Shares under the Offer



## 6. EXPLANATION AND BACKGROUND OF THE OFFER

### 6.1 Introduction

On 12 November 2009, Boskalis and Smit jointly announced that they had in principle reached agreement on the main terms and conditions of a merger between both companies, to be structured by way of Boskalis making a cash offer for all shares in Smit, pursuant to Article 5, paragraph 1 of the Bob (the **Initial Announcement**).

On 7 December 2009, Boskalis announced that the preparations of the Offer were well under way and that (a draft of this) Offer Memorandum would be timely submitted to the AFM for approval, pursuant to Article 7, paragraph 1(a) of the Bob.

On 15 December 2009, Boskalis announced to have available sufficient funds to finance the Offer in accordance with Article 7, paragraph 4 of the Bob.

On 25 January 2010, Boskalis and Smit jointly announced that (i) they had signed a Merger Protocol in respect of a full merger of the two companies, (ii) Boskalis offer included EUR 60 per share ex dividend, (iii) Smit shareholders would receive EUR 2.75 dividend over 2009, (iv) the Management Board and the majority of the Supervisory Board recommended the Offer and (v) the Offer would be declared unconditional at an acceptance level of more than 75%.

See also Section 11 (Press Releases).

### 6.2 The Offer

The Offeror is making the Offer to purchase from Shareholders all the Shares on the terms and subject to the conditions and restrictions contained in this Offer Memorandum.

Subject to the Offer being declared unconditional (*gestanddoening*), Shareholders tendering their Shares under the Offer will receive the Offer Price in respect of each Tendered Share.

Prior to Settlement, Smit shall declare and pay the Interim Dividend to all Shareholders.

With the exception of the Interim Dividend, if, between the date of this Offer Memorandum and the Settlement Date, Smit, by any means whatsoever declares any Distribution, then the Offer Price will be reduced by the amount of such Distribution (before any applicable withholding tax).

### 6.2.1 Bid Premia

The Offer represents:

- (a) a premium of **7.9%** (seven point nine percent) and, including the Interim Dividend, a premium of **12.9%** (twelve point nine percent) relative to the closing share price of the Shares on 11 November 2009, the last Business Day prior to the Initial Announcement;
- (b) a premium of **12.9%** (twelve point nine percent) and, including the Interim Dividend, a premium of **18.1%** (eighteen point one percent) relative to the average closing share price of the Shares over the last 3 (three) months prior to the Initial Announcement;
- (c) a premium of **23.0%** (twenty-three percent) and, including the Interim Dividend, a premium of **28.6%** (twenty-eight point six percent) relative to the average closing share price of the Shares over the last 6 (six) months prior to the Initial Announcement;
- (d) a premium of **36.1%** (thirty-six point one percent) and, including the Interim Dividend, a premium of **42.3%** (forty-two point three percent) relative to the average closing share price of the Shares over the last 12 (twelve) months prior to the Initial Announcement; and
- (e) an enterprise value<sup>1</sup> to EBITDA ratio of **7.1x** and, including the Interim Dividend, an enterprise value to EBITDA ratio of **7.4x**, for the year ending 31 December 2009.

An enterprise value to EBITDA ratio of **7.6x** and, including the Interim Dividend, an enterprise value to EBITDA 2010 ratio of **7.9x** for the year ending 31 December 2010.

Ratio's are based on Factset consensus analyst EBITDA estimates using the following brokers: Ca Cheuvreux Research, Fortis, ING, Kempen & Co, Petercam, Rabo Securities Equity Research and Royal Bank of Scotland Equity Research on 11 November 2009, the last Business Day prior to the Initial Announcement.

### 6.3 Substantiation of the Offer

The Offeror, Boskalis and Smit have reached agreement on the Offer and the Offer Price following negotiations between themselves, assisted by their respective advisors. In assessing the merits of the Offer and the Offer Price, the Boards carefully

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<sup>1</sup> enterprise value based on a total number of 18,366,591 (eighteen million three hundred sixty-six thousand and five hundred ninety-one) shares issued and outstanding as at 11 November 2009 times the Offer Price plus the net debt (netted for participations, financial assets and adjusted for other debt items) as per Smit's half year report 2009.

considered the interests of all stakeholders concerned, including those of the Shareholders.

In determining the Offer Price, the Offeror and Boskalis have carefully considered the history of Smit, the expectations of its management and potential future prospects, including an analysis of historic and potential future developments in its profitability, cash flows and balance sheet. Furthermore, account has been taken of the historic price development of the Shares. The determined Offer Price is based on a total number of 18,366,591 (eighteen million three hundred sixty-six thousand and five hundred ninety-one) shares issued and outstanding as at 11 November 2009, the last Business Day prior to the Initial Announcement.

The Offer Price has been based on careful financial analyses, including, among others:

- (a) discounted cash flow analyses considering the historic developments and assuming financial forecasts for Smit International stand-alone, a weighted average cost of capital of 8% (eight percent) to 9% (nine percent), and a long-term effective corporate tax rate of 14% (fourteen percent) to 20% (twenty percent). The Offeror has based the Offer Price on a range of financial analyses (i.e. the Offer Price is not solely based on the outcome of the discounted cash flow analyses). Therefore, the Offeror does not deem it relevant to include the outcome of the discounted cash flow analyses in the Offer Memorandum;
- (b) a trading multiple analysis based on the financial performance of Smit and the prices and trading activity of the Shares compared with its Peer Group consisting of Bourbon, Deep Sea Supply, Dockwise, Farstad Shipping, Gulfmark Offshore, Hornbeck Offshore Services, Mermaid Marine Australia, Tidewater, Trico Marine and Wilson Sons. For this Peer Group the median ratio of enterprise value to analyst consensus EBITDA estimates for the year ending 31 December 2009 and, calendarised if different to the actual year end of the respective companies, was approximately 6.9x on 11 November 2009, the last Business Day prior to the Initial Announcement. The median ratio of enterprise value to analyst consensus EBITDA estimates for the year ending 31 December 2010 and, calendarised if different to the actual year end of the respective companies, was approximately 6.7x on 11 November 2009, the last Business Day prior to the Initial Announcement. The enterprise value to EBITDA ratios of the Peer Group have been compared to the enterprise value to EBITDA ratios of Smit as described in 6.2 (e) of the Offer Memorandum;
- (c) an analysis of bid premiums in all cash public offers for Dutch companies listed on NYSE Euronext Amsterdam announced since 2006, excluding public offers on real estate companies. Transactions that were closed and were included in this analysis are: ERIKS Group (SHV Holdings), Gouda Vuurvast Holding (RijnDijk Groep), DNC De Nederlanden Compagnie (Adecco), Corporate Express (Staples), Econosto (ERIKS Group), Koninklijke Grolsch (SABMiller),

Hagemeyer (Rexel), Getronics (KPN), TeleAtlas (TomTom), Univar (Ulysses), Numico (Groupe Danone), Stork (London Acquisition), Wegener (Mecom), Koninklijke Nedschroef (Gilde), Seagull Software (Rocket Software), Athlon Holding (De Lage Landen), Airspray (Rexam), Priority Telecom (Chellomedia), VNU (Valcon) and McGregor (Toeca Fashion Holding);

- (d) The median 1-day bid premium of this group is 26.5% (twenty-six point five percent), the median bid premium to the average closing price 3 months prior to announcement of this group is 32.8% (thirty-two point eight percent), the median bid premium to the average closing price 6 months prior to announcement of this group is 37.1% (thirty-seven point one percent) and the median bid premium to the average closing price 12 months prior to announcement of this group is 41.1% (fourty-one point one percent).

#### 6.4 Rationale for the Offer

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

##### 6.4.1 Main highlights of the transaction

The Offeror, Boskalis and Smit strongly believe that the strategic, operational and financial merits of the Offer are compelling and will provide significant benefits to both Boskalis' and the Company's shareholders, employees, customers, suppliers and other stakeholders, including:

- (a) *Strengthen the proposition to the market:* the business combination will create a global market leader in the field of maritime, oil and gas terminal activities. The Combined Group will secure and strengthen the current market positions and will form a solid platform for new business (expansion of existing business) and service offerings as the combined offering of existing services will enable the Combined Group to entertain a broader and more integrated service offering in complex civil, marine infrastructure projects;
- (b) *Key clients:* the Combined Group has a stronger and increased knowledge base and a broader product offering to key clients and thereby meets changing demand of the market place, where early involvement and offering integrated services are key success factors;
- (c) *All cash offer with an attractive premium:* the Offer provides Shareholders the opportunity to realize immediate value in cash for their Shares at a premium to the trading price before the Initial Announcement and Smit's historical trading ranges, eliminating significant price risk related to future investment, execution uncertainty and any liquidity discount upon sale;

- (d) *More efficiently managing assets and future investments:* the Combined Group can better allocate resources and manage capacity and investments as one entity. In particular, the combination of Smit's terminal business and Lamnalco will have significant optimisation (e.g. vessel and crew allocation) and synergy potential (e.g. sharing of best practices and vessel design and newbuild); and
- (e) *Providing resources to Smit to accelerate its growth strategy:* Boskalis and the shareholders of Boskalis can provide significant support, expertise, network and capital in partnership with Smit to accelerate Smit's growth strategy.

#### 6.4.2 Leading market position

- (a) The Combined Group will create a leading service provider, in the global maritime industry. With an annual turnover of EUR 2,799 million from activities in 85 countries based on 2008 financial information, the Combined Group will truly be a global player.
- (b) The Combined Group will have an excellent position in all major markets, including ports, oil & gas, and marine civil construction, and will become a true champion by strengthening its position across key markets:
  - (i) reinforced leading position in oil & gas terminals support services; and
  - (ii) leading positions in port development and port services, marine civil construction support services and in dredging and land reclamation.
- (c) Leading position for the integrated terminals activities of Boskalis and Smit:
  - (i) the terminals activities of Smit and Boskalis' participation Lamnalco both have a leading position in the global market for specialised oil and gas terminal services. This is a rapidly expanding market driven by the rise in global demand for energy.
  - (ii) the combination of Lamnalco with Smit's Terminals Division will result in a world-class maritime and offshore services provider with an excellent platform for further growth. The merger of the two companies is a natural step from a strategic, operational, commercial and financial perspective. The combined companies' estimated pro-forma 2008 revenues amount to EUR 190 million and the (combined) company will operate in more than 25 countries across five continents.

#### 6.4.3 Balanced Portfolio

Boskalis will become less dependent on its dredging and earthmoving segment, which represented 87% of Boskalis' revenues in 2008. The activities of Smit will significantly enhance the maritime and terminal services business segment of Boskalis.

#### 6.4.4 Committed employee development

Boskalis strives to become employer of choice in the maritime industry and is committed to the development of human resources in building a strong, global maritime services provider. As a result of the complementary nature of the activities and the developments within the markets in which both companies are active, the transaction will further strengthen Boskalis' profile in the industry and will therefore increase its ability to retain and attract highly skilled employees.

#### 6.4.5 Shareholder value and expected synergies

Based on thorough analysis, Boskalis is convinced that the acquisition will be immediately EPS enhancing (subject to the accounting impact of purchase price allocation), will create meaningful synergies and will allow Boskalis to accelerate its strategy. As a result, additional shareholder value is expected to be created in both the short and middle to long term.

The rationale for the offer has been extensively analyzed without a quantification of the potential synergies. As Boskalis and Smit have agreed to continue to operate Smit as a separate organisation for at least three years, a quantification of expected benefits is not possible at this stage. Synergies will especially be realised by integrating Smit's terminal activities with Lamnalco. and by combining certain headquarter functions of both companies. More in general, the combination has further upside potential in respect of:

- (i) sharing of best practices (e.g. operational, engineering);
- (ii) scale and scope to be more competitive in international tenders;
- (iii) becoming employer of choice in maritime services;
- (iv) improved access to global markets;
- (v) introduction of proven concepts and procedures across each other's footprint;
- (vi) optimization of regional offices network;
- (vii) increased buying power;
- (viii) reduced holding costs; and
- (ix) no more listing costs of Smit.

#### 6.5 Financing of the Offer

With reference to Article 7, paragraph 4 of the Bob, Boskalis announced on 15 December 2009 to have committed debt financing in place to finance the Offer, which,

together with the equity issuance in the amount of EUR 230 million that was completed on 15 December 2009, will be sufficient to satisfy the obligations of the Offeror under the Offer.

The committed debt financing is subject to customary conditions, consistent with the conditions to the Offer set out in this Offer Memorandum and in line with current market practice. The Offeror has no reason to believe that these conditions will not be fulfilled on or prior to the Settlement Date.

Reference is made to Section 11 (Press releases).

#### 6.6 Decision-making and recommendation by the Boards

As stated in the Position Statement, after having given due and extensive consideration to the strategic, operational, financial and social aspects and consequences of the proposed transaction, the Management Board and the majority of the Supervisory Board have reached the conclusion that the Offer as contemplated in this Offer Memorandum is in the best interests of the Company and its stakeholders (including the Shareholders).

The Management Board and the majority of the Supervisory Board are of the opinion that the Offer Price, together with the Interim Dividend, is fair to the Shareholders from a financial point of view. In this respect, reference is made to the Fairness Opinion as included in Section 3 of the Position Statement.

With reference to the above, the Management Board and the majority of the Supervisory Board support the Offer and recommend the Offer to the Shareholders for acceptance.

Reference is made to the Position Statement.

#### 6.7 Offer Conditions

Notwithstanding any other provisions of the Offer, the obligation of the Offeror to declare the Offer unconditional (*gestanddoening*) will be subject to the following conditions precedent being satisfied, or waived as set out in this Section 6.7, on or before the Closing Date:

- 6.7.1 such number of Shares having been validly tendered for acceptance on the Closing Date that these, together with (i) any Shares held directly or indirectly by the Offeror or committed to the Offeror at the Closing Date and (ii) the Shares directly or indirectly held by Smit in its own share capital at the Closing Date, represent at least 75% of Smit's issued share capital (*geplaatst kapitaal*) as at the Closing Date (the **Minimum Acceptance Condition**);
- 6.7.2 no event or circumstance having occurred materially adversely affecting (i) the business, prospects, financial position or assets of the Company or the Smit Group taken as a whole, (ii) the business, prospects, financial position or

assets of Boskalis or the Boskalis Group taken as a whole or (iii) the international or any relevant domestic syndicated loan, debt, bank, capital or equity markets, which event or circumstance is such that the Offeror cannot reasonably be expected to continue with the Offer or declare the Offer unconditional (*gestanddoening*);

- 6.7.3 no order, stay, judgment or decree having been issued by any court, arbitral tribunal, government, governmental authority or other regulatory or administrative authority on or prior to the Closing Date and being in effect, or any statute, rule, regulation, governmental order or injunction having been proposed, enacted, enforced or deemed applicable to the Offer, any of which restrains, prohibits or delays or is reasonably likely to restrain, prohibit or delay consummation of the Offer in any material respect;
- 6.7.4 the recommendation of the Boards not having been revoked or amended;
- 6.7.5 subject only to the Offer being declared unconditional (*gestanddoening*), Stichting Preferente Aandelen Smit Internationale having irrevocably agreed to terminate the option agreement between the Stichting Preferente Aandelen Smit Internationale and Smit on or prior to 26 March 2010;
- 6.7.6 the general meeting of shareholders of Boskalis having adopted the required resolutions to approve and carry out the Offer;
- 6.7.7 subject only to the Offer being declared unconditional (*gestanddoening*), the general meeting of shareholders of Boskalis having resolved to appoint Mr H.J. Hazewinkel to the supervisory board of Boskalis;
- 6.7.8 no notification having been received from the AFM that the Offer has been made in conflict with any of the provisions of chapter 5.5 of the Wft (*openbaar bod op effecten*) or the Decree, within the meaning of section 5:80 Wft in which case, pursuant to those rules, securities institutions (*effectenininstellingen*) would not be permitted to co-operate with the execution and completion of the Offer and trading in the Shares on Euronext Amsterdam not having been permanently suspended as a result of a listing measure (*noteringsmaatregel*) taken by Euronext;
- 6.7.9 the occurrence of one of the following events on or before the date that is two Business Days prior to the Closing Date:
  - (a) the relevant competition regulatory authorities issuing a clearance decision in respect of the Offer and if such decision is given subject to conditions or obligations, the Offeror being satisfied (acting reasonably) therewith, provided that the Offeror must accept any condition or obligation that is not material; or
  - (b) the expiry, lapsing or termination of all applicable waiting and other time periods (including extensions thereof) required by the relevant competition



authorities.

6.7.10 Waiver

- (a) The Offer Condition set forth in Section 6.7.8 (AFM notification) is for the benefit of each of the Offeror and the Company and cannot be waived.
- (b) The Offer Conditions set forth in Sections 6.7.2 (material adverse event), 6.7.3 (no order), 6.7.4 (recommendation of the Offer), 6.7.5 (Preferente Aandelen Smit Internationale), 6.7.6 (approval general meeting of shareholders of Boskalis) and 6.7.9 (Merger Clearances) are for the benefit of the Offeror and may be waived by the Offeror by written notice to the Company.
- (c) The Offer Condition set forth in Section 6.7.7 (appointment) is for the benefit of the Company and may be waived by the Company by written notice to the Offeror.
- (d) The Minimum Acceptance Condition may only be waived in accordance with the following:
  - (i) If the Tendered Shares, on 26 March 2010 together with (i) any Shares directly or indirectly held by the Offeror or committed to the Offeror and (ii) any Shares held directly or indirectly by Smit in its own share capital, do not represent at least 75% (seventy-five per cent) of the Company's issued share capital (*geplaatste kapitaal*), the Offeror shall extend the Offer Period for no less than (2) two weeks and no longer than 10 (ten) weeks in accordance with Section 5.6 and the Merger Rules.
  - (ii) If, following the above extension, the Tendered Shares at the (postponed) Closing Date, together with (i) any Shares directly or indirectly held by the Offeror or committed to the Offeror and (ii) any Shares held by Smit in its own share capital, do not represent at least 75% (seventy-five per cent) of the Company's issued share capital (*geplaatste kapitaal*), a waiver by the Offeror of the Minimum Acceptance Condition requires the prior express written approval of the Boards.

6.7.11 Satisfaction

The satisfaction of each of the Offer Conditions does not solely depend on the will of the Offeror and/or of Smit as prohibited by Article 12, paragraph 2 of the Bob.

Each of the Offeror and Smit shall use its best efforts to procure satisfaction of the Offer Conditions as soon as reasonably practicable. If at any time a party becomes aware of a fact or circumstance that might prevent an Offer Condition from being satisfied, it shall immediately inform the other in writing. If at any time a party becomes

aware of an Offer Condition being satisfied, it shall immediately inform the other in writing.

#### 6.8 Extraordinary general meeting of shareholders of Boskalis

At 10:30 hours, Amsterdam time, on 17 March 2010, an extraordinary general meeting of shareholders of Boskalis will be convened at Papendrecht, at which meeting the shareholders shall be informed on the Offer and the transactions contemplated thereby and shall be requested, among other matters, to resolve (i) to approve the Offer and (ii) to appoint Mr H.J. Hazewinkel to the supervisory board of Boskalis subject only to the Offer being declared unconditional (*gestanddoening*). In addition, the general meeting of shareholders of Boskalis shall be informed on the intended appointment of Mr B. Vree as per Settlement. Reference is also made to Sections 6.7.6 and 6.7.7 above.

In this respect, Boskalis shall:

- (a) prepare notice of the general meeting of shareholders and shall make available all relevant information necessary for the shareholders to form an opinion on the Offer and the proposed appointment of Mr H.J. Hazewinkel;
- (b) inform the general meeting of shareholders of the intended appointment of Mr B. Vree to the management board of Boskalis, who shall be appointed as management board member by the supervisory board of Boskalis as per the Settlement Date; and
- (c) take all other actions reasonably required to cause the resolutions to be adopted.

#### 6.9 Shareholdings of the members of the Boards

None of the members of the Supervisory Board or the Management Board hold any shares, convertible bonds, publicly traded option rights in Smit or options granted by the Company.

#### 6.10 Respective cross-shareholdings

On the date of this Offer Memorandum, Boskalis holds 4,915,671 Shares representing 26.8% of the aggregate number of issued and outstanding Shares.

Smit Group holds 106 shares in the share capital of Boskalis.

#### 6.11 Irrevocable Undertakings

Delta Lloyd Groep and Janivo Beleggingen, holding respectively approximately 10.4% and 5.9% of the Shares, have irrevocably undertaken to tender all their Shares under the terms and conditions of this Offer Memorandum. The irrevocable undertakings contain customary undertakings and conditions, including that Delta Lloyd Groep and

Janivo Beleggingen will not tender their Shares in any recommended public offer made by a *bona fide* third party at a price which does not exceed the Offer Price by at least EUR 5,00 (five euro) per Share.

The irrevocable undertakings shall lapse in the event that the Offer is not declared unconditional within the maximum timetable applicable to the completion of public offers as stipulated by the Decree. Delta Lloyd Groep and Janivo Beleggingen did not receive any information in connection with the Offer that is not included in this Offer Memorandum.

#### 6.12 Consequences of the Offer

Shareholders who do not tender their Shares under the Offer should carefully review this Section, which describes certain risks they will be subject to if they elect not to accept the Offer. These risks are in addition to the risks associated with holding securities issued by Smit generally, such as the exposure to risks related to the business of Smit and its subsidiaries, the markets in which the Smit Group operates, as well as economic trends affecting such markets generally as such business, markets or trends may change from time to time. The following is a summary of the key additional risks:

##### 6.12.1 Liquidity and Delisting

The purchase of Shares by the Offeror pursuant to the Offer, among other things, will reduce the number of Shareholders and the number of Shares that might otherwise trade publicly and may therefore adversely affect the liquidity and market value of the remaining Shares.

Should the Offer be declared unconditional (*gestanddoening*) it is intended that the Company's listing on Euronext Amsterdam will be terminated as soon as possible after the Offer being declared unconditional. Delisting may be achieved on the basis of 95% or more of the issued share capital of Smit having been acquired by the Offeror or on the basis of a Legal Merger. This would further adversely affect the liquidity of any Shares not tendered pursuant to the Offer.

In addition, the Offeror may initiate any of the procedures set out in Section 6.12.2 (Legal Structure and Corporate Structure following the Offer), including procedures that would result in termination of the listing of the Shares.

Even if no conversion or merger or delisting is implemented, the size of the free float in Shares will be substantially reduced as a result of the Offer, and as a result trading volumes and liquidity of Shares will be adversely affected. In addition, the Offeror does not intend to set up a liquidity mechanism for the Shares remaining outstanding following the Settlement Date.

In addition, the Offeror may initiate any of the procedures as set out in Section 6.12.2 (Legal Structure and Corporate Structure following the Offer), including procedures

which would result in termination of the listing of the Shares (including Shares not being tendered). As a policy rule, in the event of a public offer Euronext Amsterdam does not permit delisting until at least 95% of the listed shares are held by a single entity or by a group controlled by a single entity.

#### 6.12.2 Legal Structure and Corporate Structure following the Offer

The Offeror reserves the right to use any legally permitted method to acquire 100% of the Shares, as well as to align the company structure of Smit with the holding and financing structure of the Boskalis Group.

For this purpose the Offeror will consider, depending, among others, on the number of the Shares obtained by the Offeror as a result of the Offer, a number of processes, including a squeeze-out procedure (*uitkoopprocedure*) in accordance with article 2:92a or 2:201a of the Dutch Civil Code (**Statutory Squeeze-Out**) or a takeover buy-out procedure in accordance with article 2:359c of the Dutch Civil Code (**Takeover Squeeze-Out** and together with the Statutory Squeeze-Out, **Squeeze Out**).

Regardless whether or not the Offeror, after completion of the Offer, would hold 95% of the Shares, the Offeror may wish to effect or cause to effect (a) a legal (triangular) merger (*juridische (driehoeks-) fusie*) in accordance with article 2:309 et seq of the Dutch Civil Code between Smit and (a Dutch affiliate of the) Offeror (a **Legal Merger**), (b) liquidation of Smit, (c) a contribution of assets to Smit in exchange for new shares issued (in which case the existing Shareholders do not have pre-emptive rights), (d) a sale of assets by Smit or (e) any other procedures and/or proceedings and/or restructuring of the Smit Group in each case in accordance with the Merger Rules and Dutch law in general. Separately, the Offeror may cause Smit to be converted into a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*).

Any or all of the measures and processes described in this Section 6.12.2 (Legal Structure and Corporate Structure following the Offer) may be applied cumulatively, alternatively, or not at all subject to applicable provisions of Dutch law. The measures, actions, procedures, proceedings and processes described in this Section do not prevent the Offeror from seeking a termination of Smit's listing on Euronext Amsterdam when it is entitled to do so under the Euronext Amsterdam listing rules.

##### (a) Statutory Squeeze-Out Procedure or Takeover Squeeze-Out procedure

In the event that the Offeror has acquired 95% or more of the Shares following the Settlement Date, the Offeror, as soon as possible, intends to initiate a Statutory Squeeze-Out procedure or a Takeover Squeeze-Out procedure in order to acquire the remaining Shares not tendered and not held by the Offeror or Smit.

(b) Legal Merger

Regardless whether or not the Offeror, after completion of the Offer, holds 95% of the Shares, the Offeror may consider effecting a Legal Merger between Smit and Boskalis, or any other member of the Boskalis Group, with Smit being the disappearing entity or surviving entity and Boskalis, or any other member of the Boskalis Group, being the surviving entity or disappearing entity respectively.

In case a Legal Merger is effected in which Boskalis, or any other member of the Boskalis Group, is the surviving entity and Smit the disappearing entity, Shareholders who have not tendered their Shares under the Offer will become, by operation of law, shareholders in the surviving entity, alongside the Boskalis shareholders.

After a Legal Merger is effected, the Offeror may still initiate a Squeeze-Out procedure, in order to obtain any shares in the surviving entity not held by the Offeror.

(c) Other Measures

At any time after the listing on Euronext Amsterdam has been terminated, the Offeror may decide to convert Smit into a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*), which will - *inter alia* - cause all Shares to become subject to transfer restrictions, all in accordance with the laws of the Netherlands and the Smit Articles of Association.

In addition, the Offeror reserves the right to submit proposals to the Shareholders in order to alter the corporate structure and the capital structure of Smit and/or to achieve an optimal financial or other structuring, including further amendments to the Smit Articles of Association and Smit's management or supervisory board rules, alteration of the accounting policies applied by the Smit Group, a liquidation, a demerger (*splitsing*) as specified in article 2:334a of the Dutch Civil Code or a sale of all, substantially all, or a substantial part of the assets of Smit, which may or may not be followed by a distribution of proceeds to the Shareholders, all in accordance with the laws of the Netherlands and the Smit Articles of Association. Also, the Offeror reserves the right to have the Offeror or any other member of the Boskalis Group contribute assets to Smit against the issuance of shares in the capital of Smit, in which case the pre-emptive rights (*voorkeursrecht*) of other Shareholders will be excluded. Distributions may take the form of a distribution out of reserves, an interim dividend, a dividend or a liquidation distribution. Any such measures or distributions may be implemented to align the corporate, tax and financing structure of Smit with the Offeror's requirements.

Finally, the Offeror reserves the right to take any other legal action which may be effected in accordance with the laws of the Netherlands and other

applicable laws from time to time in order for the Offeror to acquire all the Shares (such legal means, together within the Legal Merger, Squeeze-Out and other possible measures specifically set out above, collectively the **Post Offer Actions**). Any Post-Offer Actions will be structured and implemented, taking into account relevant circumstances and applicable laws and regulations.

Save for the Squeeze-Out, any restructuring of Smit Group will require the prior written approval of the Supervisory Board and of at least one of the Independent Members. The Offeror shall give the Supervisory Board members the opportunity to engage for the account of the Company their own financial and legal advisors if and to the extent they believe that the advice of such advisors is reasonably necessary to assist them in reviewing and assessing any Post Offer Actions that comes before the Supervisory Board.

#### 6.12.3 Amendment Smit Articles of Association

Amendment of the Smit Articles of Association will be proposed at the extraordinary general meeting of shareholders of Smit referred to in Section 6.13 in order to align the corporate structure of Smit with the Offeror's preferred corporate, tax and financing structure, to be in effect as soon as possible after the Settlement Date. As a result, the large company regime (*structuurregime*) currently applicable to the Company shall be abolished.

It is currently envisaged that the Smit Articles of Association will, *inter alia*, include the following amendments:

- Cancellation of the large company regime (*structuurregime*), pursuant to which the members of the Management Board will no longer be appointed, suspended or dismissed by the Supervisory Board. Following the amendment, the general meeting of Shareholders will be able to appoint, suspend or dismiss the members of the Management Board;
- Cancellation of the preference shares;
- Cancellation of the existing authority of the Management Board and prior approval right of the Supervisory Board with respect to the issuance of shares (and the limitation or exclusion of pre-emptive rights) set out in Chapter 3 of the Smit Articles of Association, to be replaced by provisions granting the general meeting of shareholders the authority to resolve to issue shares (and to limit or exclude pre-emptive rights) and, if delegated to the Management Board, such transactions being subject to the prior approval of the general meeting of shareholders;
- Cancellation of the approval requirement of the Supervisory Board with respect to the repurchase of shares in the Company's own share capital; and
- Cancellation of the existing prior approval right of the Supervisory Board with respect to resolutions of the Management Board (i) to add profits to the

reserves, (ii) to distribute reserves and (iii) to distribute interim dividends set out in Chapter 26 of the Smit Articles of Association, to be replaced by a prior approval right of the general meeting of shareholders in respect of these matters.

#### 6.12.4 Dividend policy

The Shareholders should be aware that Smit may or may not pay cash dividends in the future. The Offeror expects that it may significantly change Smit's dividend policy, ceasing the payment of regular cash dividends in the foreseeable future. Future dividends paid may be of a one off nature only and the amount of any dividends will depend on a number of factors associated with the Offeror's tax and financial preferences from time to time. Distributions made in respect of Shares after the Settlement Date will be deducted for purposes of establishing the value per Share in any Legal Merger or other measure contemplated by Section 6.12.2.

#### 6.12.5 Employees

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

It has been agreed between Boskalis and Smit that existing obligations pursuant to employment agreements of the Smit employees (and the Boskalis employees) and pursuant to employee consultation policies will be honoured.

The trade unions involved with Boskalis and Smit, and the secretariat of the Social Economic Council (*Sociaal Economische Raad*) have been informed in writing of the Offer in accordance with the Merger Code (*SER Besluit Fusiegedragsregels 2000*). It has been agreed with the trade unions that there may be a further meeting once there is more certainty regarding the (integration) process and more information will be provided during the process.

The relevant works councils within Boskalis and Smit have been informed regarding the Offer, and on the basis thereof, have given their required approvals. To the extent that intended decisions regarding any future integration or restructuring will be subject to the relevant works council's advice or consent at Smit and/or Boskalis level, the proper procedures shall be followed pursuant to the Works Councils Act (*Wet op de ondernemingsraden*).

#### 6.12.6 Future Composition of the Management Board and the Supervisory Board

As long as the Shares are listed on Euronext, the Offeror has undertaken to procure that Smit shall comply with the Dutch Corporate Governance Code or explain any deviation thereof.

In this respect, in deviation of the Dutch Corporate Governance Code, after the Settlement Date the Offeror will be able to appoint the members of the Supervisory Board, provided that two of the current members of the Supervisory Board, Mr H.C.P. Noten and Mr R.R. Hendriks or, after their resignation, any other person that qualifies as independent director within the meaning of the Dutch Corporate Governance Code, shall continue to be on the Supervisory Board (the **Independent Members**) until the later of (1) the termination of the listing of the Shares and (2) the date on which the Offeror issues a writ of summons for Squeeze-out proceedings as referred to in articles 2:359c and/or 2:92a of the Dutch Civil Code.

As soon as possible following the Settlement Date and until one of the above event occurs, it is intended that the Supervisory Board will consist of the following 5 members: dr. P.A.M. Berdowski, drs. J.H. Kamps, ing. T.L. Baartmans, Mr H.C.P. Noten and Mr R.R. Hendriks (the last two members as Independent Members), it being understood that the majority of the members of the Supervisory Board shall be Boskalis nominees.

The current Supervisory Board members Mr H.J. Hazewinkel and Mr F.E.L. Dorhout Mees will resign as soon as possible following the Settlement Date.

The current members of the Supervisory Board will receive their pre-determined annual compensation for the full year 2010 including any unpaid compensation for that year (which includes remuneration for committee memberships) as set out in the table below irrespective of the time of resignation, provided that Mr Hazewinkel will receive the pro-rated amount relating to the period until Settlement in view of his envisaged appointment as member of the supervisory board of Boskalis. Other than their standard pre-determined compensation, no other compensation as referred to in paragraph 2.9 Annex A of the Decree will be paid to the members of the Supervisory Board.



<b>Supervisory Board Member</b>	<b>Compensation</b>
Mr H.J. Hazewinkel	EUR 39,000*
Mr F.E.L. Dorhout Mees	EUR 35,000
Mr R.R. Hendriks	EUR 37,000
Mr H.C.P. Noten	EUR 36,000

\* Pro-rated amount for Mr Hazewinkel to be calculated at time of resignation.

The Management Board will remain unchanged following the Settlement Date, with Mr B. Vree continuing as Chief Executive Officer.

None of the members of the Boards are entitled to any amount of compensation upon the Offer being declared unconditional.

Reference is also made to Section 6.13.

#### 6.12.7 Future Composition of the management board and the supervisory board of Boskalis

As per the Settlement Date, Mr B. Vree will join the management board of Boskalis as a board member. The management board shall then consist of dr. P.A.M. Berdowski, drs. J.H. Kamps, ing. T.L. Baartmans and Mr B. Vree.

The remuneration of Mr B. Vree will be in line with the remuneration policy currently applicable to the management board members of Boskalis.

In addition, Mr H.J Hazewinkel shall join the supervisory board of Boskalis as per the Settlement Date, which shall then consist of drs. H. Heemskerk (Chairman), Mr M.P. Kramer, drs. M. Niggebrugge, Mr M. van der Vorm, Mr C. van Woudenberg and Mr H.J. Hazewinkel.

It has been agreed that resolutions in deviation of the arrangements set out in Section 6.14.1 of this Offer Memorandum, shall require the unanimous approval of the supervisory board of Boskalis.

#### 6.12.8 Increased Leverage

As a result of certain measures which may be implemented by the Offeror after the Settlement Date, including any of the procedures set out in Section 6.12.2, the amount of debt for which the Smit Group will be liable may change compared to the current position.

#### 6.12.9 Reduced Governance rights

In the event that Smit or any merging entity will no longer be listed and its shares will no longer be publicly traded, the provisions applicable to the governance of listed companies will no longer apply and the rights of remaining minority Shareholders may be limited to the statutory minimum.

#### 6.12.10 Tax treatment of distributions

The Offeror and Smit can give no assurances and have no responsibility with respect to the tax treatment of Shareholders with respect to any distributions made by Smit or any successor entity to Smit on the Shares, which may include dividends, interest, repayments of principal, repayments of capital and liquidation distributions.

#### 6.13 Second extraordinary general meeting of shareholders Smit

As soon as possible following the Settlement Date, the Management Board shall convene an extraordinary general meeting of shareholders of Smit. At such general meeting, the Shareholders shall be requested to resolve to:

- (a) approve the sale of the Terminals Division of the Company to Lamnalco;
- (b) amend the Smit Articles of Association to, among other things, abolish the large company regime (*structuurregime*) currently applicable to the Company;
- (c) appoint dr. P.A.M. Berdowski, drs. J.H. Kamps and ing. T.L. Baartmans as new Supervisory Board members;
- (d) accept the resignation of Mr H.J. Hazewinkel and Mr F.E.L. Dorhout Mees as Supervisory Board members; and
- (e) grant each of the resigning members referred to in (d) above discharge with respect to their duties and obligations performed and incurred in their respective capacity as members of the Supervisory Board until the date of their resignation.

Smit shall timely prepare and make available the information required for the Shareholders to resolve on the above resolutions and take all other actions reasonably required to cause such resolutions to be adopted.

## 6.14 Merger Protocol

In relation to the Offer, Smit and Boskalis have entered into a Merger Protocol on 24 January 2010. The Merger Protocol sets forth, *inter alia*, the following specific arrangements.

### 6.14.1 Non-Financial Covenants

Boskalis subscribes the current business strategy of Smit and its four business divisions as defined and pursued by the Boards. Boskalis and Smit have agreed to the principles set out below for a period of at least three years as of the Settlement Date. Any deviation of these principles within this 3-year period will require the unanimous approval of the supervisory board of Boskalis. These decision making requirements will be laid down in the regulations of the board and the supervisory board of Boskalis.

#### (a) Name and logo

Boskalis acknowledges that “Smit” is a strong brand name. Therefore, Boskalis shall procure that Smit will maintain its brand name and logo for its activities. Smit shall not have the obligation to include a reference to the Boskalis Group in its public communications. Given its strong brand and reputation, Smit will continue to manage its own public relations independently.

#### (b) Headquarters

The current location of the corporate headquarters of Smit in Rotterdam will be maintained.

#### (c) Strategy

Boskalis supports the business strategy of the Smit Group and shall respect and support the published business plans of Smit’s four business divisions. Boskalis shall make available sufficient funds to grow the businesses of Smit in a manner that reflects Smit’s business strategy, as laid down in the annual report, whereby Smit and Boskalis agree that growth opportunities are to be assessed taking into account realistic performance benchmarks and the availability of other business opportunities within the new combination.

#### (d) Potential acquisitions

Boskalis acknowledges that it is part of Smit’s business strategy to achieve organic growth as well as acquire other companies and that Smit has opportunities to make acquisitions. Boskalis shall support these acquisitions to the extent that the defined strategic geographical areas, financial parameters and the strategic fit of the investments are in line with the goals and the financial situation of the new combination at group level. Boskalis recognizes the strategic value of the projects presently under development. Boskalis shall not require Smit to terminate those

projects which are presently under development, taking into account the standard applicable financial ratios for comparable transactions.

(e) Terminals

Boskalis and Smit have strategically aligned their views on the combined business of Smit's Terminals Division and Lamnalco. The combination of these businesses is subject to further discussions with Boskalis' joint venture partner Rezayat Group.

(f) Operational changes

Boskalis and Smit have agreed principles for the integration of certain operations and staff functions.

(g) Employment

During the first 12 months after Settlement, Boskalis and Smit will jointly investigate in what manner (staff) departments can be integrated. The critical corporate staff departments will be integrated sooner. It is agreed that sufficient time will be devoted to this process. It is the starting point of Boskalis and Smit to avoid forced lay-offs and to redeploy "surplus employees" ("*overcomplete medewerkers*") within the new combination. Boskalis and Smit shall clearly communicate this starting point to their stakeholders. The integration of (staff) departments and the restructuring of organisations is based on the principle of "best man on the job", thereby adhering to the principle of proportionality (*afspiegelingsprincipe*). The works councils and the trade unions will be involved and informed regarding this process in a pro-active manner.

6.14.2 Commitment of Smit regarding Competing Offers

The Merger Protocol also provides that in the event that a third party makes a proposal for an offer for or a merger with Smit that in the opinion of the Supervisory Board qualifies as a Competing Offer, the following shall apply:

- (a) the Company shall inform the Offeror of such event promptly in writing and shall provide reasonable details on the Competing Offer to the Offeror;
- (b) the Offeror may submit in writing to the Boards a revision of its Offer within a period of 10 (ten) Business Days. If, on balance, such offer is on terms and conditions which, in the reasonable opinion of the Boards, are at least equal to those of the Competing Offer (a **Revised Offer**), the Company shall inform the Offeror as promptly as possible of the Boards' opinion on such offer; and
- (c) if the Offeror has not announced a revision of its offer or if the Boards have concluded that the Competing Offer is superior to the Revised Offer, each party, being either Boskalis or Smit, may terminate the Merger Protocol with immediate effect.

#### 6.14.3 Termination

The Merger Protocol may be terminated by Boskalis or the Company immediately by written notice to the other party (i) if any or all of the Offer Conditions have not been satisfied or waived by the relevant party on the Closing Date or if it is apparent that such Offer Conditions cannot be satisfied and will not be waived by the relevant party before such date (provided that the right to terminate the Merger Protocol is not available to the party whose failure to fulfil any obligations under the Merger Protocol has been the cause of or resulted in the failure of the Offer to be declared unconditional), (ii) in the event of a breach of the Merger Protocol by Boskalis or the Company, which has or is expected to have a material adverse effect on the Offer, provided that such breach has not been waived by the non-defaulting party or has not been remedied by the defaulting party within 10 (ten) Business Days after the defaulting party has obtained actual knowledge of such material breach (provided that the right to terminate the Merger Protocol is not available to the defaulting party) and (iii) in the event that the Offeror has not announced a revision of its Offer which is, in the reasonable opinion of the Boards on terms and conditions at least equal to those of a Competing Offer or if the Boards have concluded that the Competing Offer is superior to the Revised Offer.

In the event of a termination of the Merger Protocol pursuant to (ii) above, the non-defaulting party shall have no rights to claim any costs or damages from the defaulting party under the agreement, without limiting such party's rights to seek remedy for breach of the Merger Protocol on any other basis.

The Merger Protocol provides that in case of a termination of the Merger Protocol by Boskalis or Smit pursuant to (iii) above, Smit shall pay Boskalis a compensation for damages costs and fees incurred by Boskalis in relation to the Offer of EUR 11,000,000 (eleven million euro).

#### 6.15 Transfer Smit's Terminals Division to Lamnalco

As communicated in the Initial Announcement, the Terminals division of Smit shall be integrated with Boskalis' participation Lamnalco, creating the global leading company in the field of maritime, oil and gas terminal activities. The transaction will be effectuated as soon as possible after completion of the Offer.

It is intended that the current partner of Boskalis in Lamnalco will acquire 50% of the Terminals Division of Smit, followed by the integration of both businesses of Boskalis and (ex) Smit into one business organisation.

## **7. INFORMATION REGARDING SMIT**

### **7.1 Introduction**

Smit has a proud tradition of nearly 170 years of service in the maritime sector. The Company has earned an excellent reputation by combining expertise and experience with high-quality materials and equipment in the nearly 50 locations around the world where Smit is active. Smit aims to provide its services mainly to shipping companies, producers in the oil and LNG industries, insurers and governments. Smit maintains the highest standards in respect of Safety, Health, the protection of the Environment and Quality. Smit's services are divided into four Divisions:

- Smit Harbour Towage: harbour towage services and related maritime services.
- Smit Terminals: towage services and related maritime and management services to offshore and onshore terminals.
- Smit Salvage: salvage, wreck removal, environmental protection and consultancy.
- Smit Transport & Heavy Lift: chartering, barge rental and transport, ocean, coastal and river towage, heavy lifting and marine support to a variety of civil and offshore projects.

Smit had a workforce of 3,815 employees around the world in 2008 (2007: 2,871). The workforce in the Netherlands is 684 (2007: 617), of whom 381 (2007: 374) are involved only in operating activities, i.e. direct staff: crew members, divers, riggers and salvage workers.

The net result in 2008 was EUR 107.8 million.

### **7.2 History of the Company**

In 1842 and at the tender age of 65, Fop Smit began providing vessels with a safe and reliable passage into the Port of Rotterdam in the Netherlands. Having commenced operations with the 140 hp paddle steamer “Kinderdijk”, the Smit fleet has grown and developed since then in line with technical advancements and customers' demands. Upon Fop Smit's death in 1866, his company operated a fleet of six tugs totalling 500 hp. Fop's sons, Jan and Leendert, continued to expand the fleet and in 1870 they began building tugs with propellers. Partly due to these advancements, the company L. Smit & Co. continued to offer new services to their clients. This fact was exemplified in 1892 when the Company built an ocean-going tug of 750 hp, which made the first of many successful voyages by towing a dredger from Rotterdam to Cadiz, Spain.

L. Smit & Co. continued to expand its fleet, although heavy competition between 1900 and 1920 with another tug operator in Rotterdam, the Internationale Sleepdienst, opened the door for a new chapter in the history of the Company. In 1923, both tug

operators decided to merge operations under the name “L. Smit & Co.’s Internationale Sleepdienst”. The combined strength of this new entity enabled the Company to expand operations to all four corners of the globe.

In addition to the Company’s core towage business, it became increasingly evident that Smit’s maritime knowledge could be utilised in the growing salvage market. A noteworthy example of Smit’s success in this market came in 1957 with Smit’s involvement in the removal of 41 wrecks in the Suez Channel. Smit is proud to have been involved in many subsequent salvage cases and wreck removals, and continues to offer assistance to vessels in need. Having gained operational experience for nearly 170 years, Smit has evolved into an internationally operating company, offering a wide range of customer-focused maritime services.

### 7.3 Business overview

#### 7.3.1 Harbour Towage

The essence of the activities is assisting incoming and departing seagoing and other vessels. The vessels requiring assistance almost always have more than 10,000 tonnes loading capacity and include larger container vessels, Ro-Ro vessels, oil and chemicals tankers and other bulk carriers, refrigerated vessels and general cargo vessels. In this market, Smit has operations all over the world. The locations at which Smit and its associated companies offer their services are not typically seasonal locations. This ensures that Smit has plenty of work in all ports all year round. The harbours in which Smit has harbour towage activities are in general harbours on strategic locations on the shipping lanes, like Rotterdam, Antwerp, Singapore, Panama and Taipei.

#### 7.3.2 Terminals

The concept for this Division is to offer a comprehensive package for maritime management of onshore and offshore terminals owned by third parties. As is the case with Harbour Towage, the essence of the Terminals Division’s services is assisting incoming and departing seagoing vessels (chiefly tankers). In addition, the comprehensive service package may also include the following auxiliary activities:

- Diving activities
- Line handling for tying up and untying vessels
- Piloting services
- Underwater inspections and maintenance of installations
- Coupling and uncoupling of terminal connections
- Fire fighting

- Escorting
- Transport of crews and/or goods to and from the shore
- Operating bunker vessels

Most terminals are related to the energy sector. The offshore terminals are virtually all production and storage installations for crude oil, oil products and gas (LNG). These terminals are often located in remote areas without any significant infrastructure nearby. The onshore terminals are mostly refineries and storage and transshipment businesses for liquefied bulk freight. Container terminals and dry bulk cargo-handling terminals often also obtain the services they need in this way.

Smit and its associated companies are active along the west coast of Africa (Angola, Equatorial Guinea, Gabon, Ghana, Cameroon and Nigeria), East Africa (Sudan), South Africa (Durban and Mussel Bay), Southeast Asia (Brunei), the Caribbean (Bahamas and Bonaire), Egypt, Eastern Europe (Lithuania and the Black Sea), the Middle East (Yemen and Kuwait), Pakistan, Russia (Sakhalin and Dekastri) and Italy.

#### 7.3.3 Smit Salvage

The Salvage Division has two main types of activities, namely maritime salvage (emergency response) and wreck removal. In addition, the Salvage Division is often involved in consultancy activities, particularly relating to environmental protection. Smit Salvage is active throughout the world.

Salvage (emergency response) involves assisting vessels that are in danger. These are vessels that have become uncontrollable due to engine or steering equipment failure (often in bad weather), vessels at risk of running aground on coastlines or in shallows, or vessels dealing with accidents (collision, fire or leakage). Wreck removal segment raises sunken vessels. In most cases, the vessel to be removed possesses little, if any, residual value. Accordingly, wreck removal is almost always carried out because the wreck is hindering traffic or is endangering the environment. Smit Salvage is based in Cape Town, Rotterdam, Singapore and Houston. Smit Heavy Lift operates from Singapore and Rotterdam.

#### 7.3.4 Transport & Heavy Lift

The Transport & Heavy Lift Division is made up of two main market sectors - Transport and Heavy Lift. The activities are organised locally, but are mostly carried out on a regional basis. Smit Transport is based in Cape Town, Antwerp, Rotterdam, Singapore and Vancouver. Smit Heavy lift operates from Singapore and Rotterdam.

##### (a) Transport

This sector has a number of smaller and larger work vessels, some of which have been chartered for extended contract periods and some on a spot basis,



mainly to the oil industry. The sector's other main activity is operating seagoing equipment to transport goods, with the focus on heavy and non-standard cargoes. Some of the equipment is not self-propelled, consisting of pontoons and barges (including some submersibles) for the transportation of fuel storage tanks, timber and bulk goods, and offshore installation barges. Pusher tugs and other tugs, most of which are Smit owned, are used for transport.

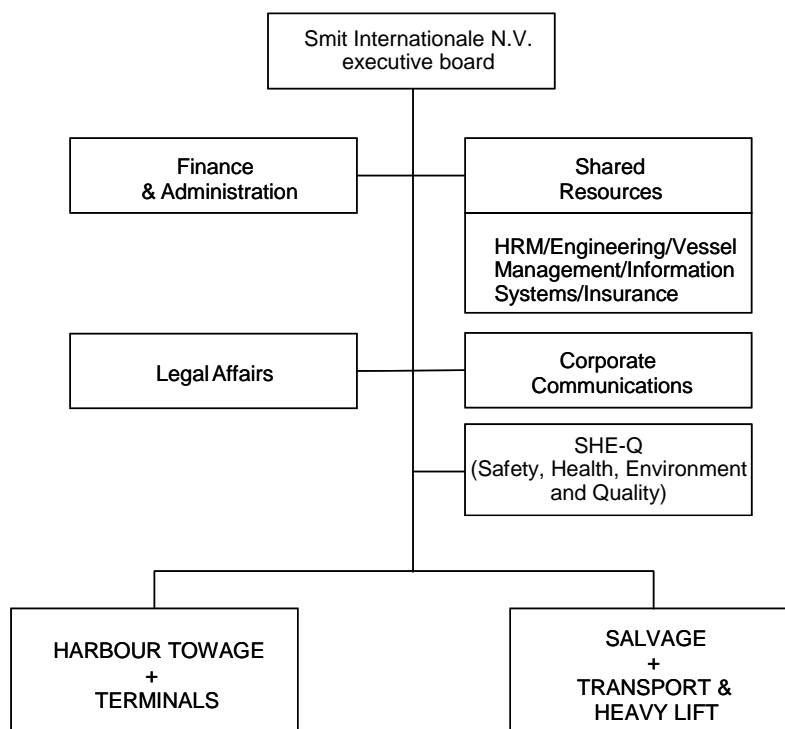
(b) Heavy Lift

Heavy Lift primarily provides specialist heavy lift activities around the world, using floating sheerlegs. This mostly requires specialist engineering skills, which Smit possesses. Marine Projects and Subsea are part of Heavy Lift. These departments assist in projects involving the people and equipment of the Transport & Heavy Lift Division in particular. Most large-scale floating sheerlegs are deployed all over the world.

#### 7.4 Organisational Structure

Smit Internationale N.V. is a public limited liability company incorporated and existing under the laws of the Netherlands having its corporate seat at Rotterdam, the Netherlands, with its office at 85 Waalhaven O.Z., Havennummer 2204, 3087 BM, Rotterdam and is registered with the Trade Register of the Chamber of Commerce of Rotterdam, under number 24004888.

Corporate organisational chart



## 7.5 Strategy and Objectives

Smit's vision is to be the leading player in the global market for maritime services, preferred by customers due to the high perceived added value of its integrated package of service offerings.

- Leading player: to be first or second in all selected businesses.
- Global market: to operate on a world-wide scale.
- Maritime services: to be active in professional services on/around water.
- Integrated package: to offer customers a family of services tailored to their needs.
- High perceived added value: to focus on highly regarded specialist services.

Smit's strategic focus is on realising growth of its profits, further increasing the stability of the revenue from the less stable activities and improving the quality of the organisation. The growth strategy concentrates on the more stable activities, which will enhance the predictability of the Company's results even further. Smit's markets are changing and becoming increasingly global, and are increasingly being controlled at a global level. This globalisation is forcing the many smaller businesses (most of which are family-owned) in this industry to take numerous measures, such as fleet renewal, expansion, and the adoption of altered procedures. This will be very difficult or even impossible for many of them. It is therefore to be expected that the maritime market in general and the towage market in particular will undergo further consolidation. The current economic crisis will accelerate this process. Smit responds to this development by proactively seeking out value-adding acquisitions and expansions in additional ports. Smit is mainly focused on growth markets, such as Latin America, Eastern Europe and the Far East. The healthy financial ratios built up should permit Smit to adopt a proactive role in this consolidation. Special attention will have to be devoted to further developing and expanding the management that will be responsible for developing and guiding this further growth. For the various Divisions, the corporate strategy will take shape as follows.

### 7.5.1 Harbour Towage

The focus for expansions is primarily on the strategic intersections in the main shipping routes. In order to realise expansion in additional locations, Smit is focusing on full takeovers and partial acquisitions of existing players in the harbour towage markets in Latin America, Eastern Europe and the Far East. Attempts will be made to obtain a market share through organic growth in ports with only outdated and inefficient towage fleets, using modern and strong vessels.

#### 7.5.2 Terminals

Next to the market for terminals for crude oil, oil products and other bulk products, Smit strongly focuses on the development of LNG projects. In the existing contracts, Smit seeks out opportunities for growth by offering additional services that can be integrated into existing services. Smit seeks to renew expiring contracts, possibly in combination with deployment of new vessels. Growth will mainly be generated from new contracts. In light of this consideration, a central sales and tender preparation organisation has been set up in Rotterdam, focusing on growth areas for terminals such as Africa, Latin America, the Middle East and the Far East.

#### 7.5.3 Salvage

The objective is to retain the existing market share of approximately 25-35%. Given the combination of expertise and global presence, Smit's focus is on more complex salvage projects in the top part of the market. Innovation & Business Development is focused on identifying practical solutions, particularly to reduce threats to the environment in salvage activities.

#### 7.5.4 Transport & Heavy Lift

- Transport

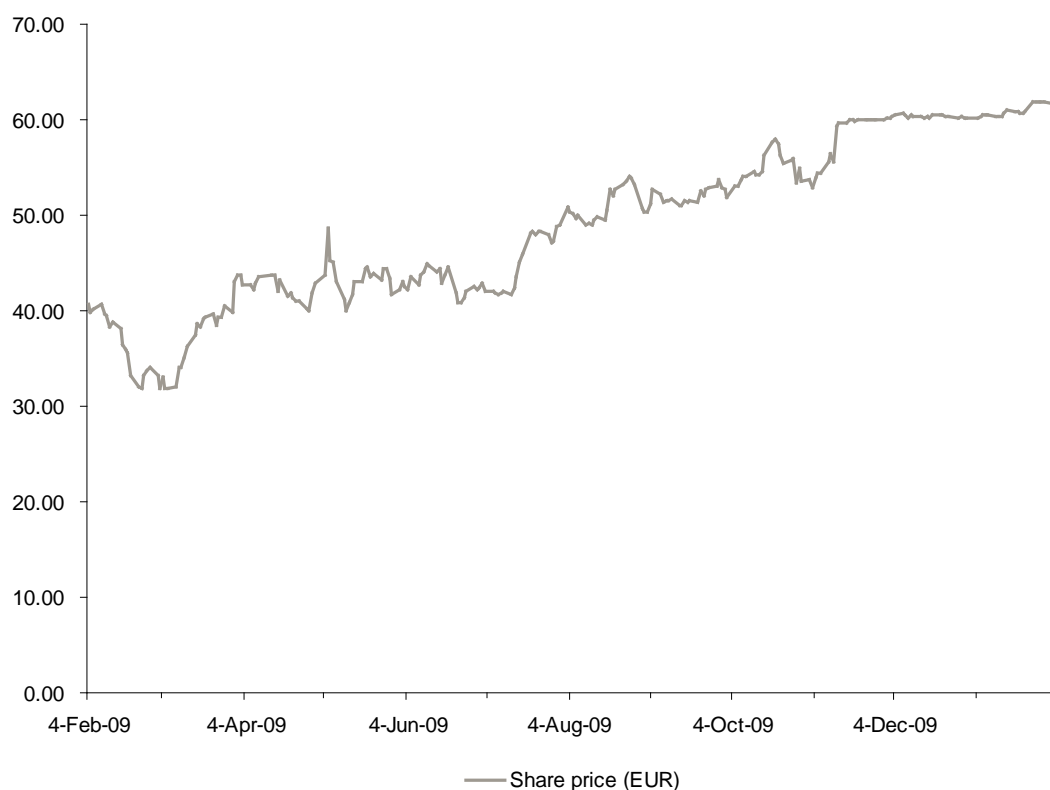
To distinguish itself from its many smaller competitors, Smit targets the higher segment of this market. In light of this consideration, a phased programme of fleet renewal and expansion is envisaged. Acquiring longer-term contracts for the oil and gas market for chartering out the larger anchor-handling supply vessels, in particular, will improve the stability of the results.

- Heavy Lift

Smit focuses on larger projects around the world, from bases in Rotterdam and Singapore. No plans currently exist to renew the fleet, partly because of the currently high building costs. Proper maintenance of, and life-time extension plans existing equipment are therefore very important. Since this market is not expected to grow for the time being, Smit will consolidate.

## 7.6 Selected figures

Share price of Smit until 4 February 2010



## 7.7 Supervisory Board, Management Board and Employees

Smit has a two-tier board structure consisting of the Management Board and the Supervisory Board.

### 7.7.1 Supervisory Board

The Supervisory Board is made up exclusively of outside directors. The Supervisory Board consists of the following members since the resignation of Mr W. Cordia on 26 January 2010:

- Mr H.J. Hazewinkel (60, Dutch National), chairman

Mr Hazewinkel was appointed as member of the Supervisory Board in 2009. His term of office ends at the time of the general meeting of shareholders in 2013. Other positions held by Mr Hazewinkel are:

chairman of the supervisory board of TKH Group N.V.,  
chairman of the supervisory board of North Sea Petroleum Holding B.V.,

chairman of the supervisory board (a.i.) of Reggefiber B.V.,  
member of the supervisory board of Zeeman Groep B.V.,  
member of the supervisory board of Reggeborgh Groep  
member of the supervisory board of Schiphol Group N.V., and  
member of the board of "Stichting ING Aandelen".

- Mr F.E.L. Dorhout Mees (70, Dutch National), vice chairman

Mr Dorhout Mees was appointed as member of the Supervisory Board in 2005 and was reappointed in 2009. His term of office ends at the time of the general meeting of shareholders in 2013.

- Mr R.R. Hendriks (55, Dutch National)

Mr Hendriks was appointed as member of the Supervisory Board in 2004 and was reappointed in 2008. His term of office ends at the time of the general meeting of shareholders in 2012. Other positions held by Mr Hendriks are:

Chief Financial Officer of Fluvia Holding B.V.,  
member of the supervisory board of Van Leeuwen Buizen,  
member of the supervisory board of Nile Dutch Shipping, and  
chairman of the supervisory board of Flinter Groep.

- Mr H.C.P. Noten (52, Dutch National)

Mr Noten was appointed as member of the Supervisory Board in 2004 and was reappointed in 2006. His term of office ends at the time of the general meeting of shareholders in 2010. Other positions held by Mr Noten:

party chairman of PvdA in the Upper House of the Dutch States General,  
chairman of the supervisory board of Mn Services,  
chief executive officer of Actiz, and  
member of the supervisory board of RSDB.

Mr H.C.P. Noten enjoys the special confidence of the Central Works Council.

#### 7.7.2 Management Board

The Management Board consists of the following members:

- Mr B. Vree (56, Dutch National), Chief Executive Officer

Mr Vree was appointed as Chief Executive Officer in May 2002. Mr Vree has been a member of the Management Board of Smit since 2000. Other positions held by Mr Vree are:

Honorary Consul General of Sweden,  
member of the supervisory board of Caldic B.V.,  
chairman of 'De Club Rotterdam',  
member of the board of directors of 'Kunsthal Rotterdam',  
chairman of 'Stichting Vrienden van het Havenziekenhuis', and  
Member of the advisory board of SeaFox Group.

Mr Vree does not hold any shares, convertible bonds, publicly tradable options in the Company or options granted by the Company.

- Mr G. Bruinsma (42, Dutch National), Chief Financial Officer

Mr Bruinsma was appointed as Chief Financial Officer and member of the Management Board on 1 August 2008. Mr Bruinsma has been employed by Smit since 1 August 2000, first as Senior Controller and later as Group Controller. Other positions held by Mr Bruinsma include:

chairman of the Smit Pension Fund Foundation

Mr Bruinsma does not hold any shares, convertible bonds, publicly tradable options in the Company or options granted by the Company.

## 7.8 Share capital, Listing and Dividend

### 7.8.1 Share capital and Stock Exchange Listing

The Company's authorised share capital is EUR 138.0 million, and is divided into 24.0 million ordinary shares, 28.8 million cumulative preference shares and 7.2 million cumulative preference financing shares. All shares have a par value of EUR 2.30. Smit's issued share capital as at 31 December 2009 consists of 18,366,591 ordinary shares. Smit does not hold any shares in its own capital at year-end 2009. All issued shares are fully paid up. Smit is listed on NYSE Euronext Amsterdam.

### 7.8.2 Dividend

For the financial year 2008, the Board resolved to propose a dividend payment (in cash or shares) of EUR 3.00 per share (2007: EUR 3.00) in accordance with Smit's dividend policy to pay out 50% of the net profit.

The payment of the dividend and the transfer of shares in connection with the exchange of dividend rights was made as of 3 June 2009. About 43% of the shareholders chose to receive stock dividend.

## 7.9 Major Shareholding

At the date of this Offer Memorandum, the following shareholders of Smit are holding more than 5% of the Shares in the Company. The below percentages are either based on the actual knowledge of the Offeror or, in the absence thereof, based on the notifications of such shareholder to the AFM pursuant to and within the meaning of the Financial Markets Supervision Act (*Wet op het financieel toezicht*):

<b>Shareholder</b>	<b>Percentage</b>
Koninklijke Boskalis Westminster N.V.	26.76%
Aviva plc	10.38%
Fairplay Schelde GmbH	9.99%
Janivo Beleggingen B.V.	5.89%
Delta Deelnemingen Fonds N.V.	5.44%

## **8. INFORMATION ON THE OFFEROR AND BOSKALIS**

### **8.1 Information on the Offeror**

#### **8.1.1 Introduction**

The Offeror is a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*), incorporated under the laws of the Netherlands, having its corporate seat at Papenrecht, The Netherlands and its registered office at Rosmolenweg 20, 3356 LK Papendrecht, the Netherlands. The Offeror is registered with the Trade Register of the Chamber of Commerce of Rotterdam, The Netherlands under number 23056607.

The Offeror is a directly wholly-owned subsidiary of Boskalis Westminster Dredging Limited, a company directly wholly-owned by Boskalis Westminster Dredging B.V. Boskalis Westminster Dredging B.V. is a directly wholly-owned subsidiary of Boskalis.

#### **8.1.2 Management Structure of the Offeror**

The Board of Management of the Offeror consists of dr. P.A.M. Berdowski, ing. T.L. Baartmans and drs. J.H. Kamps.

#### **8.1.3 Share capital of the Offeror**

The Offeror's issued and outstanding share capital amounts to EUR 1,000,000 and is divided into 1,000 ordinary shares of the same class with a nominal value of EUR 1,000 per share. All the outstanding shares are fully paid-up. The Offeror's articles of association provide that the shares are held in registered form.

### **8.2 Information on Boskalis**

#### **8.2.1 Introduction, business description**

Koninklijke Boskalis Westminster N.V. (Royal Boskalis Westminster N.V.) is a public limited liability company incorporated and existing under the laws of The Netherlands having its corporate seat at Sliedrecht, The Netherlands, holding office at 20 Rosmolenweg, 3356 LK Papendrecht, The Netherlands and is registered with the Trade Register of the Chamber of Commerce of Rotterdam, The Netherlands under number 23008599.

Boskalis is a leading global services provider operating in the dredging, maritime infrastructure and maritime services sectors (group turnover 2008: EUR 2,094 million; first half year 2009: EUR 989 million). Boskalis focuses on customers in the three market segments, being oil and gas, ports and land reclamation and coastal protection.



Boskalis' strives to be recognized as a leading services provider of creative and innovative all-round solutions to infrastructural challenges in the maritime, coastal and delta regions of the world.

Boskalis combines strong 'home market' positions in various countries with a diverse, global network of regional market positions, making use of its large and technically advanced fleet of dredgers (300 units) and other specialised plant and equipment and of its professional qualified employees (10,000) while meeting the most stringent, health, safety and environmental standards.

Boskalis' operations are spread broadly across the world in three business segments, being:

- dredging and earthmoving, including the construction and maintenance of ports and waterways, land reclamation, coastal defense and riverbank protection (87% of group turnover in 2008);
- maritime infrastructure, through Boskalis' strategic partnership with Archirodon, a leading contractor in this sector 10% of group turnover in 2008) and
- maritime and terminal services, through Boskalis' strategic partnership with Lamnalco, one of the world's leading suppliers of oil and gas marine terminals services (3% of group turnover in 2008).

These business segments are driven by long-term economic factors that will provide sustainable growth. Boskalis' worldwide spread reaches across all geographic and industrial sectors and demand for its services is in principle driven by the following macro-economic drivers: development of global trade; growing energy consumption; growth in world population and climate change.

#### 8.2.2 Management Structure of Boskalis

The Supervisory Board of Boskalis consists of drs. H. Heemskerk (Chairman), Mr M.P. Kramer, Mr M. Niggebrugge, Mr M. van der Vorm and Mr C. van Woudenberg.

The Board of Management of Boskalis consists of dr. P.A.M. Berdowski (Chairman), ing. T.L. Baartmans and drs. J.H. Kamps (CFO).

#### 8.2.3 Capital and Shares of Boskalis

- (a) Boskalis made its initial public offering in 1972. Its ordinary shares are listed on the AEX index of NYSE Euronext Amsterdam and are traded under the symbol "BOKA". The share is also listed on the Euronext Next 150 Index and the Dow Jones STOXX 600 Index. Boskalis share options are listed on the Amsterdam option exchange (Liffe).
- (b) As at the date hereof, Boskalis' issued share capital totalled EUR 78,921,031

based on 98,651,289 ordinary shares of the same class with a nominal value of EUR 0.80 each.

#### 8.2.4 Main Shareholders of Boskalis

As at the date hereof, the following Shareholder holds an interest in the capital of Boskalis in excess of 5%:

Hal Investments B.V. - 32.48%

Aviva plc - 5.01%

## **9. FURTHER DECLARATIONS PURSUANT TO THE DUTCH DECREE ON PUBLIC OFFERS WFT**

In addition to the other statements set out in this Offer Memorandum, the Offeror with regard to subjects (ii) and (iii) and the Offeror and the Management Board jointly with regard to subjects (i), (iv), (v) and (vi) hereby declare as follows:

- (i) There have been consultations between Boskalis and Smit regarding the Offer, which have resulted in conditional agreement regarding the Offer. Discussions regarding the Offer have taken place between Boskalis and the Smit Boards, whereby the Management Board had a more leading role in the discussions relating to the future strategy of the Combined Group and the Supervisory Board had a more leading role in the discussions relating to the Offer Price.

The Management Board has regularly consulted with the Supervisory Board throughout this process and the Supervisory Board has been extensively involved.

- (ii) With due observance of and without prejudice to the restrictions referred to in Sections 2 and 3 (Restrictions and Important Information), the Offer concerns all outstanding shares in the capital of Smit and applies on an equal basis to all Shares and Shareholders.

- (iii) With reference to Annex A, paragraph 2, sub-paragraph 5, 6 and 7 of the Bob, Boskalis, whether directly or indirectly, has acquired the following Shares in the year preceding to the date of this Offer Memorandum:

- 316,371 Shares in May 2009 (stock dividend).
- 35,000 Shares at an average price of EUR 59.75 on 16 November 2009 through regular market transactions.
- 29,641 Shares at an average price of EUR 59.66 on 16 November 2009 through regular market transactions.

- (iv) No securities in the Company are held, no transactions or concluded agreements in respect of securities in the Company have been effected or have been concluded and no similar transactions have been effected in respect of securities in the Company by individuals and/or legal persons within the meaning of Annex A, paragraph 2, sub-paragraph 5, 6 and 7 of the Bob, other than in respect of the Shares held by Boskalis as described in Section 6.10. and Section 9 (iii) above.

- (v) The costs incurred or to be incurred by the Offeror and Boskalis in relation to the Offer are expected to amount to approximately EUR 23

million and relate to finance arrangement fees, bank adviser fees, listing and exchange agent fees, broker commissions, legal fees, financial and tax due diligence fees, public relations and communications advice and printing. These costs will be borne by the Offeror.

- (vi) The costs of Smit's fees of legal advisors, financial advisors, tax advisors, accountants and communications advisors incurred and expected to be incurred in relation to the Offer amount to approximately EUR 4 million. These costs will be borne by Smit.

## 10. TAX ASPECTS OF THE OFFER

### 10.1 General

The following summary outlines certain Dutch tax consequences in connection with the acceptance of the Offer. The summary does not purport to present any comprehensive or complete picture of all Dutch tax aspects that could be of relevance to a holder of Shares who may be subject to special tax treatment under any applicable law.

For purposes of Netherlands income and corporate income tax, Shares legally owned by a third party such as a trustee, foundation or similar entity or arrangement, may under certain circumstances have to be allocated to the (deemed) settlor, grantor or similar originator (the **Settlor**) or, upon the death of the Settlor, his/her beneficiaries (the **Beneficiaries**) in proportion to their entitlement to the estate of the Settlor of such trust or similar arrangement (the **Separated Private Assets**).

This summary does not address the tax consequences of a Shareholder who is an individual and who, together with his partner and/or certain other close relatives, holds or held, alone or together, directly or indirectly or as Settlor or Beneficiary of Separated Private Assets (x) the ownership of, (y) certain other rights, such as usufruct, over, or (z) rights to acquire (whether or not already issued), Shares representing five per cent. or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of Shares) of Smit.

It does also not address the tax consequences of any Shareholder who has acquired or holds the Shares in connection with his or her employment activities the income from which is taxable in the Netherlands. It finally does not address the tax consequences of any other Shareholder holding alone or together with certain related entities and whether directly and/or as Beneficiary of Separated Private Assets, Shares representing an interest of at least 5% in the issued and paid up nominal share capital of Smit or holds currently such interest of less than 5% but held, whether directly and/or as Beneficiary of Separated Private Assets, such interest in the past.

**Holders of Shares considering the Offer should consult their own appropriate independent professional advisors regarding the tax consequences of the Offer in their particular circumstances without delay.**

### 10.2 Dutch taxes on income and capital gains in connection with the acceptance of the Offer.

#### 10.2.1 Holders of Shares resident in the Netherlands: individuals.

A holder of Shares, who is an individual, resident or deemed to be resident in the Netherlands, or who has elected to be taxed as resident in the Netherlands for Dutch income tax purposes, will be subject to regular Dutch income tax on the capital gain realised upon the transfer of the Shares if:

- (i) such holder of Shares has an enterprise or an interest in an enterprise, to which enterprise the Shares are attributable; and/or
- (ii) such income or capital gain forms “a benefit from miscellaneous activities” (“*resultaat uit overige werkzaamheden*”) which, for instance, would be the case if the activities with respect to the Shares exceed “normal active asset management” (“*normaal, actief vermogensbeheer*”).

If either of the above-mentioned conditions (i) or (ii) applies, the capital gain realized upon the transfer of the Shares will in general be subject to Dutch income tax at the progressive rates.

If the above-mentioned conditions (i) and (ii) do not apply, a holder of Shares who is an individual, resident or deemed to be resident in the Netherlands, or who has elected to be taxed as resident in the Netherlands, will not be subject to taxes on the capital gain in the Netherlands. Instead, the individual is taxed at a flat rate of 30 per cent. on deemed income from “savings and investments” (“*sparen en beleggen*”). This deemed income amounts to 4% of the average of the individual’s “yield basis” (“*rendementsgrondslag*”), generally, at the beginning of the calendar year and the individual’s “yield basis” at the end of the calendar year (minus a tax-free threshold). Generally, the cash paid to a Shareholder upon the transfer of the Shares will be included in such Shareholder’s yield basis.

#### 10.2.2 Holders of Shares resident in the Netherlands: corporate entities

A holder of Shares that is resident or deemed to be resident in the Netherlands for corporate income tax purposes, and that is:

- (a) a corporation;
- (b) another entity with a capital divided into shares;
- (c) a cooperative (association); or
- (d) another legal entity that has an enterprise or an interest in an enterprise to which the Shares are attributable,

but which is not:

- (e) a qualifying pension fund;
- (f) a qualifying investment fund (“*fiscale beleggingsinstelling*”); or
- (g) another entity exempt from corporate income tax,

will in general be subject to regular corporate income tax, generally levied at a rate of 25.5% (20% over profits up to EUR 200,000 (two hundred thousand Euro)) over the

capital gain realised upon the transfer of the Shares, unless, and to the extent that, the participation exemption applies.

#### 10.2.3 Holders of Shares resident outside the Netherlands: individuals

A holder of Shares who is an individual, not resident or deemed to be resident in the Netherlands, and who has not elected to be taxed as resident in the Netherlands for Dutch income tax purposes, will not be subject to any Dutch taxes on the capital gain realized upon the transfer of the Shares, unless:

- (a) such holder has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands and to which enterprise or part of an enterprise, as the case may be, the Shares are attributable; and/or
- (b) such capital gain forms a “benefit from miscellaneous activities in the Netherlands” (*“resultaat uit overige werkzaamheden in Nederland”*) which would for instance be the case if the activities in the Netherlands with respect to the Shares exceed “normal active asset management” (*“normaal, actief vermogensbeheer”*).

If either of the above-mentioned conditions (i), or (ii) applies, the capital gain realized upon the transfer of the Shares will in general be subject to Dutch income tax at the progressive rates.

#### 10.2.4 Holders of Shares resident outside the Netherlands: legal and other entities

A holder of Shares that is a legal entity, another entity with a capital divided into shares, an association, a foundation or a fund or trust, not resident or deemed to be resident in the Netherlands, will not be subject to any Dutch taxes on the capital gain realised upon the transfer of the Shares, unless such holder has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment (*“vaste inrichting”*) or a permanent representative (*“vaste vertegenwoordiger”*) in the Netherlands and to which enterprise or part of an enterprise, as the case may be, the Shares are attributable.

Such holder of Shares will in general be subject to regular corporate income tax, generally levied at a rate of 25.5% (20% over profits up to EUR 200,000 (two hundred thousand Euro)) over the capital gain realised upon the transfer of the Shares, unless, and to the extent that, the participation exemption applies.

#### 10.2.5 Other taxes and duties

No Dutch registration tax, capital tax, custom duty, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, will be payable in the Netherlands in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including the enforcement of any foreign judgment in the Courts of the Netherlands) of any documents related to the Offer.



## 11. PRESS RELEASES

### 11.1 Press release 12 November 2009

#### **Boskalis and Smit announce merger**

Papendrecht, Rotterdam

12 November 2009

- **Merger creates world class maritime service provider**
- **Continuity of Smit strategy and its four divisions secured**
- **Intended cash offer of EUR 60 per Smit share**

Royal Boskalis Westminster N.V. (**Boskalis**) and Smit Internationale N.V. (Smit) have in principle reached agreement on a full merger of the two companies, whereby all the activities of Smit will be continued in the combined company (the **Group**). Boskalis and Smit aim to reach a transaction through a public offer of EUR 60 in cash by Boskalis for all outstanding shares in Smit (the **Offer**).

The business combination will create a world class maritime service provider offering an excellent platform for further growth. Boskalis and Smit have agreed that the existing business plans will serve as the basis for the further expansion of the Group and that further growth and development of all current activities will be supported.

In view of the strong reputational and brand value, the activities of Smit will be continued under the Smit name operating out of the current head office in Rotterdam.

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

*Peter Berdowski, CEO Boskalis*

*"I am very enthusiastic about this merger. Combining our companies creates a Dutch maritime player of a global scale. The merger fits excellently with our strategy aimed at reinforcing and expanding our maritime services. I see significant opportunities for synergies between our companies complemented with a close competence and cultural fit. I support the strategy of Smit, which aligns and complements well with our strategy. Moreover, the merger offers an excellent platform for the further growth of our combined activities."*

*Ben Vree, CEO Smit*

*"Our discussions and shared vision have also made me enthusiastic for this merger. We are very thrilled with the support from Boskalis for the Smit strategy and its four divisions. This is a good basis for the further development of our combined activities. We have a*

*clear agreement regarding the continuity of Smit's identity and its strategy thereby securing the continuity of Smit's activities. This merger offers an excellent opportunity for Smit."*

Boskalis and Smit are of the opinion that the intended merger is in the best interest of both companies. The strategic rationale of the transaction is supported by the Board of Management and Supervisory Board of both Boskalis and Smit. In light of the recent nature of discussions, the Board of Management and Supervisory Board of Smit will take a view on the level of the intended Offer at a later date. The Board of Management and Supervisory Board will review the level of the Offer in light of the current situation. The Supervisory Board has appointed RBS as its financial advisor.

The large shareholders in Smit, Delta Lloyd Groep and Janivo Beleggingen have already confirmed an irrevocable undertaking to support and accept the intended offer, subject to customary offer conditions. Together with Boskalis' own shareholding in Smit, this accounts for approximately 44% of the outstanding shares in Smit.

Any direct implications for the workforce will be limited as a consequence of the complementary nature of the merger. Boskalis and Smit will make best efforts to avoid any forced redundancies. Looking ahead, the merger will lead to a stronger company with more opportunities for the personal development of its employees.

Ben Vree, CEO of Smit will become a member of the Board of Management of the Group. Smit will also have a representative within the Supervisory Board of the new combination. In its new composition the Supervisory Board will in part ensure the agreements regarding the further growth and development of the Group activities are met.

Boskalis and Smit strive to sign a merger protocol shortly and to obtain all the necessary approvals and statements from regulators and competition authorities as soon as possible and to complete the required recommendation and consultation procedures with the workers council and unions before launching a formal Offer. The transaction is expected to be fully completed in the first half of 2010. The completion is subject to satisfying a number of customary conditions (including approval from the competition authorities and complete the above mentioned recommendation and consultation procedures).

The intended capital structure of the Group will continue to be strong. The financing of the Offer will consist of a combination of senior debt and approximately €300 million of equity / junior debt. Part of the financing is expected to include the issuance of €200 million new Boskalis shares. HAL Investments, as large shareholder in Boskalis, has indicated that they will partake in the share issue.

*This is a joint announcement by Royal Boskalis Westminster N.V. and Smit Internationale N.V., as referred to in Section 5:25i paragraph 2 of the Dutch Financial Supervision Act (Wet op het Financieel Toezicht) and Section 5 paragraph 1 of the Public Offers Decree (Besluit Openbare Biedingen Wft). This announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities in Smit Internationale N.V.*

***This is an English translation of the Dutch press release. In the event of any disparity between the Dutch original and this translation, the Dutch text will prevail.***

**Profile:**

**Royal Boskalis Westminster N.V.** is a leading global services provider operating in the dredging, maritime infrastructure and maritime services sectors. Boskalis provides creative and innovative all-round solutions to infrastructural challenges in the maritime, coastal and delta regions of the world including the construction and maintenance of ports and waterways, land reclamation, coastal defense and riverbank protection. The company holds important home market positions in and outside of Europe and targets all market segments in the dredging industry. It also has positions in strategic partnerships in the Middle East (Archirodon) and in offshore services (Lamnalco). Boskalis has a versatile fleet of over 300 units and operates in over 50 countries across five continents. Including its share in partnerships, Boskalis has approximately 10,000 employees.

**SMIT** has a proud tradition of nearly 170 years of service in the maritime sector. The company has earned an excellent reputation by combining expertise and experience with high-quality materials and equipment in the nearly 50 locations around the world where SMIT is active. SMIT aims to provide its worldwide services in the main to shipping companies, producers in the oil and LNG industries, (offshore) construction companies, insurers, governments and shipyards. SMIT maintains the highest standards in respect of Safety, Health, the protection of the Environment and Quality.

SMIT's services are organised into four Divisions:

- **Harbour Towing:** harbour towing services and related maritime services.
- **Terminals:** towing services and related maritime and management services to offshore and onshore terminals.
- **Salvage:** salvage, wreck removal, environmental protection and consultancy.
- **Transport & Heavy Lift:** chartering, barge rental & transport, ocean, coastal and river towing, heavy lifting and marine support to a variety of civil and offshore projects and subsea services.

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# Boskalis Smit merger on track

Papendrecht, 7 December 2009

Royal Boskalis Westminster N.V. (**Boskalis**) announces that good progress is being made in the preparations for the merger with Smit Internationale N.V. (**Smit**), which was communicated in a joint press release on 12 November 2009. The due diligence is progressing well and the intention remains to realize the merger through an all-cash public offer of EUR 60 (cum dividend) for all outstanding shares in Smit.

## Outcome EGM

At the Extraordinary General Meeting of Shareholders of Boskalis earlier today, shareholders approved the issue of ordinary shares up to a maximum of 20 per cent of the number of currently issued shares, excluding any preemptive rights. To (partly) finance the public offer, Boskalis intends to place a share issue up to an amount of EUR 200 million to EUR 230 million.

## Next Steps

Boskalis and Smit have started preparations for filing with the competition authorities and have informed the relevant works councils and unions of the intended public offer. Boskalis intends to apply for approval of the offering memorandum with the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten) as soon as possible but no later than 4 February 2010.

*This is a public announcement by Royal Boskalis Westminster N.V. as referred to in Section 7 paragraph 1 of the Public Offers Decree (Besluit Openbare Biedingen Wft). This announcement is not to be published or distributed in or to the United States of America, Japan, Australia or Canada. This announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities in Smit Internationale N.V.*

***This is an English translation of the Dutch press release. In the event of any disparity between the Dutch original and this translation, the Dutch text will prevail.***

Royal Boskalis Westminster N.V. is a leading global services provider operating in the dredging, maritime infrastructure and maritime services sectors. We provide creative and innovative all-round solutions to infrastructural challenges in the maritime, coastal and delta regions of the world including the construction and maintenance of ports and waterways, land reclamation, coastal defense and riverbank protection. The company holds important home market positions in and outside of Europe and targets all market segments in the dredging industry. It also has positions in strategic partnerships in the Middle East (Archirodon) and in offshore services (Lamnalco). Boskalis has a versatile fleet of over 300 units and operates in over 50 countries across five continents. Including its share in partnerships, Boskalis has approximately 10,000 employees.

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This press release can also be found on our website [www.boskalis.com](http://www.boskalis.com)

### 11.3 Press release 15 December 2009

## **Boskalis: Financing for Smit offer in place**

Papendrecht, 15 December 2009

Royal Boskalis Westminster N.V. (**Boskalis**) wishes to announce that the financing of the intended public offer of € 60 per share (cum dividend) for Smit Internationale N.V. (**Smit**) is in place.

*Peter Berdowski, CEO: "I am extremely pleased that we have been able to secure the sizable financing package with a group of banks within a very short period of time. The strong strategic and financial position of the Boskalis / Smit combination played a major role in this respect and I look forward with confidence to the successful execution of the Smit merger."*

### **Equity offering**

With reference to the press releases of 9 and 10 December 2009, Boskalis confirms that the € 230 million equity offering has been settled.

### **Debt financing**

In addition to the proceeds of the equity offering, the financing will comprise a combination of a

3- and 5-year bank facility (€ 650 million in total) and a temporary bridge facility (€ 400 million). The financing was arranged with a group of banks comprising Rabobank, ING Wholesale Banking, Fortis Bank Nederland and RBS. The entire package will be used to finance the intended acquisition of Smit as well as the refinancing and replacement of Smit's and Boskalis' existing bank facilities. Furthermore, these facilities will provide sufficient room for the new combination to make future investments.

Rabobank is the coordinator on behalf of the banks and together with Kempen & Co financial advisor for the public offer.

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#### 11.4 Press release 25 January 2010

### Smit and Boskalis sign Merger Protocol

Papendrecht, Rotterdam  
25 January 2010

- Boskalis and Smit sign merger protocol
- Boskalis offers EUR 60 ex dividend
- Smit shareholders receive EUR 2.75 dividend over 2009
- Offer is recommended by Smit management and majority of supervisory board
- Boskalis to declare offer unconditional at 75%

With reference to the press release dated 12 November 2009, Royal Boskalis Westminster N.V. (**Boskalis**) and Smit Internationale N.V. (**Smit**) announce that they have signed a merger protocol for a full merger of the two companies. The transaction will be effectuated through an all cash public offer of EUR 60 ex dividend (instead of cum dividend as previously anticipated) by Boskalis for all outstanding shares in Smit.

The business combination will create a world class maritime service provider offering a strong platform for further growth. The strategic rationale of the transaction was already supported by the Board of Management and Supervisory Board of both Boskalis and Smit. As previously indicated two large shareholders of Smit, Delta Lloyd Groep and Janivo Beleggingen, have already confirmed an irrevocable undertaking to support and accept the proposed offer. In the merger protocol, Boskalis has agreed to a 2009 dividend payment to Smit shareholders of EUR 2.75 per share. RBS has provided to Smit a fairness opinion with regard to the offer price.

Based on the above, the Board of Management and a majority of the Supervisory Board of Smit have decided to recommend the offer to its shareholders.

Boskalis will submit the draft offer memorandum with the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten) for approval no later than 4 February 2010. In line with the statutory timetable, Boskalis expects to launch the offer in the second half of February. Boskalis will declare the offer unconditional if more than 75% of the outstanding Smit shares are tendered. In addition, the offer will be subject to the customary conditions (see Annex 1 to this press release).

*This is a joint announcement by Royal Boskalis Westminster N.V. and Smit Internationale N.V., as referred to paragraph 4 of the Public Offers Decree (Besluit Openbare Biedingen Wft). This announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities in Smit Internationale N.V.*

This is an English translation of the Dutch press release. In the event of any disparity between the Dutch original and this translation, the Dutch text will prevail.

**Profile:**

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## 12. DUTCH LANGUAGE SUMMARY

*Hoofdstuk 12 is de Nederlandse samenvatting van het Biedingsbericht, dat is uitgegeven ter zake van het openbaar bod dat is uitgebracht door de Bieder op alle Aandelen in het geplaatste kapitaal van Smit onder de voorwaarden en bepalingen zoals beschreven in het Biedingsbericht.*

*De gedefinieerde termen in dit Hoofdstuk van het Biedingsbericht hebben de betekenis die daaraan wordt gegeven in Hoofdstuk 12.2. Deze Nederlandse samenvatting maakt deel uit van het Biedingsbericht, maar vervangt dit niet. Deze Nederlandse samenvatting is niet volledig en bevat niet alle informatie die voor de Aandeelhouders van belang is om zich een afgewogen oordeel te kunnen vormen omtrent het Bod.*

*Het lezen van deze Nederlandse samenvatting mag derhalve niet worden beschouwd als een alternatief voor het bestuderen van het volledige Biedingsbericht. Aandeelhouders wordt geadviseerd het volledige Biedingsbericht zorgvuldig te bestuderen en zo nodig onafhankelijk advies in te winnen teneinde een afgewogen oordeel te kunnen vormen omtrent het Bod en de beschrijving van het Bod in deze samenvatting en in het Biedingsbericht. Waar deze Nederlandse samenvatting verschilt van de Engelse tekst van het Biedingsbericht, prevaleert de Engelse tekst van het Biedingsbericht.*

### 12.1 Belangrijke Informatie

Het uitbrengen van het Bod, de verkrijgbaarstelling van het Biedingsbericht en deze Nederlandse samenvatting, en/of de verspreiding van enige andere informatie met betrekking tot het Bod, kunnen in bepaalde jurisdicties aan restricties onderhevig zijn. Zie Hoofdstukken 2 en 3 (*Restrictions and Important Information*) van dit Biedingsbericht. Het Bod wordt direct noch indirect gedaan in, en mag niet worden geaccepteerd door of namens Aandeelhouders vanuit een jurisdictie waarin het uitbrengen van het Bod of het aanvaarden daarvan niet in overeenstemming is met de in die jurisdictie geldende wet- en regelgeving. Het niet in acht nemen van deze restricties kan een overtreding van de effectenwet- en regelgeving van de desbetreffende jurisdictie opleveren. Noch de Bieder, noch Boskalis, noch Smit, noch hun adviseurs aanvaarden enige aansprakelijkheid ter zake van overtredingen van voornoemde restricties. Aandeelhouders dienen zo nodig onverwijld onafhankelijk advies in te winnen omtrent hun positie dienaangaande. De Bieder behoudt zich het recht voor om door een Aandeelhouder in het kader van het Bod aangeboden Aandelen te accepteren, zelfs indien dit niet gebeurt in overeenstemming met de bepalingen en voorwaarden zoals uiteengezet in het Biedingsbericht.

Het Biedingsbericht bevat belangrijke informatie die men zorgvuldig dient te lezen alvorens een besluit te nemen over het aanmelden van Aandelen onder het Bod. Zie Hoofdstukken 2 en 3 (*Restrictions and Important Information*) van dit Biedingsbericht. Aandeelhouders wordt aangeraden waar nodig onafhankelijk advies in te winnen. Daarnaast zullen Aandeelhouders mogelijk hun belastingadviseur willen raadplegen met betrekking tot de fiscale gevolgen van het aanmelden van Aandelen onder het Bod.

De informatie opgenomen in de Hoofdstukken 1-6 (exclusief Hoofdstukken 6.9, 6.10, 6.12.5 en 6.14) ),8 en 10-12 van het Biedingsbericht is uitsluitend door de Bieder verstrekt. De informatie opgenomen in de Hoofdstukken 6.6, 6.9, 7, 13.1-13.4, 13.6 en 13.8 en 14 van het Biedingsbericht is uitsluitend door Smit verstrekt. De informatie opgenomen op de voorpagina en in de Hoofdstukken 6.10, 6.12.5, 6.14 en 9 van het Biedingsbericht is door de Bieder en Smit gezamenlijk verstrekt. De informatie opgenomen in Hoofdstukken 13.5 en 13.7 is verstrekt door KPMG en is identiek aan de originele accountantsverklaring, die door KPMG is afgegeven op dezelfde datum.

Uitsluitend de Bieder en Smit zijn verantwoordelijk voor de juistheid en volledigheid van de informatie die in het Biedingsbericht is opgenomen, ieder afzonderlijk voor de informatie die door henzelf is verstrekt, en gezamenlijk voor de informatie die door hen gezamenlijk is verstrekt, met uitzondering van informatie die door geen van hen is verstrekt (waaronder Hoofdstukken 13.5 en 13.7, waarvoor KPMG verantwoordelijk is) of gezamenlijk, zoals uiteengezet in de vorige alinea van deze paragraaf.

De Bieder en Smit verklaren ieder ten aanzien van de informatie die door henzelf in het Biedingsbericht is verstrekt en gezamenlijk ten aanzien van de informatie die door hen gezamenlijk is verstrekt, dat de informatie in dit Biedingsbericht op de publicatiedatum van het Biedingsbericht, voor zover hen redelijkerwijs bekend kan zijn, de gegevens in het Biedingsbericht in overeenstemming zijn met de werkelijkheid en dat geen gegevens zijn weggelaten waarvan de vermelding de strekking van dit Biedingsbericht zou wijzigen. Getallen in het Biedingsbericht kunnen naar boven of beneden zijn afgerond en dienen derhalve niet als exact te worden beschouwd.

De informatie in het Biedingsbericht geeft de situatie weer op de datum van het Biedingsbericht. Onder geen beding houden de uitgifte en verspreiding van het Biedingsbericht in dat de hierin opgenomen informatie ook na de datum van het Biedingsbericht juist en volledig is of dat er sinds deze datum geen wijziging is opgetreden in de in het Biedingsbericht opgenomen informatie of in de gang van zaken bij Boskalis, Smit, hun respectieve dochtermaatschappijen en/of respectieve aan hen gelieerde ondernemingen.

## 12.2 Nederlandse Definities

<b>Aandeelhouder(s)</b>	houder(s) van één of meer Aandelen;
<b>Aandelen</b>	alle geplaatste en uitstaande gewone Aandelen in het kapitaal van Smit, elk met een nominale waarde van EUR 2,30;
<b>Aanmelding</b>	de aanmelding van Aandelen door de Aandeelhouders ter aanvaarding van het Bod;
<b>Aanmeldingstermijn</b>	de periode gedurende welke de Aandeelhouders hun Aandelen kunnen aanmelden bij de Bieder, beginnend op 25 februari 2010 om 09:00 uur, Amsterdamse tijd en eindigend op de Uiterste Dag van Aanmelding;
<b>Accountant</b>	KPMG;
<b>AFM</b>	de Stichting Autoriteit Financiële Markten;
<b>Algemene Vergadering</b>	de algemene vergadering van Aandeelhouders van Smit;
<b>Bieder</b>	Boskalis Holding B.V., een besloten vennootschap met beperkte aansprakelijkheid, opgericht naar Nederlands recht met statutaire zetel te Sliedrecht, Nederland;
<b>Biedingsbericht</b>	dit biedingsbericht (inclusief de Engelse tekst) met betrekking tot het Bod;
<b>Biedprijs</b>	een bedrag van EUR 60 per Aandeel (exclusief Tussentijdse Dividenduitkering);
<b>Bob</b>	Besluit Openbare Biedingen Wft;
<b>Bod</b>	het bod zoals in dit Biedingsbericht beschreven;
<b>Boskalis</b>	Koninklijke Boskalis Westminster N.V., een naamloze vennootschap, opgericht naar Nederlands recht met statutaire zetel in Sliedrecht, Nederland;
<b>Boskalis Groep</b>	Boskalis en haar dochtermaatschappijen;

<b>Concurrerend Bod</b>	<p>een op schrift gesteld voorstel van een <i>bona fide</i> derde partij om een (openbaar) bod te doen op alle Aandelen of de gehele onderneming Smit of een fusie van Smit met een <i>bona fide</i> partij, dat, naar het redelijke oordeel van de Raad van Bestuur en Raad van Commissarissen, de identiteit en <i>track record</i> van Boskalis in ogenschouw nemend en die van een dergelijke derde partij, de mate van zekerheid van doorgang (inclusief zekerheid van financiering en mededingingsrechtelijke goedkeuring), gestelde condities, soort vergoeding, toekomstige plannen van de derde partij met betrekking tot Smit en Smit's strategie, management, werknemers en andere belangen van belanghebbenden, een substantieel beter bod is dan het Bod zoals omschreven in dit Biedingsbericht;</p>
<b>Dag van Gestanddoening</b>	<p>heeft de betekenis die daaraan is gegeven in Hoofdstuk 12.9.2;</p>
<b>Dag van Overdracht</b>	<p>de datum, die niet later zal zijn dan de vijfde Beursdag na de Dag van Gestanddoening, waarop, in overeenstemming met de bepalingen van het Bod, de Bieder de Biedprijs zal betalen aan Aandeelhouders die op juiste wijze hun Aandelen hebben aangemeld (of op onjuiste wijze, indien de Bieder de Aanmelding desalniettemin heeft aanvaard) en hebben geleverd onder het Bod;</p>
<b>Eerste Openbare Mededeling</b>	<p>12 november 2009, de datum waarop Boskalis en Smit gezamenlijk aankondigden dat voorwaardelijke overeenstemming was bereikt ten aanzien van de belangrijkste voorwaarden van het Bod;</p>
<b>Euroclear</b>	<p>Euroclear Bank SA/NV;</p>
<b>Euronext Amsterdam</b>	<p>Euronext Amsterdam N.V. of Eurolist door Euronext Amsterdam N.V., afhankelijk van de context;</p>
<b>Fusie Protocol</b>	<p>het fusieprotocol tussen Smit en Boskalis zoals overeengekomen en ondertekend op 24 januari 2010;</p>

<b>Fusie Regels</b>	alle toepasselijke wet en regelgeving, inclusief maar niet beperkt tot de toepasselijke artikelen van en alle nadere regelgeving en beleidsregels afgekondigd onder de Wft, het Bob, het SER-Besluit Fusiegedragsregels 2000, de Wet op de ondernemingsraden, de regelgeving en beleidsregels van Euronext en het Burgerlijk Wetboek;
<b>Minimale Acceptatie Voorwaarde</b>	heeft de betekenis die daaraan is gegeven in Hoofdstuk 12.8.1;
<b>Na-Aanmeldingstermijn</b>	een periode van niet meer dan 2 weken na afloop van de Aanmeldingstermijn gedurende welke Aandeelhouders die hun Aandelen nog niet hebben aangemeld onder het Bod de kans wordt gegeven dit alsnog te doen, op dezelfde wijze en onder dezelfde voorwaarden als opgenomen in dit Biedingsbericht;
<b>Officiële Prijscourant</b>	Officiële Prijscourant van Euronext Amsterdam;
<b>Omwissel- en Betaalkantoor</b>	Rabo Securities;
<b>Position Statement</b>	het standpunt van de Vennootschap met inbegrip van alle bijlagen daarbij dat is uitgegeven door Smit in verband met het Bod;
<b>Raad van Bestuur</b>	de raad van bestuur van Smit;
<b>Raad van Commissarissen</b>	de raad van commissarissen van Smit;
<b>Raden</b>	de Raad van Bestuur en de Raad van Commissarissen;
<b>Smit</b>	Smit Internationale N.V., een naamloze vennootschap, opgericht naar Nederlands recht met statutaire zetel in Rotterdam, Nederland;
<b>Smit Groep</b>	Smit en haar dochtermaatschappijen;
<b>Toegelaten Instellingen</b>	de tot Euronext Amsterdam toegelaten instellingen;
<b>Tussentijdse Dividenduitkering</b>	heeft de betekenis die daaraan is gegeven in Hoofdstuk 12.5;
<b>Uitkering</b>	heeft de betekenis die daaraan is gegeven in Hoofdstuk 12.5;

<b>Uiterste Dag van Aanmelding</b>	de tijd en datum waarop het Bod afloopt, zijnde om 18:00 uur, Amsterdamse tijd op 26 maart 2010, tenzij de Aanmeldingstermijn is verlengd in overeenstemming met Artikel 15 van het Bob;
<b>Vennootschap</b>	Smit;
<b>Voorwaarden</b>	de opschortende voorwaarden met betrekking tot het Bod zoals uiteengezet in Hoofdstuk 12.8;
<b>Werkdag(en)</b>	Een dag anders dan een zaterdag of zondag waarop in het algemeen banken in Nederland, ingevolge de Algemene Bank-CAO, en Euronext Amsterdam open zijn; en
<b>Wft</b>	Wet op het financieel toezicht.

### 12.3 Uitnodiging aan de Aandeelhouders

Onder verwijzing naar de verklaringen, voorwaarden en beperkingen zoals opgenomen in de Hoofdstukken 2 en 3 van het Biedingsbericht (*Restrictions and Important Information*) worden Aandeelhouders uitgenodigd om hun Aandelen aan te bieden op de wijze en onder de voorwaarden zoals in het Biedingsbericht beschreven.

### 12.4 Het Bod

De Bieder brengt het Bod uit teneinde alle Aandelen te verwerven van de Aandeelhouders, onder de voorwaarden en conform de bepalingen en beperkingen zoals opgenomen in dit Biedingsbericht.

Het Bod vertegenwoordigt een aantrekkelijke waarde voor de Aandeelhouders, waaronder:

- een premie van **7,9%** en, inclusief de Tussentijdse Dividenduitkering, een premie van **12,9%** ten opzichte van de slotkoers van de Aandelen op 11 november 2009, de laatste Werkdag voor de Eerste Openbare Mededeling;
- een premie van **12,9%** en, inclusief de Tussentijdse Dividenduitkering, een premie van **18,1%** ten opzichte van de slotkoers van de Aandelen gedurende de laatste 3 maanden voorafgaand aan de Eerste Openbare Mededeling;
- een premie van **23,0%** en, inclusief de Tussentijdse Dividenduitkering, een premie van **28,6%** ten opzichte van de slotkoers van de Aandelen gedurende de laatste 6 maanden voorafgaand aan de Eerste Openbare Mededeling; en

- een premie van **36,1%** en, inclusief de Tussentijdse Dividenduitkering, een premie van **42,3%** ten opzichte van de slotkoers van de Aandelen gedurende de laatste 12 maanden voorafgaand aan de Eerste Openbare Mededeling

#### 12.5 Rationale voor het Bod

Door het samengaan van de ondernemingen van Smit en Boskalis zal een maritieme dienstverlener van wereldformaat ontstaan, met een uitstekend platform voor verdere groei. De huidige business plannen zullen het uitgangspunt zijn voor de verdere uitbouw van de gecombineerde entiteit en de bestaande activiteiten zullen de benodigde ruimte krijgen voor verdere groei en ontwikkeling.

Zie tevens Hoofdstuk 6.4 (*Rationale for the Offer*)

#### 12.6 Biedprijs

Onder de voorwaarde dat het Bod gestand zal worden gedaan, zullen Aandeelhouders die hun Aandelen aanmelden onder het Bod een bedrag in contanten ontvangen van EUR 60 per Aandeel (ex dividend) (de **Biedprijs**) voor elk Aandeel dat op juiste wijze is aangemeld (of op onjuiste wijze, indien de Bieder de Aanmelding desalniettemin aanvaardt) en geleverd.

Boskalis en Smit zijn overeengekomen dat Smit een tussentijdse dividenduitkering over het jaar 2009 zal toekennen ten bedrage van EUR 2,75 per Aandeel en dit bedrag zal uitkeren aan de Aandeelhouders voor de Dag van Overdracht (de **Tussentijdse Dividenduitkering**)

Met uitzondering van de Tussentijdse Dividenduitkering, indien Smit, tussen de datum van dit Biedingsbericht en de Dag van Overdracht, een of meer dividenden betaalbaar stelt (inclusief interim dividenden), een uitkering uit de agioreserve of andere reserves doet of haar aandelenkapitaal vermindert (inclusief door middel van het intrekken van aandelen of vermindering van de nominale waarde) waarbij de registratiedatum van betaling ligt vóór de Dag van Overdracht (elk een **Uitkering** en gezamenlijk, de **Uitkeringen**), dan zal de Biedprijs worden verminderd met het bedrag van een dergelijke Uitkering (vóór enige toepasselijke belastinginhouding).

#### 12.7 Financiering van het Bod

Onder verwijzing naar Artikel 7 lid 4 van het Bob, heeft Boskalis op 15 december 2009 aangekondigd over voldoende middelen te beschikken om het Bod te financieren.

Zie tevens Hoofdstuk 11 (*Press releases*).

## 12.8 Voorwaarden

Niettegenstaande de andere bepalingen in het Biedingsbericht, geldt de verplichting van de Bieder om het Bod gestand te doen indien aan elk van de volgende Voorwaarden wordt voldaan, tenzij van bepaalde voorwaarden afstand wordt gedaan:

- 12.8.1 Er wordt een zodanig aantal Aandelen ter aanvaarding aangemeld op de Uiterste Dag van Aanmelding, dat dit, tezamen met (i) Aandelen direct of indirect gehouden door de Bieder of waartoe de Bieder gerechtigd is op de Uiterste Dag van Aanmelding en (ii) de Aandelen direct of indirect gehouden door Smit in haar eigen aandelenkapitaal op de Uiterste Dag van Aanmelding, ten minste 75% van het totale uitstaande en geplaatste aandelenkapitaal van Smit vertegenwoordigt (de **Minimale Acceptatie Voorwaarde**);
- 12.8.2 Er heeft zich geen gebeurtenis of omstandigheid voorgedaan die een materieel nadelig gevolg heeft op (i) de onderneming, verwachtingen, financiële positie of bedrijfsactiva van de Vennootschap of de Smit Groep in zijn geheel, (ii) de onderneming, vooruitzichten, financiële positie of activa van Boskalis of de Boskalis Groep in zijn geheel of (iii) de internationale of enige relevante lokale gesyndiceerde lening, schuld, bank, kapitaal of aandelenmarkt, welke gebeurtenis of omstandigheid zodanig is dat van de Bieder redelijkerwijs niet verwacht kan worden het Bod door te zetten of het Bod gestand te doen;
- 12.8.3 Er is geen bevel, schorsing, vonnis of besluit gegeven of verstrekt door een rechter, arbitragecommissie, overheid, overheidsinstantie of andere toezichthoudende of administratieve instantie van toepassing op of voorafgaand aan de Uiterste Dag van Aanmelding noch is er enige wet, regel, regeling, bevel of verbod van overheidswege van toepassing geacht op het Bod, welke op enigerlei wijze het Bod beperkt, verbiedt of vertraagt, of waarvan redelijkerwijs aannemelijk is dat deze de uitvoering van het Bod in enige materiële zin zal beperken, verbieden of vertragen.
- 12.8.4 De aanbeveling van de Raden is niet ingetrokken of gewijzigd;
- 12.8.5 Stichting Preferente Aandelen Smit Internationale heeft, onder de opschortende voorwaarde van gestanddoening van het Bod, onvoorwaardelijk ingestemd met de beëindiging van de optieovereenkomst tussen Stichting Preferente Aandelen Smit Internationale en Smit op of voorafgaand aan de Uiterste Dag van Aanmelding;
- 12.8.6 De algemene vergadering van aandeelhouders van Boskalis heeft de benodigde besluiten genomen om het Bod goed te keuren;
- 12.8.7 De algemene vergadering van aandeelhouders van Boskalis heeft besloten om de heer H.J. Hazewinkel te benoemen tot lid van de raad van commissarissen van Boskalis, onder de opschortende voorwaarde van gestanddoening van het Bod;



- 12.8.8 Op of voorafgaand aan de Uiterste Dag van Aanmelding is geen mededeling ontvangen van de AFM waarin wordt gesteld dat het Bod is gedaan in strijd is met een of meer bepalingen van Hoofdstuk 5.5 Wft of het Bob en dat op grond van deze regels de effecteninstellingen in de zin van artikel 5:80 Wft niet zouden mogen meewerken aan de executie en voltooiing van het bod en de handel in Aandelen op Euronext Amsterdam is niet permanent geschorst als gevolg van een noteringsmaatregel genomen door Euronext; en
- 12.8.9 Uiterlijk twee Werkdagen voorafgaand aan de Uiterste Dag van Aanmelding zullen zich één van de navolgende gebeurtenissen hebben voorgedaan:
- (a) de relevante mededingingsautoriteiten nemen een besluit ten aanzien van het Bod dat een goedkeuring van de voorgenomen concentratie inhoudt of, indien het besluit aan voorwaarden is verbonden, dat die voorwaarden en verplichtingen redelijkerwijs aanvaardbaar zijn voor de Bieder met dien verstande dat de Bieder verplicht is niet-materiële voorwaarden en verplichtingen te accepteren;
  - (b) de afloop, het verval of de beëindiging van alle toepasselijke wachttermijnen (inclusief verlengingen daarvan) van iedere relevante mededingingsautoriteit.
- 12.8.10 Waiver
- (a) De Voorwaarde uiteengezet in Hoofdstuk 12.8.8 is ten behoeve van de Bieder en de Vennootschap en hiervan mag geen afstand worden gedaan.
  - (b) De Voorwaarden uiteengezet in Hoofdstukken 12.8.2, 12.8.3, 12.8.4, 12.8.5, 12.8.6 en 12.8.9 zijn ten behoeve van de Bieder en hiervan mag afstand worden gedaan door de Bieder door middel van een schriftelijke verklaring aan de Vennootschap.
  - (c) De Voorwaarde uiteengezet in Hoofdstuk 12.8.7 is ten behoeve van de Vennootschap en hiervan mag afstand worden gedaan door de Vennootschap door middel van een schriftelijke verklaring aan de Bieder.
  - (d) Van de Minimale Acceptatie Voorwaarde mag alleen afstand worden gedaan onder de volgende voorwaarden:
    - (i) Indien het aantal aangemelde Aandelen op de Uiterste Datum van Aanmelding, tezamen met (i) Aandelen direct of indirect gehouden door de Bieder of waartoe de Bieder gerechtigd is op de Uiterste Dag van Aanmelding en (ii) de Aandelen direct of indirect gehouden door Smit in haar eigen aandelenkapitaal, niet ten minste 75% van het totale uitstaande en geplaatste

aandelenkapitaal van Smit vertegenwoordigt, zal de Bieder de Aanmeldingstermijn verlengen voor een periode van niet minder dan 2 en niet meer dan 10 weken in overeenstemming de Fusie Regels.

- (ii) Indien, na de bovengenoemde verlenging, het aantal aangemelde Aandelen op de (verlengde) Uiterste Datum van Aanmelding, tezamen met (i) Aandelen direct of indirect gehouden door de Bieder of waartoe de Bieder gerechtigd is op de Uiterste Dag van Aanmelding en (ii) de Aandelen direct of indirect gehouden door Smit in haar eigen aandelenkapitaal, niet ten minste 75% van het totale uitstaande en geplaatste aandelenkapitaal van Smit vertegenwoordigt, zal de bieder alleen afstand mogen doen van de Minimale Acceptatie Voorwaarde na uitdrukkelijke schriftelijke toestemming van de Raden.

De vervulling van elk van de Voorwaarden hangt niet af van de wil van de Bieder zoals verboden door Artikel 12, paragraaf 2 van het Bob.

Zowel de Bieder als de Vennootschap zullen hun uiterste best doen om zo snel als redelijkerwijs mogelijk de vervulling van de Voorwaarden te bewerkstelligen. Wanneer op enig moment de Bieder of de Vennootschap zich bewust wordt van een feit of omstandigheid dat ertoe zou kunnen leiden dat een Voorwaarde niet wordt vervuld, zal de Bieder respectievelijk de Vennootschap daarvan onmiddellijk op de hoogte worden gesteld.

## 12.9 Aanmelding

### 12.9.1 Aanmeldingstermijn

De aanmeldingstermijn vangt aan om 09:00 uur, Amsterdamse tijd, op 25 februari 2010 en eindigt op 26 maart 2010 om 18:00 uur, Amsterdamse tijd, tenzij de Aanmeldingstermijn wordt verlengd in overeenstemming met Hoofdstuk 5.6 (*Extension*).

Aandelen die reeds zijn aangemeld op of voorafgaande aan de Uiterste Dag van Aanmelding blijven onderworpen aan het Bod gedurende de verlenging van de Aanmeldingstermijn, behoudens het recht van een Aandeelhouder om de Aandelen die hij of zij reeds heeft aangemeld in te trekken in overeenstemming met Artikel 15, paragraaf 3 van het Bob.

Gedurende een verlenging van de Aanmeldingstermijn blijft elk Aandeel dat is aangemeld en niet is ingetrokken onderworpen aan het Bod, behoudens het recht van elke Aandeelhouder om de Aandelen die hij of zij reeds heeft aangemeld in te trekken.

Indien aan alle Voorwaarden van het Bod is voldaan of, voor zover van toepassing daarvan afstand is gedaan, zal de Bieder alle Aandelen aanvaarden die op geldige wijze zijn aangemeld (of op ongeldige wijze, indien de Bieder de Aanmelding desalniettemin aanvaardt) en niet zijn ingetrokken ingevolge Artikel 15, paragraaf 3 van het Bob, met inachtneming van de procedures zoals uiteengezet in Hoofdstuk 12.10 (Aanvaarding door Aandeelhouders).

#### 12.9.2 Gestanddoening

Het Bod wordt gedaan onder voorbehoud van de vervulling van de Voorwaarden zoals uiteengezet in Hoofdstuk 12.8. Van de Voorwaarden kan afstand worden gedaan, voor zover wettelijke toegestaan, zoals uiteengezet in Hoofdstuk 12.8.10.

De Bieder zal niet later dan op de derde (3<sup>e</sup>) Werkdag na de Uiterste Dag van Aanmelding, zijnde de Dag van Gestanddoening, vaststellen of aan de Voorwaarden is voldaan of dat daarvan afstand wordt gedaan (voor zover wettelijk toegestaan als uiteengezet in Hoofdstuk 12.8). Bovendien zal de Bieder op de Dag van Gestanddoening een openbare mededeling doen of (i) het Bod gestand wordt gedaan, (ii) het Bod wordt verlengd in overeenstemming met Artikel 15 van het Bob (iii) het Bod wordt ingetrokken omdat niet is voldaan aan de Voorwaarden of daarvan geen afstand is gedaan, alles met inachtneming van Artikel 16 van het Bob. Indien het Bod niet gestand wordt gedaan, zal de Bieder dit besluit motiveren.

Indien de Bieder aankondigt het Bod gestand te doen, zal de Bieder de aangemelde Aandelen accepteren tegen betaling van de Biedprijs en kan een Na-Aanmeldingstermijn worden aangekondigd.

#### 12.9.3 Na-Aanmeldingstermijn

Indien de Bieder aankondigt het Bod gestand te doen, heeft de Bieder de mogelijkheid om binnen drie (3) Werkdagen na de Dag van Gestanddoening een Na-Aanmeldingstermijn aan te kondigen van maximaal twee (2) weken, gedurende welke Aandeelhouders alsnog Aandelen onder het Bod mogen aanmelden die nog niet zijn aangemeld.

Overdracht met betrekking tot de Aandelen die zijn aangemeld gedurende de Na-Aanmeldingstermijn zal plaatsvinden binnen vijf (5) Werkdagen na het aflopen van de Na-Aanmeldingstermijn.

Gedurende de Na-Aanmeldingstermijn hebben noch Aandeelhouders die hun Aandelen gedurende de Aanmeldingstermijn hebben aangemeld en welke Aandelen onder de voorwaarden en bepalingen van het Bod zijn geaccepteerd, noch Aandeelhouders die hun Aandelen hebben aangemeld

gedurende de Na-Aanmeldingstermijn, enig recht om hun Aandelen in te trekken

#### 12.9.4 Overdracht

Indien de Bieder aankondigt het Bod gestand te doen, zullen Aandeelhouders die hun Aandelen hebben aangemeld en geleverd aan de Bieder binnen vijf (5) Werkdagen volgend op de Dag van Gestanddoening (de **Dag van Overdracht**), de Biedprijs ontvangen voor elk Aandeel dat op juiste wijze is aangemeld (of op onjuiste wijze indien de Bieder de Aanmelding desalniettemin aanvaardt) en geleverd.

#### 12.10 Aanvaarding door Aandeelhouders

Aandeelhouders die hun Aandelen houden via een Toegelaten Instelling worden gevraagd om hun Aanmelding via hun bank of commissionair op niet later dan de Uiterste Dag van Aanmelding om 18:00 uur Amsterdamse tijd bekend te maken, tenzij de Aanmeldingstermijn is verlengd overeenkomstig Hoofdstuk 5.6 (*Extension*). De relevante bank of commissionair kan een eerdere deadline vaststellen voor Aanmelding door Aandeelhouders zodat deze bank of commissionair voldoende tijd heeft om de Aanmelding door te geven aan het Omwissel- en Betaalkantoor.

De desbetreffende Toegelaten Instellingen mogen de Aanmeldingen slechts indienen bij het Omwissel- en Betaalkantoor en alleen in schriftelijke vorm. Bij het indienen van de Aanmeldingen dient iedere Toegelaten Instelling te verklaren dat: (i) zij de aangemelde Aandelen in hun administratie hebben opgenomen; (ii) iedere Aandeelhouder onherroepelijk garandeert dat hij/zij zal voldoen aan alle restricties die worden genoemd in Hoofdstuk 2 en 3 (*Restrictions and Important Information*) van het Biedingsbericht; en (iii) zij zich verplichten om de aangemelde Aandelen te leveren aan de Bieder op de Dag van Overdracht, onder voorwaarde dat het Bod gestand is gedaan.

Aandeelhouders die individueel zijn geregistreerd in het aandeelhoudersregister van Smit en die hun Aandelen willen aanmelden onder het Bod, dienen een compleet en getekend aanmeldingsformulier te overhandigen aan het Omwissel- en Betaalkantoor in overeenstemming met de voorwaarden van het Bod, niet later dan op de Uiterste Dag van Aanmelding om 18:00 uur Amsterdamse tijd, tenzij de Aanmeldingstermijn is verlengd ingevolge Hoofdstuk 5.6 (*Extension*). De aanmeldingsformulieren zijn op verzoek verkrijgbaar bij het Omwissel- en Betaalkantoor. Het aanmeldingsformulier zal dienen als een akte van levering met betrekking tot de Aandelen waarnaar hierin verwezen wordt.

#### 12.11 Besluitvorming en aanbeveling van de Raad van Bestuur en de Raad van Commissarissen

Zoals vermeld in Hoofdstuk 6.6 (*Decision-making and Recommendation by the Boards*) van het Biedingsbericht hebben de Raad van Bestuur en de meerderheid van de Raad van Commissarissen, na zorgvuldige afweging van de strategische, operationele, financiële en sociale aspecten van de voorgenomen transactie, geconcludeerd dat het Bod zoals uiteengezet in dit Biedingsbericht in het beste belang is van de Vennootschap en haar *stakeholders* (met inbegrip van de Aandeelhouders).

De Raad van Bestuur en de meerderheid van de Raad van Commissarissen zijn van oordeel dat de Biedprijs, tezamen met het Interim Dividend, redelijk (*fair*) is jegens de Aandeelhouders vanuit financieel oogpunt. In dit verband wordt verwezen naar de *fairness* opinie van RBS zoals opgenomen in het Position Statement.

Onder verwijzing naar het bovenstaande, ondersteunen de Raad van Bestuur en de meerderheid van de Raad van Commissarissen het Bod en bevelen zij de Aandeelhouders aan om het Bod te aanvaarden.

Verwezen wordt naar het Position Statement.

#### 12.12 Toezeggingen

Delta Lloyd Groep en Janivo Beleggingen, die respectievelijk 10,4% en 5,9% van de Aandelen houden, hebben onherroepelijk toegezegd de door hun gehouden Aandelen aan te bieden onder de voorwaarden, bepalingen en beperkingen van het Bod. De onherroepelijke toezeggingen bevatten gebruikelijke voorwaarden, waaronder de voorwaarde dat Delta Lloyd Groep en Janivo Beleggingen hun Aandelen slechts aan een derde partij te goeder trouw mogen aanbieden, indien deze derde partij een openbaar bod doet op alle aandelen dat is aanbevolen door de Raden, waarbij de biedprijs ten minste 5 euro hoger ligt dan de Biedprijs.

De onherroepelijke toezeggingen zullen vervallen op het moment dat het Bod niet gestand wordt gedaan binnen de gebruikelijke tijdslimieten die gelden voor het afronden van een openbaar bod ingevolge het Bod. Delta Lloyd en Janivo Beleggingen hebben geen informatie ontvangen met betrekking tot het Bod die niet is opgenomen in dit Biedingsbericht.

#### 12.13 Gevolgen van het Bod met betrekking tot liquiditeit en beëindiging beursnotering

De aankoop van de Aandelen door de Bieder onder het Bod zal, onder andere, het aantal Aandeelhouders en het aantal Aandelen dat nadien openbaar verhandeld zou kunnen worden verminderen en zou bovendien een negatieve invloed kunnen hebben op de liquiditeit en de marktwaarde van de overige Aandelen die niet zijn aangemeld of niet worden gehouden door de Bieder en/of de Boskalis Groep na afronding van het Bod.

De Bieder is voornemens om, indien het Bod gestand wordt gedaan, zo spoedig mogelijk de notering van de Aandelen aan Euronext Amsterdam te beëindigen. Het beëindigen van de beursnotering zou negatieve invloed kunnen hebben op de liquiditeit van de Aandelen die niet zijn aangemeld. Verder zou de Bieder één of meerdere van de procedures zoals beschreven in Hoofdstuk 6.12 (*Consequences of the Offer*) kunnen starten, daaronder mede begrepen procedures die zouden kunnen leiden tot de beëindiging van de beursnotering van de Aandelen.

#### 12.14 Juridische Structuur Smit na het Bod

Aandeelhouders die hun Aandelen niet aanmelden onder het Bod zullen Hoofdstuk 6.12 (*Consequences of the Offer*) aandachtig moeten lezen. Hierin worden bepaalde risico's beschreven die verbonden zijn aan het niet aanvaarden van het Bod na gestanddoening van het Bod. Deze risico's moeten in aanmerking worden genomen naast de risico's gerelateerd aan de onderneming Smit en de Smit Groep, aangezien de structuur van Smit van tijd tot tijd kan veranderen na de Dag van Overdracht.

#### 12.15 Werknemers

De Bieder, Boskalis en Smit verwachten niet dat het Bod zal resulteren in een aanzienlijk aantal gedwongen ontslagen binnen Smit of Boskalis wereldwijd. Boskalis en Smit zullen zich inspannen om gedwongen ontslagen te vermijden en om "overcomplete werknemers" elders binnen de groep te plaatsen.

Zie tevens Hoofdstuk 6.12.5 (*Employees*).

#### 12.16 Aankondigingen

Iedere aankondiging met betrekking tot het Bod zal door middel van een persbericht worden uitgebracht. Onder voorbehoud van enige wettelijke vereisten op grond van de Fusie Regels en zonder afbreuk te doen aan de manier waarop de Bieder een publieke aankondiging zou willen doen, zal op de Bieder geen enkele verplichting rusten om een publieke aankondiging te verrichten anders dan zoals hierboven uiteengezet.

## 12.17 Beoogd tijdschema

<b>Verwachte datum en tijd</b>	<b>Gebeurtenis</b>
(Alle tijden zijn vermeld in Amsterdamse tijd)	
09:00 uur, 24 februari 2010	Publicatie van het persbericht met betrekking tot de verkrijgbaarstelling van het Biedingsbericht en de aanvang van het Bod
09:00 uur, 25 februari 2010	Aanvang van de Aanmeldingstermijn onder het Bod
4 maart 2010 (na beurs)	Publicatie jaarcijfers Smit
10:00 uur, 16 maart 2010	De informatieve Algemene Vergadering waarin het Bod wordt besproken in overeenstemming met Artikel 18 lid 2 van het Bob
10:30 uur, 17 maart 2010	Buitengewone algemene vergadering van aandeelhouders van Boskalis waarin onder andere goedkeuring voor de transactie zal worden gevraagd
18:00 uur, 26 maart 2010	Uiterste Dag van Aanmelding
	Uiterste datum waarop Aandeelhouders hun Aandelen kunnen aanmelden, tenzij de termijn wordt verlengd
Uiterlijk drie Werkdagen na de Uiterste Dag van Aanmelding	Op deze dag zal de Bieder in overeenstemming met Artikel 15 en 16 van het Bob aankondigen dat: <ul style="list-style-type: none"> <li>▪ Het Bod gestand wordt gedaan, Dag van Gestanddoening</li> <li>▪ Het Bod niet gestand wordt gedaan en is komen te vervallen;</li> <li>▪ Het Bod zal worden verlengd voor een periode van tussen de 2 en 10 weken</li> </ul>
Uiterlijk vijf Werkdagen na de Dag van Gestanddoening	Dag van Overdracht: de dag waarop, overeenkomstig de voorwaarden van het Bod, de Bieder de Biedprijs zal betalen aan de Aandeelhouders die op geldige wijze hun Aandelen en/of Obligaties hebben aangemeld (of op ongeldige wijze mits de Bieder de aanmelding daarvan desalniettemin aanvaardt) en geleverd onder het Bod

### **13. SELECTED CONSOLIDATED FINANCIAL INFORMATION SMIT**

#### **13.1 Timing of publication of Annual Accounts 2009**

Smit will publish its audited annual results in respect of the full year 2009 on 4 March 2010 prior to the date of the Shareholders' Meeting. The annual results will also be made available on the websites of Smit.



## 13.2 Consolidated balance sheet relating to the financial years 2006, 2007 and 2008

### Smit International N.V.

#### Consolidated balance sheet (before profit appropriation) (in EUR 1,000)

	2008	2007	2006
<b>Non-current assets</b>			
Intangible fixed assets	132.672	6.437	-
Tangible fixed assets	629.773	332.663	257.717
Investments in associates and joint ventures	73.024	105.116	78.014
Receivables	23.674	26.255	8.398
Employee benefits	438	416	438
Deferred tax assets	7.200	2.672	4.033
	<u>866.781</u>	<u>473.559</u>	<u>348.600</u>
<b>Current assets</b>			
Inventories	8.927	4.722	4.961
Work in progress	2.166	5.744	8.044
Income tax receivable	2.538	1.795	16.017
Trade and other receivables	243.755	207.722	155.317
Cash and cash equivalents	69.814	65.282	48.134
	<u>327.200</u>	<u>285.265</u>	<u>232.473</u>
<b>Current liabilities</b>			
Bank overdraft	4.075	20.404	5.533
Interest-bearing loans and borrowings	16.850	11.461	29.378
Income tax payables	15.616	12.514	19.613
Trade and other payables	203.977	170.848	128.920
Derivatives	2.735	-	-
Provisions	2.466	3.748	7.010
	<u>245.719</u>	<u>218.975</u>	<u>190.454</u>
<b>Net current assets</b>	<u>81.481</u>	<u>66.290</u>	<u>42.019</u>
<b>Total assets less current liabilities</b>	<u>948.262</u>	<u>539.849</u>	<u>390.619</u>
<b>Less:</b>			
Subordinated loans			3.687
Interest-bearing loans and borrowings	313.084	143.269	69.959
Employee benefits	1.412	229	242
Deferred tax liabilities	47.238	21.484	19.868
Derivatives	10.244	-	-
Provisions	8.640	9.388	7.683
	<u>380.618</u>	<u>174.370</u>	<u>101.439</u>
<b>Equity</b>	<u>567.644</u>	<u>365.479</u>	<u>289.180</u>
<b>Equity specified as follows:</b>			
Issued capital	40.971	36.384	35.470
Share premium	105.031	22.654	23.568
Revaluation reserve	44.632	-	-
Other reserves	268.546	199.984	154.631
Retained earnings	107.808	105.604	74.969
<b>Total equity attributable to the shareholders of the Company</b>	<u>566.988</u>	<u>364.626</u>	<u>288.638</u>
Minority interest	656	853	542
<b>Total equity</b>	<u>567.644</u>	<u>365.479</u>	<u>289.180</u>

### 13.3 Consolidated income statement relating to the financial years 2006, 2007 and 2008

#### Smit International N.V.

#### Consolidated income statement (in EUR 1,000)

	2008	2007	2006
Revenue	704.818	546.523	470.294
Other operating income	3.561	4.960	4.698
<b>Total operating income</b>	<b>708.379</b>	<b>551.483</b>	<b>474.992</b>
Third party costs and services	-362.588	-299.960	-250.948
Wages, salaries and social security charges	-170.185	-126.021	-121.001
Depreciation and amortization	-63.093	-30.835	-25.719
<b>Total operating charges</b>	<b>-595.866</b>	<b>-456.816</b>	<b>-397.668</b>
<b>Operating profit</b>	<b>112.513</b>	<b>94.667</b>	<b>77.324</b>
Financial income	7.049	4.707	2.811
Financial expenses	-18.107	-7.882	-6.460
<b>Net financing costs</b>	<b>-11.058</b>	<b>-3.175</b>	<b>-3.649</b>
<b>Operating profit after financing costs and before taxation</b>	<b>101.455</b>	<b>91.492</b>	<b>73.675</b>
Income tax expense	-18.683	-19.290	-21.079
Share in result of associates and joint ventures	25.404	33.864	22.699
<b>Profit for the period</b>	<b>108.176</b>	<b>106.066</b>	<b>75.295</b>
<b>Net profit attributable to:</b>			
Shareholders of the company	107.808	105.604	74.969
Minority interest	368	462	326
<b>Profit for the period</b>	<b>108.176</b>	<b>106.066</b>	<b>75.295</b>

### 13.4 Consolidated cash flow statement relating to the financial years 2006, 2007 and 2008

#### Smit International N.V.

#### Consolidated statement of cash flows - indirect method (in EUR 1,000)

	2008	2007	2006
<b>Profit for the period</b>	108.176	106.066	75.295
<b>Adjustment to reconcile result after taxation to net cash generated by operational activities:</b>			
Profit on sale of tangible fixed assets	-2.400	-4.726	-4.689
Depreciation	63.093	30.835	25.719
Movements in provisions	-3.516	-1.333	4.932
Interest income	-7.049	-4.707	-2.811
Interest expense	18.107	7.882	6.460
Share in the result of associates and joint ventures	-25.404	-33.864	-22.699
Dividends received from associates and joint ventures	18.987	10.349	12.892
Income tax expense	18.683	19.290	21.079
Movements in working capital excluding cash and cash equivalents	5.506	-17.517	-25.774
<i>Cash generated from the operation</i>	<u>194.183</u>	<u>112.275</u>	<u>90.404</u>
Interest paid	-10.158	-4.846	-2.983
Tax paid	<u>-18.207</u>	<u>-12.169</u>	<u>-14.347</u>
<b>Cash flow from operating activities</b>	<b>165.818</b>	<b>95.260</b>	<b>73.074</b>
Investment in tangible fixed assets	-177.311	-104.461	-113.277
Proceeds from disposals of tangible fixed assets	7.147	8.235	59.679
Acquisition of subsidiary net of cash acquired	-74.406	-18.768	-
Acquisition of associates and joint ventures	-3.117	-9.296	-14.875
Proceeds from sale of associates and joint ventures	-	-	9.949
Other movements in non-current assets	<u>-2.630</u>	<u>-11.737</u>	<u>-9.834</u>
<b>Cash flows from investing activities</b>	<b>-250.317</b>	<b>-136.027</b>	<b>-68.358</b>
Dividends paid	-23.624	-13.236	-19.670
Proceeds from the issue of interest-bearing loans and borrowings	176.381	121.089	53.548
Repayments of interest-bearing loans and borrowings	<u>-52.075</u>	<u>-65.032</u>	<u>-50.524</u>
<b>Cash flows from financing activities</b>	<b>100.682</b>	<b>42.821</b>	<b>-16.646</b>
<b>Increase in cash and cash equivalents</b>	<b>16.183</b>	<b>2.054</b>	<b>-11.930</b>
Cash and cash equivalents at the beginning of year	44.878	42.601	55.891
Effect of exchange rate fluctuations on cash held	<u>4.678</u>	<u>223</u>	<u>-1.360</u>
<b>Cash and cash equivalents at end of year</b>	<b>65.739</b>	<b>44.878</b>	<b>42.601</b>

### 13.5 Auditor's report on the selected consolidated financial information of Smit

To: the Board of Directors of Smit Internationale N.V.

#### **AUDITOR'S REPORT**

##### **Introduction**

We have audited whether the accompanying summary consolidated income statement, summary consolidated balance sheet and summary consolidated statement of cash flows of Smit Internationale N.V., Rotterdam, as at and for the years ended 31 December 2006, 31 December 2007 and 31 December 2008 (hereafter: "the Summary Consolidated Financial Information"), as initialed by us for identification purposes, have been derived consistently from the audited financial statements of Smit Internationale N.V., for the financial years 2006, 2007 and 2008. In our auditor's reports dated 27 March 2007, 4 April 2008 and 13 March 2009 we expressed an unqualified opinion on the respective 2006, 2007 and 2008 financial statements. Those financial statements, and the Summary Consolidated Financial Information, do not reflect the effects of events that occurred subsequent to the aforementioned dates of the auditor's reports on those financial statements.

Management is responsible for the preparation of the the Summary Consolidated Financial Information in accordance with the accounting policies as applied in the respective 2006, 2007 and 2008 financial statements of Smit Internationale N.V. Our responsibility is to express an opinion on the Summary Consolidated Financial Information.

##### **Scope**

We conducted our audit in accordance with Dutch law. This law requires that we plan and perform the audit to obtain reasonable assurance that the Summary Consolidated Financial Information has been derived consistently from the respective 2006, 2007 and 2008 financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

##### **Opinion**

In our opinion, the Summary Consolidated Financial Information has been derived consistently, in all material respects, from the respective 2006, 2007 and 2008 financial statements.

##### **Emphasis of matter**

For a better understanding of the company's financial position and results and the scope of our audit, we emphasize that the Summary Consolidated Financial Information should be read in conjunction with the unabridged financial statements,

from which the Summary Consolidated Financial Information was derived and our unqualified auditor's reports thereon dated 27 March 2007, 4 April 2008 and 13 March 2009. Our opinion is not qualified in respect of this matter.

Rotterdam, 21 January 2010

KPMG ACCOUNTANTS N.V.

W. Riegman RA in whose absence signed by M.A. Noorlander RA

13.6 Consolidated Interim Financial Information for the first half of the financial year  
2009

**Condensed consolidated interim income statement**

**For the six months ended 30 June**

(in EUR 1,000)

		2009	2008
<b>Total operating income</b>		<b>307,162</b>	307,414
Third party costs and services	<b>-130,936</b>	-149,130	
Wages, salaries and social security charges	<b>-85,385</b>	-79,905	
Depreciation and amortization	<b>-35,967</b>	-29,429	
<b>Total operating charges</b>		<b>-252,288</b>	-258,464
<b>Operating profit</b>		<b>54,874</b>	48,950
<b>Net financing costs</b>		<b>-3,409</b>	-3,911
<b>Operating profit after financing costs and before taxation</b>		<b>51,465</b>	45,039
Income tax expense		<b>-12,121</b>	-8,977
Share in results of associates and joint ventures		<b>12,788</b>	11,854
<b>Profit for the period</b>		<b>52,132</b>	47,916
<b>Net profit attributable to:</b>			
Shareholders of the company		<b>51,851</b>	47,721
Minority interest		<b>281</b>	195
<b>Profit for the period</b>		<b>52,132</b>	47,916
<b>Average number of shares issued</b>		<b>18,366,591</b>	17,451,090
<b>Basic earnings per share</b>	<b>EUR</b>	<b>2.82</b>	EUR 2.74
<b>Diluted earnings per share</b>	<b>EUR</b>	<b>2.82</b>	EUR 2.74

## Condensed consolidated interim statement of comprehensive income

**For the six months ended 30 June**

*(In EUR 1,000)*

	<b>2009</b>	<b>2008</b>
<b>Profit for the period</b>	<b>52,132</b>	<b>47,916</b>
<b>Other comprehensive income</b>		
Currency translation differences	<b>8,009</b>	-19,534
Effective portion of changes in fair value of cash flow hedges	<b>-2,279</b>	4,207
Revaluation	<b>0</b>	47,198
	<hr/> <b>5,730</b>	<hr/> <b>31,871</b>
<b>Total comprehensive income for the period</b>	<b>57,862</b>	<b>79,787</b>
<b>Attributable to:</b>		
Shareholders of the company	<b>57,228</b>	79,784
Minority interest	<hr/> <b>634</b>	<hr/> <b>3</b>
<b>Total comprehensive income for the period</b>	<b>57,862</b>	<b>79,787</b>

## Condensed consolidated interim balance sheet

(In EUR 1,000)

	30 June 2009	31 December 2008
<b>Non-current assets</b>		
Intangible fixed assets	129,046	132,672
Tangible fixed assets	664,717	629,773
Financial fixed assets	121,066	97,136
Deferred tax assets	7,910	7,200
	<b>922,739</b>	866,781
<b>Current assets</b>		
Trade receivables	137,582	190,167
Other receivables and other current assets	93,048	67,219
Cash and cash equivalents	69,561	69,814
	<b>300,191</b>	327,200
<b>Current liabilities</b>		
Bank overdraft	6,869	4,075
Trade payables	41,633	39,994
Other payables and other current liabilities	205,666	201,650
	<b>254,168</b>	245,719
<b>Net current assets</b>	<b>46,023</b>	81,481
<b>Total assets less current liabilities</b>	<b>968,762</b>	948,262
Less: Interest-bearing loans and borrowings	299,812	313,084
Deferred tax liabilities	49,364	47,238
Provisions	7,616	8,640
Other non-current liabilities	16,495	11,656
<b>Total non-current liabilities</b>	<b>373,287</b>	380,618
<b>Equity</b>	<b>595,475</b>	567,644
<b>Equity specified as follows:</b>		
Issued capital	42,243	40,971
Share premium	103,759	105,031
Revaluation reserve	44,632	44,632
Other reserves	352,070	268,546
Retained earnings	51,851	107,808
<b>Total equity attributable to the shareholders of the Company</b>	<b>594,555</b>	566,988
Minority interest	920	656
<b>Total equity</b>	<b>595,475</b>	567,644



## Condensed consolidated interim statement of changes in equity

For the six months ended 30 June

<i>(In EUR 1,000)</i>	2009	2008
<b>Balance at 1 January</b>	<b>567,644</b>	365,479
Total comprehensive income	<b>57,862</b>	79,787
Issue of shares	<b>0</b>	86,966
Dividends to shareholders	<b>-30,078</b>	-23,846
Other movements	<b>47</b>	0
<b>Balance at 30 June</b>	<b>595,475</b>	508,386

## Condensed consolidated interim statement of cash flows

For the six months ended 30 June

<i>(In EUR 1,000)</i>	2009	2008
<b>Profit for the period</b>	<b>52,132</b>	47,916
<b>Adjustments to reconcile profit for the period to net cash generated by operational activities:</b>		
Depreciation and amortization	<b>35,967</b>	29,429
Other movements	<b>24,897</b>	-26,977
<b>Cash flow from operating activities</b>	<b>112,996</b>	50,368
Investments in tangible fixed assets	<b>-57,991</b>	-71,823
Acquisition of subsidiaries and associates	<b>-14,087</b>	-72,703
Other movements	<b>4,175</b>	4,096
<b>Cash flows from investing activities</b>	<b>-67,903</b>	-140,430
Dividends paid	<b>-30,078</b>	-23,846
Net cash flow with respect to interest-bearing loans and borrowings	<b>-16,140</b>	115,689
<b>Cash flows from financing activities</b>	<b>-46,218</b>	91,843
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>-1,125</b>	1,781
Cash and cash equivalents at beginning of year	<b>65,739</b>	44,878
Effect of exchange rate fluctuations on cash held	<b>-1,922</b>	-1,052
<b>Cash and cash equivalents at end of period</b>	<b>62,692</b>	45,607

## **Notes to the condensed consolidated interim financial statements**

### ***General***

Smit Internationale N.V. operates in an international environment with a leading position in maritime services in four divisions:

- Harbour Towage
- Terminals
- Salvage
- Transport & Heavy Lift

Smit Internationale N.V. (referred to below as 'the Company') is a company domiciled in The Netherlands with its registered office in Rotterdam. The Smit Internationale N.V. shares are listed on the NYSE Euronext Amsterdam stock exchange. The condensed consolidated interim financial statements of the Company as at and for the six months ended 30 June 2009 comprises the Company and its subsidiaries (together referred to as "the Group") and the Group's interest in associates and jointly controlled entities.

### ***Compliance statement***

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 (Interim Financial Reporting). They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2008.

The consolidated financial statements of the Group as at and for the year ended 31 December 2008 are available upon request or can be downloaded from [www.smit.com](http://www.smit.com). The condensed consolidated interim financial statements were authorized for issue by the Executive Board on 5 August 2009.

### ***Significant accounting policies and estimates***

Except for new standards as described below the accounting policies and methods of computation applied in these condensed consolidated interim financial statements are the same as those applied in the consolidated financial statements of the Group as at and for the year ended 31 December 2008.

Preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key estimates were the same as those mentioned in the consolidated financial statements as at and for the year ended 31 December 2008.

The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgements about the carrying values of the assets and liabilities that are not readily apparent from other sources. The estimates and the underlying assumptions are reviewed on an ongoing basis.

### ***New Standards***

Three new standards have been applied that have become mandatory for the Group's 2009 consolidated financial statements.

- IFRS 8 Operating Segments introduces the 'management approach' to segment reporting. IFRS 8 requires a change in the presentation and disclosures of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. The primary segments that were reported in the 2008 annual accounts are similar to the reportable operating segments under IFRS 8. Therefore IFRS 8 has no impact on the presented condensed consolidated interim financial statements.
- IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction clarifies that availability of pension assets is the case when, at the balance sheet date, there is an unconditional right to the surplus now or in the future by means of reimbursements and/or reductions in future contributions. Minimum funding requirements may have an impact on the availability. IFRIC 14 has become mandatory for the Group's 2009 consolidated annual accounts. Dependent on the development of the pension fund assets and liabilities, IFRIC 14 could have an impact on the consolidated annual accounts of the Group. Considering the 30 June 2009 position of the pension fund assets and liabilities, IFRIC 14 has no impact on the presented condensed consolidated interim financial statements.
- IAS 1 Presentation of Financial Statements introduces the term 'total comprehensive income', which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Comparative information has been re-presented so that it is in conformity with the revised standard. The change in accounting policy only impacts presentation aspects of the presented condensed consolidated interim financial statements.

### **Segment reporting**

The reportable operating segments are in line with the Group's business segments. The business segments are: Harbour Towage, Terminals, Salvage, Transport and Heavy Lift. Inter-segment pricing is determined on an arm's length basis.

#### **For the six months ended 30 June**

*(In EUR 1,000)*

<b>2009</b>	<b>Harbour Towage</b>	<b>Terminals</b>	<b>Salvage</b>	<b>Transport</b>	<b>Heavy Lift</b>	<b>Holding</b>	<b>Eliminations</b>	<b>Group</b>
Revenue from third parties	76,753	45,006	46,107	71,884	65,369	2,043		307,162
Inter-segment revenue	895	2,161	574	8,495	1,346	12,377	-25,848	0
<b>Total operating income</b>	<b>77,648</b>	<b>47,167</b>	<b>46,681</b>	<b>80,379</b>	<b>66,715</b>	<b>14,420</b>	<b>-25,848</b>	<b>307,162</b>
<b>Operating profit</b>	<b>7,902</b>	<b>8,300</b>	<b>19,762</b>	<b>17,974</b>	<b>4,080</b>	<b>-3,144</b>		<b>54,874</b>
<b>Profit for the period</b>	<b>11,317</b>	<b>7,898</b>	<b>13,252</b>	<b>15,806</b>	<b>6,428</b>	<b>-2,569</b>		<b>52,132</b>
<b>Segment assets</b>	<b>388,063</b>	<b>209,444</b>	<b>153,264</b>	<b>262,726</b>	<b>102,500</b>	<b>339,322</b>	<b>-232,389</b>	<b>1,222,930</b>

<b>2008</b>	<b>Harbour Terminals Towage</b>	<b>Salvage</b>	<b>Transport</b>	<b>Heavy Lift</b>	<b>Holding</b>	<b>Elimina- tions</b>	<b>Group</b>
Revenue from third parties	89,997	30,999	48,266	91,294	45,293	1,565	307,414
Inter-segment revenue	4,751	1,540	2,691	6,715	1,376	11,765	-28,838
<b>Total operating income</b>	<b>94,748</b>	<b>32,539</b>	<b>50,957</b>	<b>98,009</b>	<b>46,669</b>	<b>13,330</b>	<b>-28,838</b>
<b>Operating profit</b>	<b>17,721</b>	<b>5,195</b>	<b>7,682</b>	<b>19,741</b>	<b>591</b>	<b>-1,980</b>	<b>48,950</b>
<b>Profit for the period</b>	<b>12,991</b>	<b>3,739</b>	<b>6,389</b>	<b>17,258</b>	<b>7,885</b>	<b>-346</b>	<b>47,916</b>
<b>Segment assets</b>	<b>391,203</b>	<b>130,439</b>	<b>127,343</b>	<b>202,621</b>	<b>98,784</b>	<b>333,150</b>	<b>-196,942</b>
							<b>1,086,598</b>

### Reconciliation of reportable operating profit to profit for the period

**For the six months ended 30 June**  
*(In EUR 1,000)*

	<b>2009</b>	<b>2008</b>
<b>Operating profit</b>	<b>54,874</b>	<b>48,950</b>
Net financing costs	<b>-3,409</b>	<b>-3,911</b>
Income tax expense	<b>-12,121</b>	<b>-8,977</b>
Share in results of associates and joint ventures	<b>12,788</b>	<b>11,854</b>
<b>Profit for the period</b>	<b>52,132</b>	<b>47,916</b>

### **Non-recurring income**

The Group and British Petroleum (BP) have reached a settlement agreement with regard to the salvage services rendered to the semi-submersible rig "Thunderhorse" in the Gulf of Mexico in July 2005. The positive impact of this settlement on the net profit (after tax) for the six months period ended 30 June 2009 is EUR 10 million.

### **Taxation**

Income tax expense amounts to EUR 12.1 million in the first half year 2009 (first half year 2008: EUR 9.0 million). The income tax expense is relatively high compared to the first half of 2008 since a larger share of taxable income has been realized in countries with a high tax rate.

### **Non-controlling interests**

In the first half year the formation of the joint venture Towmar Smit Baltic UAB has been finalized. The joint venture will provide harbour towage services in the Baltic states. Share in the result of the joint venture is recognised as of 15 May 2009.

### **Impairment tests**

During the first six months of 2009 the Group has evaluated whether during this period there have been any indications for impairment of goodwill or other (in)angible assets. In

case of indications for impairment, impairment tests have been executed. Based on these impairment tests no impairment has to be recognised.

### ***Tangible fixed assets***

#### **Acquisitions and disposals**

In the first half year 2009, the Group acquired assets with a cost of EUR 73.3 million (first half year 2008: EUR 72.9 million). Assets with a net book value of EUR 12.3 million were disposed of during the first half year 2009 (first half year 2008: EUR 1.2 million), resulting in a gain on disposal of EUR 3.0 million (first half year 2008: loss of EUR 0.1 million).

#### **Capital commitments**

Per the end of 2008 the Group had entered into contractual obligations to purchase tangible fixed assets for EUR 103.9 million. During the first half year 2009 EUR 37.1 million of these commitments resulted in additions to tangible fixed assets (including assets under construction). On 30 June 2009, the Group has contractual obligations with a total value of EUR 87.0 million to purchase tangible fixed assets.

### ***Equity***

#### **Issued capital and share premium**

The issued capital 2009 increased as a result of the issuance of stock dividend.

<i>(Number of shares)</i>	<b>2009</b>	2008
Balance, as at 1 January	<b>17,813,586</b>	15,819,110
Issuance of ordinary shares	-	1,580,329
Issuance of ordinary shares (stock dividend)	<b>553,005</b>	414,147
Balance, as at 30 June 2009 / 31 December 2008	<b>18,366,591</b>	17,813,586

#### **Dividends**

Following the approval of the proposed dividend 2008 of EUR 3.00 per share in cash or in shares with a nominal value of EUR 2.30, the following dividends were paid by the Group:

<i>(In EUR 1,000)</i>	<b>HY 2009</b>	HY 2008
EUR 3.00 per qualifying ordinary share (2008: EUR 3.00)	<b>29,662</b>	23,624

Approximately 43 percent of the shareholders have chosen to receive dividends in stock dividend over 2008. Therefore the Group issued 553,005 new shares.

### 13.7 Review Report half year figures

To: The Board of Directors and the Supervisory Board of Smit Internationale N.V.

## **REVIEW REPORT**

### **Introduction**

We have reviewed the accompanying condensed consolidated interim financial statements for the six month period ended 30 June 2009 of Smit Internationale N.V., Rotterdam, which comprises the condensed consolidated balance sheet as at 30 June 2009, the condensed consolidated income statement and the condensed consolidated statements of comprehensive income, changes in equity and of cash flows and the selected explanatory notes to the condensed consolidated interim financial statements for the six month period then ended. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

### **Scope of Review**

We conducted our review in accordance with Dutch law including standard 2410, "Review of Interim Financial Information Performed by the Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 June 2009 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Rotterdam, 5 August 2009

KPMG ACCOUNTANTS N.V.

W. Riegman RA

**ROTTERDAM, 12 NOVEMBER 2009**

**SMIT achieves a net profit of over EUR 75 million**

The net profit for the period until 30 September 2009 amounts to EUR 75.1 million. The result includes a net contribution of EUR 10 million from the financial settlement of the "Thunderhorse" project. The net profit shows a decrease compared with the corresponding period in 2008. The decrease is caused mainly by a drop in revenues of the Harbour Towage and Transport & Heavy Lift Divisions. In contrast, the Terminals and Salvage Divisions realised sharp increases in their results. EBITDA (including the income contributed by "Thunderhorse" and the results from associated companies) rose slightly compared with last year.

Ben Vree, SMIT's CEO, comments, "Despite the current recession, we have proved capable of maintaining our financial results at a reasonable level, by reallocating harbour tug vessels to new areas. During the third quarter we saw a slight recovery in the number of towage movements. However, the cyclical activities of the Transport & Heavy Lift Division generated lower returns. The profit forecast for the whole of 2009 is still in line with our earlier announcements."

**Harbour Towage Division**

*Harbour towage services and related maritime services.*

During the third quarter, the number of towage movements recovered slightly compared with the first half of 2009. However, the operating result of the group companies were below last year's level, in particular owing to a drop in revenues in the ports in Europe and Canada. The joint ventures, on the other hand, recorded a substantial growth. The result of in particular the SMIT Rebras joint venture in Brazil showed sharp improvement. The joint venture's construction programme for 18 new tug vessels was completed, and 21 tugs are currently operational at 5 locations. The new joint venture in the Baltic, Towmar SMIT Baltic, has also contributed to the results since May 2009.

Tugs are being repositioned (within the Harbour Towage and Terminals Divisions) in order to improve the capacity utilisation. In addition, cost-cutting measures have been implemented in order to maintain the level of the profit margins.

**Terminals Division**

*Towage services and related maritime and management services to offshore and onshore terminals*

The rise in the results of the Terminals activities continued during the third quarter of 2009. Both the group companies and the joint ventures realised sharp higher results than during the corresponding period in 2008. Two smaller contracts were concluded during the third quarter in India and Gabon. Also during the third quarter, the 25-year contract for an LNG terminal in Italy became operational. At this terminal the joint venture will deploy 4 tugs. The current terminal contract in Novorossiysk (Russia) will not be renewed.

**Salvage Division**

*Salvage, wreck removal, environmental protection and consultancy*

The workload during the third quarter of 2009 was greater than during the first six months of the year. The results for the period until 30 September are sharply higher than those for last year, owing to settlements for prior-year salvage operations. As reported previously the most important of these is the settlement for the "Thunderhorse" project from 2005 (net impact of EUR 10 million). Work on the "Pride Wyoming" in the Gulf of Mexico was completed. Until now the workload for the fourth quarter is below the historical average.

### **Transport & Heavy Lift Division**

**Transport:** *Chartering, barge rental, heavy transport and towage*

**Heavy Lift:** *Heavy lift activities, implementation of maritime projects, marine support and subsea activities*

The third-quarter results of the Transport & Heavy Lift Division were slightly below the results for the first six months of the year, the primary reason being that the vessels operating on the spot market generated lower returns. As a result, the accumulated results for 2009 are below last year's level. The long-term Transport contracts generate a stable cash flow.

Owing to the currently unfavourable market conditions, the "Taklift 4" sheerleg is undergoing substantial modification during the latter half of the year to increase its capacity and extend its useful life. As a result of this and other factors, income from the Heavy Lift activities for the second half of the year will be below the level of the first six months.

### **Investments**

Until 30 September 2009, 13 vessels were delivered at group companies and another 13 tugs at associated companies. A further 8 vessels (for both group and associated companies) are scheduled for completion during the remainder of this year. The net investments (including surveys of vessels) up to and including 30 September were approximately EUR 87 million.

### **Taxes**

The Group's tax charges for the second half of the year are expected to be less than for the first six months, as a result of the valuation of unused tax-losses.

### **Prospects**

The net profit for the second half of the year is expected to be comparable to that for the first half, with the exception of the non-recurring income from the "Thunderhorse" settlement. This profit forecast is based in part on a historical average result for the fourth quarter for the Salvage Division.



**14. FINANCIAL STATEMENTS 2008 OF SMIT**

# SMIT INTERNATIONALE N.V. ANNUAL ACCOUNTS 2008

## TABLE OF CONTENTS

<b>Consolidated income statement</b>	50
<b>Consolidated statement of recognized income and expense</b>	51
<b>Consolidated balance sheet (before profit appropriation)</b>	52
<b>Consolidated statement of cash flows</b>	53
<b>Notes to the consolidated financial statements</b>	54
1. General	54
2. Compliance with International Financial Reporting Standards (IFRS)	54
2.1 Compliance statement	54
2.2 New standards and interpretations not yet adopted	54
3. Principles of financial reporting	55
3.1 Format and valuation	55
3.2 Consolidation	55
3.3 Foreign currencies	56
3.4 Derivative financial instruments	56
3.5 Impairment	56
3.6 Intangible fixed assets	57
3.7 Tangible fixed assets	58
3.8 Inventories	58
3.9 Work in progress	58
3.10 Receivables and liabilities	58
3.11 Interest-bearing loans and borrowings	58
3.12 Provisions	58
3.13 Deferred taxes	58
3.14 Employee benefits	59
3.15 Revenue	59
3.16 Expenses	59
3.17 Net financing costs	59
3.18 Income tax	59
3.19 Dividends	59
3.20 Consolidated statement of cash flows	59
3.21 Segment reporting	59
3.22 Non-current assets held for sale and discontinued operations	61
4. Segment reporting	62
5. Other operating income	63
6. Third party costs and services	64
7. Wages, salaries and social security charges	64
8. Depreciation and amortization	65
9. Net financing costs	65
10. Taxation	66
11. Intangible fixed assets	67
12. Tangible fixed assets	68
13. Acquisition of remaining share in former joint venture	69
14. Investments in associates and joint ventures	70
15. Non-current receivables	71
16. Deferred tax assets and liabilities	71
17. Inventories	71
18. Work in progress	72
19. Trade and other receivables	72
20. Cash and cash equivalents	72
21. Current portion of interest-bearing loans and borrowings	72
22. Trade and other payables	72
23. Interest-bearing loans and borrowings	73
24. Employee benefits	74
25. Provisions	76

26.	Equity	77
27.	Earnings per share	78
28.	Financial instruments	78
29.	Contingencies	83
30.	Related parties	83
<b>Balance sheet of Smit Internationale N.V. (before profit appropriation)</b>		84
<b>Income statement of Smit Internationale N.V.</b>		84
<b>Notes to the balance sheet of Smit Internationale N.V.</b>		85
1.	General	85
2.	Principles for the measurement of assets and liabilities and the determination of the result	85
3.	Financial fixed assets	85
4.	Other receivables	86
5.	Cash and cash equivalents	86
6.	Trade and other payables	86
7.	Equity	86
8.	Employees	88
9.	Remuneration of auditor	88
10.	Contingencies	88
<b>Other information</b>		88
1.	Auditor's report	88
2.	Proposal distribution of profit	89



## CONSOLIDATED INCOME STATEMENT

(in EUR 1,000)

			2008	2007
Revenue	(4)	704,818	546,523	
Other operating income	(5)	3,561	4,960	
<b>Total operating income</b>			708,379	551,483
Third party costs and services	(6)	-362,588	-299,960	
Wages, salaries and social security charges	(7)	-170,185	-126,021	
Depreciation and amortization	(8)	-63,093	-30,835	
<b>Total operating charges</b>			-595,866	-456,816
<b>Operating Profit</b>			112,513	94,667
Financial income		7,049	4,707	
Financial expenses		-18,107	-7,882	
<b>Net financing costs</b>	(9)		-11,058	-3,175
<b>Operating profit after financing costs and before taxation</b>			101,455	91,492
Income tax expense	(10)		-18,683	-19,290
Share in results of associates and joint ventures	(14)		25,404	33,864
<b>Profit for the period</b>			108,176	106,066
<b>Net profit attributable to:</b>				
Shareholders of the company			107,808	105,604
Minority interest			368	462
<b>Profit for the period</b>			108,176	106,066
<b>Average number of shares issued</b>			17,636,070	15,819,110
<b>Basic earnings per share</b>	(27)	EUR	6.11	EUR 6.68
<b>Diluted earnings per share</b>	(27)	EUR	6.11	EUR 6.68

## CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSE

(in EUR 1,000)

	2008	2007
<b>Net results recognized directly in equity</b>		
Currency translation differences	-4,469	-15,290
Effective portion of changes in fair value of cash flow hedges	-9,311	-1,148
Revaluation	(13) 44,632	-
	30,852	-16,438
<b>Profit for the period</b>	108,176	106,066
<b>Total recognized income and expense for the period</b>	139,028	89,628
<b>Attributable to:</b>		
Shareholders of the company	139,020	89,225
Minority interest	8	403
<b>Total recognized income and expense for the period</b>	139,028	89,628

*In May 2008, SMIT put into service its very own simulator.  
The simulator is used for the internal Tug Master training programme.*



## CONSOLIDATED BALANCE SHEET (BEFORE PROFIT APPROPRIATION)

(in EUR 1,000)

		31 December 2008	31 December 2007
<b>Non-current assets</b>			
Intangible fixed assets	(11)	132,672	6,437
Tangible fixed assets	(12)	629,773	332,663
Investments in associates and joint ventures	(14)	73,024	105,116
Receivables	(15)	23,674	26,255
Employee benefits	(24)	438	416
Deferred tax assets	(16)	7,200	2,672
		866,781	473,559
<b>Current assets</b>			
Inventories	(17)	8,927	4,722
Work in progress	(18)	2,166	5,744
Income tax receivable		2,538	1,795
Trade and other receivables	(19)	243,755	207,722
Cash and cash equivalents	(20)	69,814	65,282
		327,200	285,265
<b>Current liabilities</b>			
Bank overdraft	(20)	4,075	20,404
Interest-bearing loans and borrowings	(21)	16,850	11,461
Income tax payables		15,616	12,514
Trade and other payables	(22)	203,977	170,848
Derivatives	(28)	2,735	-
Provisions	(25)	2,466	3,748
		245,719	218,975
<b>Net current assets</b>		81,481	66,290
<b>Total assets less current liabilities</b>		948,262	539,849
Less: Interest-bearing loans and borrowings	(23)	313,084	143,269
Employee benefits	(24)	1,412	229
Deferred tax liabilities	(16)	47,238	21,484
Derivatives	(28)	10,244	-
Provisions	(25)	8,640	9,388
<b>Total non-current liabilities</b>		380,618	174,370
<b>Equity</b>	(26)	567,644	365,479
<b>Equity specified as follows:</b>			
Issued capital		40,971	36,384
Share premium		105,031	22,654
Revaluation reserve		44,632	-
Other reserves		268,546	199,984
Retained earnings		107,808	105,604
<b>Total equity attributable to the shareholders of the Company</b>		566,988	364,626
Minority interest		656	853
<b>Total equity</b>	(26)	567,644	365,479

## CONSOLIDATED STATEMENT OF CASH FLOWS

(in EUR 1,000)

	2008	2007
<b>Profit for the period</b>	108,176	106,066
<b>Adjustments to reconcile profit for the period to net cash generated by operational activities:</b>		
Profit on sale of tangible fixed assets	-2,400	-4,726
Depreciation and amortization	63,093	30,835
Movements in provisions	-3,516	-1,333
Interest income	-7,049	-4,707
Interest expense	18,107	7,882
Share in result of associates and joint ventures	-25,404	-33,864
Dividends received from associates and joint ventures	18,987	10,349
Income tax expense	18,683	19,290
Movements in working capital, excluding cash and cash equivalents	5,506	-17,517
<i>Cash generated from operations</i>	<u>194,183</u>	<u>112,275</u>
Net interest paid	-10,158	-4,846
Tax paid	<u>-18,207</u>	<u>-12,169</u>
<b>Cash flow from operating activities</b>	<b>165,818</b>	<b>95,260</b>
Investments in tangible fixed assets	-177,311	-104,461
Proceeds from disposals of tangible fixed assets	7,147	8,235
Acquisition of subsidiaries, net of cash acquired	-74,406	-18,768
Acquisition of associates and joint ventures	-3,117	-9,296
Other movements in non-current assets	<u>-2,630</u>	<u>-11,737</u>
<b>Cash flows from investing activities</b>	<b>-250,317</b>	<b>-136,027</b>
Dividends paid	-23,624	-13,236
Proceeds from the issue of interest-bearing loans and borrowings	176,381	121,089
Repayments of interest-bearing loans and borrowings	<u>-52,075</u>	<u>-65,032</u>
<b>Cash flows from financing activities</b>	<b>100,682</b>	<b>42,821</b>
<b>Increase in cash and cash equivalents</b>	<b>16,183</b>	<b>2,054</b>
Cash and cash equivalents at beginning of year	44,878	42,601
Effect of exchange rate fluctuations on cash held	<u>4,678</u>	<u>223</u>
<b>Cash and cash equivalents at end of year</b>	<b>65,739</b>	<b>44,878</b>

The 'Maju Mars' of joint venture  
Keppel SMIT Towage.





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL

Smit Internationale N.V. operates in an international environment with a leading position in maritime services in 4 divisions:

- ▶ Harbour Towage
- ▶ Terminals
- ▶ Salvage
- ▶ Transport & Heavy Lift

Smit Internationale N.V. (referred to below as the 'Company') is a company domiciled in The Netherlands with its registered office in Rotterdam. The Smit Internationale N.V. shares are listed on the NYSE Euronext Amsterdam stock exchange. The consolidated financial statements of the Company for the year ended 31 December 2008 comprise the Company and its subsidiaries (together referred to as the 'Group'). The 2008 annual accounts will be submitted for approval to the Annual General Meeting of Shareholders on 6 May 2009. The exemption pursuant to Article 402 of Book 2 of the Netherlands Civil Code has been used with reference to the consolidated profit and loss account of Smit Internationale N.V. The list containing data in respect of subsidiaries, associates and joint ventures, as referred to in Article 379, Book 2, Title 9 of the Netherlands Civil Code, has been filed with the Companies Register Office in Rotterdam.

## 2 COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

### 2.1 COMPLIANCE STATEMENT

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (hereinafter referred to as 'EU-IFRS'). The financial statements were authorized for issue by the Executive Board on 13 March 2009.

### 2.2 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2008, and have not been applied in preparing these consolidated annual accounts. As far as these are likely to be relevant a summary is stated below.

- ▶ IFRS 8 *Operating Segments* introduces the 'management approach' to segment reporting. IFRS 8, which becomes mandatory for the Group's 2009 consolidated financial statements, will require a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. The annual accounts 2008 already includes segment reporting according to the 'management approach'. Therefore the impact of IFRS 8 on the consolidated annual accounts will be limited.
- ▶ Revised IAS 23 *Borrowing Costs* removes the option to expense borrowing costs. The revised standard requires that

an entity capitalizes borrowing costs directly attributable to the acquisition as part of the cost of that asset. The Group already capitalizes borrowing costs directly attributable to an asset. Therefore this revision will have no impact on consolidated annual accounts of the Group.

- ▶ Revised IAS 1 *Presentation of Financial Statements* (2007) introduces the term 'total comprehensive income', which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income. Revised IAS 1, which becomes mandatory for the Group's 2009 consolidated financial statements, is expected to have limited impact on the consolidated annual accounts of the Group.
  - ▶ Amendments to IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation* requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. The amendments, which become mandatory for the Group's 2009 consolidated financial statements, with retrospective application required, are expected to have no impact on the consolidated annual accounts of the Group.
  - ▶ Revised IFRS 3 *Business Combinations* (2008) incorporates the following changes that are likely to be relevant to the Group's operations:
    - ◆ The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.
    - ◆ Contingent consideration will be measured at fair value, with subsequent changes therein recognized in profit or loss.
    - ◆ Transaction costs, other than share and debt issue costs, will be expensed as incurred.
    - ◆ Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognized in profit or loss.
    - ◆ Any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.
- Revised IFRS 3, which becomes mandatory for the Group's 2010 consolidated financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the Group's 2010 consolidated annual accounts.
- ▶ Amended IAS 27 *Consolidated and Separate Financial Statements* (2008) requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognized as an equity transaction. When the



Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognized in profit or loss. The amendments to IAS 27, which become mandatory for the Group's 2010 consolidated annual accounts, are expected to have no impact on the annual accounts of the Group.

- ▶ IFRIC 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* clarifies that availability of pension assets is the case when, at the balance sheet date, there is an unconditional right to the surplus now or in the future by means of reimbursements and/or reductions in future contributions. Minimum funding requirements may have an impact on the availability. IFRIC 14 becomes mandatory for the Group's 2009 consolidated annual accounts. Dependent on the development of the pension fund assets and liabilities, IFRIC 14 could have an impact on the consolidated annual accounts of the Group. Considering the 31 December 2008 position of the pension fund assets and liabilities, IFRIC 14 would have no impact on the presented 2008 consolidated annual accounts of the Group.
- ▶ IFRIC 16 *Hedges of a Net Investment in a Foreign Operation* discusses a number of issues in relation to hedging currency risks on foreign operations. IFRIC 16 specifically confirms that only the risk from differences between the functional currencies of the parent and the subsidiary can be hedged. Additionally, currency risks can only be hedged by every (direct or indirect) parent company, as long as the risk is only hedged once in the consolidated financial statements. IFRIC 16 also determines that the hedge instrument of a net investment hedge can be held by every group company, except for foreign operation itself. IFRIC 16, which becomes mandatory for the Group's 2009 consolidated financial statements, with prospective application, is expected to have no impact on the consolidated annual accounts of the Group.
- ▶ Amendment to IAS 39 *Financial Instruments: Recognition and Measurement - Eligible Hedged Items* provides additional guidance concerning specific positions that qualify for hedging ('eligible hedged items'). The amendment to IAS 39, which becomes mandatory for the Group's 2010 consolidated financial statements, with retrospective application, is expected to have no impact on the consolidated annual accounts of the Group.
- ▶ Improvements to IFRSs (2008) is a collection of minor improvements to existing standards. This collection, which becomes mandatory for the Group's 2009 consolidated financial statements, is expected to have limited impact on the consolidated annual accounts of the Group.

Please consider that not all above stated new standards and interpretations are endorsed by the European Union.

### 3.1 FORMAT AND VALUATION

The financial statements are presented in euros, rounded off to the nearest thousand. They are prepared on the historical cost basis, unless otherwise stated. The accounting principles set out below have been applied consistently to all periods presented in these financial statements. The accounting policies have been applied consistently by Group entities.

The preparation of the financial statements in conformity with EU-IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

- ▶ Note 8 - Depreciation periods for tangible fixed assets and amortization periods of intangible fixed assets
- ▶ Note 11 - Impairment test on intangible fixed assets
- ▶ Note 24 - Valuation of the liability for defined benefit obligations
- ▶ Note 25 - Provisions

### 3.2 CONSOLIDATION

The consolidated accounts include the accounts of Smit Internationale N.V. and its subsidiaries. Subsidiaries are those entities controlled by Smit Internationale N.V. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Where the Group owns less than 100%, the interest of third parties is separately disclosed in the balance sheet. Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognized gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. Where the Group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations in respect of the associate. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's share of the total recognized gains and losses of joint ventures on an equity accounted basis.



Intragroup balances and transactions, and any unrealized gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the entity. Unrealized gains from transactions with associates and joint ventures are eliminated against the investment in the associate or joint venture. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

### 3.3 FOREIGN CURRENCIES

Transactions in foreign currencies are translated into euros at the foreign exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted into euros at the applicable rates on the balance sheet date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Assets and liabilities of foreign subsidiaries (including goodwill and fair value adjustments arising on consolidation), associates and joint ventures are converted into euros at the rates applicable on the balance sheet date. Income and expenses of foreign subsidiaries and results of associates and joint ventures are converted into euros at the average exchange rate during the financial year.

Exchange rates applied in this respect were:

	Year-end 2008	Average 2008	Year-end 2007	Average 2007
USD	0.70771	0.68065	0.68004	0.72875
SGD	0.48960	0.48151	0.47304	0.48439
CAD	0.57422	0.64273	0.69300	0.68091
GBP	1.02564	1.25574	1.36333	1.45839
ZAR	0.07437	0.08416	0.09967	0.10373

Exchange differences resulting from normal business operations are included in the operating profit.

Exchange differences arising from the translation of net investments, including long-term intercompany loans, in foreign subsidiaries, associates and joint ventures are transferred directly to the translation reserve, having due regard for the tax effect. Exchange differences on non-current liabilities in foreign currencies, entered into in order to hedge the net investments in foreign subsidiaries, associates and joint ventures, are also directly transferred to the translation reserve. On disposal or liquidation of a foreign subsidiary, associate or joint venture, related accumulated exchange differences are released to the income statement.

### 3.4 DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks. The Group does not hold or issue derivative financial instruments for trading purposes. Derivative financial instruments are stated at fair value, with any resulting gains or losses recognized in profit or loss. However,

where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

### FAIR VALUE MEASUREMENT

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, which is the present value of the quoted forward price. In the event that there is no quoted market price available, the fair value is estimated by determining the net present value of the difference between the contractual and current price of the remaining duration based on a risk free interest rate. The fair value of trade and other receivables and non-derivative financial liabilities is estimated at the present value of the future cash flows discounted at the market interest rate at the reporting date.

### CASH FLOW HEDGES

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognized asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognized directly in equity. If the forecasted transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognized directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss (i.e. when interest income or expense is recognized). For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from equity and recognized in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognized immediately in the income statement. When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognized in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealized gain or loss recognized in equity is recognized immediately in the income statement.

### 3.5 IMPAIRMENT

The carrying amount of the Group's assets, excluding inventories, an asset arising from defined benefit plans and deferred tax assets are reviewed on each balance sheet date to determine whether there is any indication of impairment. If any such indication exists the recoverable amount of the asset is estimated. The recoverable amount of goodwill, assets with an indefinite useful life and intangible assets that are not yet available for use is estimated annually.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (or groups of units) and then to reduce the carrying amount of the other assets in the unit (or group of units).

The recoverable amount of the Group's investments in receivables carried at amortized cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate. The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use the estimated future cash flows are discounted to their present

value using a pre-tax discount rate that reflects both the current market assessment of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. An impairment loss of a receivable carried at amortized cost is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.



### 3.6 INTANGIBLE FIXED ASSETS

#### GOODWILL

Goodwill arises on the acquisition of subsidiaries, associates and joint-ventures.

Goodwill represents the excess of the cost of the acquisition over the Groups' interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognized immediately in profit or loss.

Goodwill arising on the acquisition of a minority interest in a subsidiary represents the excess of the cost of the additional investment over the carrying amount of the net assets acquired at the acquisition date.

Goodwill is measured at cost less accumulated impairment losses. An impairment test is performed annually. Moreover an impairment test is carried out if there are indications of decreases in value (see paragraph 3.5).

In respect of equity accounted associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment.

#### OTHER INTANGIBLE FIXED ASSETS

Other intangible fixed assets are only capitalized if it is probable that the expected future economic benefits are attributable to the asset will flow to the entity and the costs of the asset can be measured reliably.

Other intangible fixed assets with a finite useful life are valued at costs less cumulative depreciation and impairment losses.

### 3.7 TANGIBLE FIXED ASSETS

Tangible fixed assets are valued at cost less accumulated depreciation and impairment losses from the date of being put into operational service. The depreciation, allowing for an assumed residual value, is calculated over the estimated useful lives assigned to the various categories of assets. Vessels and equipment under construction are included in the balance sheet on the basis of installments paid, including interest during construction. Where a tangible fixed asset comprises major components that have different useful lives, they are accounted for as separate items.

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as financial leases. Tangible fixed assets acquired by way of a financial lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

### 3.8 INVENTORIES

Inventories are stated at the lower of cost and net realizable value. The net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventories is based on the first-in-first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

### 3.9 WORK IN PROGRESS

Work in progress is stated at cost plus profit recognized to date less a provision for foreseeable losses and less progress billings. Work in progress is recognized based on the stage of completion of the contract at the balance sheet date in accordance with IAS 18. The percentage of completion of a project is determined on the basis of the services performed in relation to the total services contracted for the project. If it is probable that the total contract costs will exceed the total contract revenue, the expected loss is recognized as an expense immediately. If the outcome of a contract cannot be estimated reliably, revenue is recognized only to the extent that it is probable that contract costs will be recovered and contract costs are recognized as an expense in the period in which they are incurred.

### 3.10 RECEIVABLES AND LIABILITIES

Receivables and liabilities are initially recognized at fair value plus respectively minus directly attributable transactions costs. Subsequent to initial recognition receivables are stated at amortized cost minus impairment losses. Subsequent to initial recognition liabilities are stated at amortized costs based on the effective interest rate method.

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. If the revenue of a completed salvage contract cannot be estimated reliably, revenue is recognized to the extent of contract cost recognized.

### 3.11 INTEREST-BEARING LOANS AND BORROWINGS

Interest-bearing loans and borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the profit and loss account over the period of the borrowings on an effective interest basis.

### 3.12 PROVISIONS

A provision is recognized in the balance sheet when the Group has legal or constructive obligations as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows based on the pre-tax discount rate.

### 3.13 DEFERRED TAXES

Deferred taxes relate to liabilities and receivables arising from temporary differences between the carrying value and the tax base valuation of assets and liabilities and from tax losses carry forward. Deferred taxes are recognized at nominal value.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the



amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

### 3.14 EMPLOYEE BENEFITS

Obligations to contribute to defined contribution pension plans are recognized as an expense in the income statement as incurred. The net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. This future benefit is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is the yield at balance sheet date on AA credit rated bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary using the 'projected unit credit method'.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in the income statement.

All actuarial gains and losses as at 1 January 2004, the date of transition to EU-IFRS, were recognized. In respect of actuarial gains and losses that arise subsequent to 1 January 2004 in calculating the Group's obligation in respect of a plan, to the extent that any cumulative unrecognized actuarial gain or loss exceeds ten percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognized in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognized.

Where the calculation results in a benefit to the Group, the recognized asset is limited to the net total of any unrecognized actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

The Group's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted. The discount rate is the yield at the balance sheet date on AA credit rated bonds that have maturity dates approximating the terms of the Group's obligations.

### 3.15 REVENUE

Revenue from services rendered is recognized in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. Services mainly relate to chartering of equipment and contracting of personnel. Revenue from the sale of goods (mainly vessels and other equipment) is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from 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. If the revenue of a contract cannot be estimated reliably, revenue is recognized to the extent of contract cost recognized.

### 3.16 EXPENSES

Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

### 3.17 NET FINANCING COSTS

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, dividend income, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognized in the income statement minus during the period of construction of tangible fixed assets capitalized interest.

Interest income is recognized in the income statement as it accrues, using the effective interest method. Dividend income is recognized in the income statement on the date that the entity's right to receive payments is established. The interest expense component of financial lease payments is recognized in the income statement using the effective interest rate method.

### 3.18 INCOME TAX

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly to equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

### 3.19 DIVIDENDS

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

### 3.20 CONSOLIDATED STATEMENT OF CASH FLOWS

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





*Multipurpose vessels 'Smit Bronco' and 'Smit Bever' assisted sheerlegs 'Taklift 4' during the installation of the transformer stations for windfarm Robin Rigg.*

cash flow from operating activities. Dividends paid to shareholders and holders of minority interests are recognized in the cash flow from financing activities.

### **3.21 SEGMENT REPORTING**

Segment reporting is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure. The business segments are: Harbour Towage, Terminals, Salvage, Transport and Heavy Lift. Inter-segment pricing is determined on an arm's length basis. The secondary format, geographical segments, is based on the Group's management structure and internal reporting set-up.

In presenting information on the basis of geographical segments, segment revenues and assets are based on the geographical location of the customer and on the geographical location of the assets respectively. The geographical regions consist of Europe, the Americas, Africa and Australasia. Revenues from third parties concerns services rendered. Other operating income mainly relates to profits realized on the sale of vessels.

### **3.22 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS**

Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable EU-IFRS. Then, on initial classification as held for sale, non-current assets and disposal groups are recognized at the lower of carrying amount and fair value less costs to sell.

A discontinued operation is a clearly distinguishable component of the Group's business that is abandoned or terminated pursuant to a single plan, and which represents a separate major line of business or geographical area of operations.



## 4 SEGMENT REPORTING

### SEGMENT REPORTING SPECIFIED BY ACTIVITY

(in EUR 1 million)

Year 2008	Harbour Towage	Terminals	Salvage	Transport	Heavy Lift	Holding	Eliminations	Group
Revenue from third parties	179	66	109	193	152	6	-	705
Inter-segment revenue	6	2	8	22	4	22	-64	-
Other operating income	-	3	-	-	-	-	-	3
<b>Total revenue</b>	<b>185</b>	<b>71</b>	<b>117</b>	<b>215</b>	<b>156</b>	<b>28</b>	<b>-64</b>	<b>708</b>
<b>Operating Profit</b>	<b>33</b>	<b>11</b>	<b>17</b>	<b>40</b>	<b>20</b>	<b>-8</b>	<b>-</b>	<b>113</b>
Net financing costs	-3	-2	-	-4	-	-2	-	-11
<b>Operating profit after financing costs and before taxation</b>	<b>30</b>	<b>9</b>	<b>17</b>	<b>36</b>	<b>20</b>	<b>-10</b>	<b>-</b>	<b>102</b>
Income tax expense	-10	-2	-2	-7	-4	6	-	-19
Share result in associates and joint ventures	5	2	-	4	14	-	-	25
<b>Profit for the period</b>	<b>25</b>	<b>9</b>	<b>15</b>	<b>33</b>	<b>30</b>	<b>-4</b>	<b>-</b>	<b>108</b>
Segment assets	292	143	160	263	81	213	-31	1,121
Investment in associates and joint ventures	40	3	-	15	15	-	-	73
<b>Total assets</b>	<b>332</b>	<b>146</b>	<b>160</b>	<b>278</b>	<b>96</b>	<b>213</b>	<b>-31</b>	<b>1,194</b>
<b>Total liabilities</b>	<b>95</b>	<b>41</b>	<b>52</b>	<b>117</b>	<b>38</b>	<b>314</b>	<b>-31</b>	<b>626</b>
Depreciation and amortization expense	-27	-10	-2	-21	-2	-1	-	-63
Capital expenditure	78	48	6	35	7	3	-	177

Within the Division Salvage EUR 3.9 million is included in the operating profit which reflects the financial settlement of prior year salvage projects (2007: EUR 11.2 million).

### SEGMENT REPORTING SPECIFIED BY GEOGRAPHICAL AREA

(in EUR 1 million)

Year 2008	Europe	Africa	Americas	Australasia	Group
Revenue from third parties	414	104	78	109	705
Segment assets	621	96	114	363	1,194
Capital expenditure	92	8	6	71	177



## SEGMENT REPORTING SPECIFIED BY ACTIVITY

(in EUR 1 million)

Year 2007	Harbour Towage	Terminals	Salvage	Transport	Heavy Lift	Holding	Eliminations	Group
Revenue from third parties	101	61	182	125	74	4	-	547
Inter-segment revenue	-	1	4	16	14	23	-58	-
Other operating income	1	3	-	1	-	-	-	5
<b>Total revenue</b>	102	65	186	142	88	27	-58	552
<b>Operating Profit</b>	24	10	37	29	1	-6	-	95
Net financing costs	-1	-	-	-1	-	-1	-	-3
<b>Operating profit after financing costs and before taxation</b>	23	10	37	28	1	-7	-	92
Income tax expense	-5	-2	-6	-6	1	-1	-	-19
Share result in associates and joint ventures	20	-	-	4	10	-	-	33
<b>Profit for the period</b>	38	8	31	26	12	-8	-	106
Segment assets	121	93	134	141	62	103	-	654
Investment in associates and joint ventures	76	1	-	11	17	-	-	105
<b>Total assets</b>	197	94	134	152	79	103	-	759
<b>Total liabilities</b>	52	35	102	82	47	75	-	393
Depreciation and amortization expense	-9	-9	-1	-10	-1	-1	-	-31
Capital expenditure	71	5	4	22	2	-	-	105

## SEGMENT REPORTING SPECIFIED BY GEOGRAPHICAL AREA

(in EUR 1 million)

Year 2007	Europe	Africa	Americas	Australasia	Unallocated	Group
Revenue from third parties	254	79	159	43	12	547
Segment assets	387	85	124	163	-	759
Capital expenditure	71	9	7	18	-	105

## 5 OTHER OPERATING INCOME

2008 2007

Other	1,161	234
Net gains on disposal of tangible fixed assets	2,400	4,726
	3,561	4,960



6	THIRD PARTY COSTS AND SERVICES	2008	2007
	Crew	9,129	7,431
	Maintenance and repair	35,322	26,684
	Insurance	8,979	7,639
	Fuel and lubricants	32,132	17,319
	Chartered equipment and services from third parties	204,987	178,961
	Other direct operational expenses	25,831	30,597
	Indirect costs	46,208	31,329
		<b>362,588</b>	<b>299,960</b>

During the year ended 31 December 2008, EUR 6.6 million was recognized as an expense in the income statement in respect of operating leases (2007: EUR 7.1 million) through limited partnerships (Dutch: 'CV-constructies'). The Group has an option to purchase these vessels 8 years after the commencement of the lease period at a fixed price.

7	WAGES, SALARIES AND SOCIAL SECURITY CHARGES	2008	2007
	Wages and salaries	145,365	112,946
	Social security contributions	16,154	6,709
	Contributions to defined contribution plans	4,779	3,564
	Costs related to increase in liability for defined benefit plans	3,887	2,802
		<b>170,185</b>	<b>126,021</b>

Payments to present and former statutory directors and present and former members of the Supervisory Board together, as referred to in Article 383 Paragraph 1, Book 2, Title 9 of the Netherlands Civil Code, amounted to EUR 1.0 million (2007: EUR 1.0 million) and EUR 0.1 million (2007: EUR 0.1 million), respectively. The so-called Strategic Committee (StratCom) of the Group consists of five members being the CEO, the CFO, the Managing Director Harbour Towage and Terminals, the Managing Director Salvage and Transport & Heavy Lift and the Director Shared Resources.

#### Remuneration StratCom

	Short-term employee benefits (fixed)	Short-term employee benefits (variable)	Post-employment benefits	Total 2008
<b>2008</b>				
B. Vree, CEO <sup>*)</sup>	385	451	127	963
Other StratCom members	980	949	183	2,112
<b>Total</b>	<b>1,365</b>	<b>1,400</b>	<b>310</b>	<b>3,075</b>

	Short-term employee benefits (fixed)	Short-term employee benefits (variable)	Post-employment benefits	Total 2007
<b>2007</b>				
B. Vree, CEO <sup>*)</sup>	379	516	126	1,021
Other StratCom members	831	1,054	182	2,067
<b>Total</b>	<b>1,210</b>	<b>1,570</b>	<b>308</b>	<b>3,088</b>

<sup>\*)</sup> Statutory director Smit Internationale N.V.

During 2008 (and 2007) no share based payments were granted to the Executive Board. In addition to the StratCom remuneration as presented in the overview above, a severance payment was made in 2008 for the amount of 0.3 million (one year salary) to the former CFO of the Group.

Remuneration of the Supervisory Board	Total 2008	Total 2007
F.E.L. Dorhout Mees	35	30
W. Cordia	30	25
R.R. Hendriks	30	25
H.C.P. Noten	30	25
Total	125	105

### Employees

In 2008 the average number of persons employed was 3,590 (2007: 2,783). At year-end 2008 the number of persons employed per division was as follows:

Divisions	31.12.2008	31.12.2007
Harbour Towage	1,194	631
Terminals	778	668
Salvage	176	187
Transport & Heavy Lift	1,316	1,122
Other	351	263
	3,815	2,871

8 DEPRECIATION AND AMORTIZATION	2008	2007
Amortization of intangible fixed assets	7,188	-
Vessels and other floating equipment	49,212	26,024
Buildings	353	331
Other	6,340	4,480
	63,093	30,835

9 NET FINANCING COSTS	2008	2007
Interest income on non-current receivables	930	1,279
Other interest income	6,119	3,428
Interest income	7,049	4,707
Interest charges	-18,107	-7,882
	-11,058	-3,175

Net financing costs include EUR 3 million capitalized financings costs with respect to vessels under construction (2007: EUR 1.5 million). The interest percentage applied during the period of construction is 2.6% (2007: 2.9%).



## 10 TAXATION

Recognized in the profit and loss account	2008	2007
<b>Current tax expense</b>		
Current year	-20,546	-19,508
Prior year items	-20	177
	<u>-20,566</u>	<u>-19,331</u>
<b>Deferred tax expense</b>		
Movement in temporary differences	1,621	-1,354
Changes in tax rate	250	1,297
Capitalisation of tax losses	12	98
	<u>1,883</u>	<u>41</u>
<b>Total income tax expense</b>	<b>-18,683</b>	<b>-19,290</b>

The tax rate, expressed as a percentage of the operating result before taxation and before the share in the results of associated companies and joint ventures, amounts to 18.4% (2007: 21.1%).

		%	2008		%	2007
Domestic tax rate in the Netherlands		25.5			25.5	
Result from ordinary activities before taxation	101,455	-25.5	-25,871	91,492	-25.5	-23,330
Effect of tax rate adjustment		0.2	250		1.4	1,297
Effect of rate differences of foreign subsidiaries		8.4	8,529		11.1	10,158
Non-deductible costs		-2.4	-2,431		-0.8	-753
Effect of losses for which no deferred tax asset has been recognized		-0.9	-888		-1.3	-1,204
Effect of tax losses utilized		-	12		0.1	98
Effect of adjustments previous years		-	-20		0.2	177
Release/(recognition) of provision concerning foreign tax risks		1.0	1,043		-4.6	-4,200
Other		0.7	693		-1.7	-1,533
Effective tax charge		<u>-18.4</u>	<u>-18,683</u>		<u>-21.1</u>	<u>-19,290</u>

Deferred tax recognized directly in equity	2008	2007
Taxation on changes in fair value of cash flow hedges	2,919	453

# 11 INTANGIBLE FIXED ASSETS

	Goodwill	Other Intangible Fixed Assets	Total
Balance, as at 1 January 2008:			
Costs	6,437	-	6,437
Accumulated amortization	-	-	-
Carrying amount	6,437	-	6,437
Movements in the carrying amounts:			
Capital expenditure	76,836	56,529	133,365
Amortization	-	-7,188	-7,188
Translation differences	-	58	58
Total movements	76,836	49,399	126,235
Balance, as at 31 December 2008:			
Costs	83,273	56,529	139,802
Accumulated amortization	-	-7,130	-7,130
Carrying amount	83,273	49,399	132,672
	Goodwill	Other Intangible Fixed Assets	Total
Balance, as at 1 January 2007:			
Costs	-	-	-
Accumulated amortization	-	-	-
Carrying amount	-	-	-
Movements in the carrying amounts:			
Capital expenditures	6,437	-	6,437
Amortization	-	-	-
Total movements	6,437	-	6,437
Balance, as at 31 December 2007:			
Costs	6,437	-	6,437
Accumulated amortization	-	-	-
Accumulated amortization	6,437	-	6,437

Other intangible fixed assets mainly comprise intangible fixed assets which were recognized through acquisitions. This balance sheet item primarily includes customer portfolios and trade marks.

The amortization percentages for the various types of intangible fixed assets are as follows:

Type	Percentage
Customer portfolios / customer contracts	8%-14%
Trade marks	25%



The goodwill (EUR 75.3 million) primarily relates to the acquisition of shares of Towage Holdings N.V. During the year an impairment test on the goodwill has been carried out. In this test the goodwill has been allocated to the cash-generating unit which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.	on Group management estimates based on previous period experiences and expected market developments. The next 3-year cash flows are based on forecasted cash flows. Cash flows after year 3 are projected with an estimated growth rate of 1.5%. This growth rate estimate does not exceed the long term average growth which may be expected for the activities as performed by the cash-generating unit.	generating unit. Based on the completed impairment test no impairment has been recognized as the value in use of the cash-generating unit exceeds the carrying amount of cash-generating unit's assets and liabilities including the goodwill which has been allocated to this cash-generating unit.
The recoverable amount of the cash-generating unit is determined on the value in use. The forecasted cash flows are based	The discount rate used is 9.5% pre-tax which reflects the specific risks of the cash-	

## 12 TANGIBLE FIXED ASSETS

	Vessels and other floating equipment	Vessels/ equipment under con- struction	Land and buildings	Other	Total
Balance, as at 1 January 2008:					
Costs	441,876	80,638	6,794	44,388	573,696
Accumulated depreciation	-212,212	-	-4,914	-23,907	-241,033
Carrying amount	229,664	80,638	1,880	20,481	332,663
Movements in the carrying amount:					
Revaluation	31,834	-	-	-	31,834
Acquisitions through business combinations	141,307	11,032	338	1,000	153,677
Capital expenditures	77,937	87,818	97	11,459	177,311
Cost of disposals	-15,680	-	-62	-2,965	-18,707
Accumulated depreciation related to disposals	11,353	-	62	2,545	13,960
Vessels put into operation	67,011	-67,011	-	-	-
Depreciation	-49,212	-	-353	-6,340	-55,905
Translation differences	-3,626	-535	50	34	-4,077
Other	633	-165	-	-1,451	-983
Total movements	261,557	31,139	132	4,282	297,110
Balance, as at 31 December 2008:					
Cost	734,470	111,777	7,325	48,459	902,031
Depreciation	-243,249	-	-5,313	-23,696	-272,258
Carrying amount	491,221	111,777	2,012	24,763	629,773

In 2008 no impairment losses have been included in the depreciation (2007: nil). The Group leases assets under a number of financial lease agreements. At 31	December 2008 the carrying amount of these leased vessels amounted to EUR 6.8 million (2007: EUR 7.3 million).	At 31 December 2008 approximately 20% of tangible fixed assets were subject to a registered debenture to secure bank loans (2007: 37%).
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The depreciation percentages for the various types of tangible fixed assets are as follows:

Type	Percentage
Vessels and other floating equipment	4.25%-10%
Survey vessels	20%-40%
Land and buildings	2%-10%
Other	20%-33%

	Vessels and other floating equipment	Vessels/ equipment under con- struction	Land and buildings	Other	Total
Balance, as at 1 January 2007:					
Costs	433,331	45,323	7,211	34,681	520,546
Accumulated depreciation	-233,743	-420	-5,026	-23,640	-262,829
Carrying amount	199,588	44,903	2,185	11,041	257,717
Movements in the carrying amount:					
Capital expenditures	28,805	68,426	110	7,120	104,461
Cost of disposals	-17,221	-163	-78	-4,550	-22,012
Accumulated depreciation related to disposals	15,425	72	76	2,929	18,502
Acquisitions through business combinations	9,651	-	-	5,920	15,571
Vessels put into operation	30,300	-30,300	-	-	-
Depreciation	-26,024	-	-331	-4,480	-30,835
Translations differences	-8,869	-953	-75	-164	-10,061
Other	-1,992	-1,347	-7	2,665	-681
Total movements	30,075	35,735	-305	9,440	74,945
Balance, as at 31 December 2007:					
Cost	441,876	80,638	6,794	44,388	573,696
Depreciation	-212,212	-	-4,914	-23,907	-241,033
Carrying amount	229,664	80,638	1,880	20,481	332,663

### 13 ACQUISITION OF REMAINING SHARE IN FORMER JOINT VENTURE

The most important acquisition in 2008 is the acquisition of the remaining shares in the former joint venture Towage Holdings N.V., Belgium. On 11 February 2008 the Group acquired 50% of the shares of Towage Holdings N.V., the holding company of Unie van Redding- en Sleepdienst (URS) from Fairplay Towage. For practical reasons URS has been included in the consolidation of the Group as from 1 January 2008. This does not materially effect the Group's consolidated profit and loss accounts.

The effect of the acquisition of URS on the assets and liabilities of the Group on the acquisitions date is as follows:

	Amounts recognized on acquisition date
Intangible fixed assets	55,500
Tangible fixed assets	185,511
Cash and cash equivalents	3,673
Other assets	35,486
Interest bearing loans	-43,778
Deferred tax liabilities	-31,974
Other liabilities	-30,951
Net amount of identified assets and liabilities (100%)	173,467



50% of identified assets and liabilities	86,734
Equity value of joint-venture (50%) as per 31 December 2007	42,102
Revaluation 2008 of existing share to fair value	44,632
Value of shares issued for acquisition of remaining share (50%)	86,966
Cash consideration	74,500
Other acquisition costs	500
Total considerations	161,966
50% of the value of identified assets and liabilities	86,734
Goodwill at acquisition date of remaining share (50%)	75,232
In the determination of the net identifiable assets, liabilities and contingent liabilities (100%), the original carrying amounts have been subject to fair value adjustments as follows: intangible fixed assets (EUR 55.6 million), tangible fixed assets (EUR 63.7 million), deferred tax liabilities (EUR -22 million), provisions (EUR -7.8 million) and other items (-0.1 million).	The acquired company has contributed EUR 18.5 million to the net profit of the Group. The positive impact in the Group's EBITDA was 55.4 million.

## 14 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	2008	2007
Investments in associates	443	560
Investments in joint ventures	72,581	104,556
	73,024	105,116

The main associates are:	Segment	Ownership
Damietta for Maritime Services Company S.A.E.	Terminals	30.5%
Fleetcare Services Pte. Ltd.	Transport & Heavy Lift	45.0%

### Summary of financial information on associates - based on the Group's interest:

	2008	2007
Assets	612	634
Liabilities	-169	-74
Equity	443	560
Revenues	1,231	1,100
Result	118	168

The main joint ventures are:	Segment	Ownership
SMIT Rebocadores do Brasil S.A., Brazil	Harbour Towage	50%
Keppe! Smit Towage Pte. Ltd., Singapore	Harbour Towage	49%
Maju Maritime Pte. Ltd., Singapore	Harbour Towage	49%
Octomar Servicos Maritimos Limitada (Ltda), Angola	Terminals	50%
Ocean Marine Services S.A.E., Egypt	Transport & Heavy Lift	50%
Asian Lift Pte. Ltd., Singapore	Transport & Heavy Lift	50%



**Summary of financial information on joint ventures - based on the Group's interest:**

	2008	2007
Non-current assets	118,088	142,339
Current assets	38,092	59,341
Non-current liabilities	-59,587	-80,013
Current liabilities	-24,012	-17,071
Net equity	72,581	104,556
Revenues	77,902	102,777
Result	25,286	33,696

<b>15</b> NON-CURRENT RECEIVABLES	<b>31.12.2008</b>	<b>31.12.2007</b>
Loans to associates and joint ventures	18,021	17,542
Other non-current receivables	5,653	8,713
	23,674	26,255

**16 DEFERRED TAX ASSETS AND LIABILITIES****Recognized deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2008	2007	2008	2007
Intangible fixed assets	-	-	-10,598	-
Tangible fixed assets	951	113	-25,993	-14,107
Value of loss tax carry-forwards recognized	1,921	1,769	-	-
Other	4,328	790	-10,647	-7,377
<b>Tax assets/liabilities</b>	<b>7,200</b>	<b>2,672</b>	<b>-47,238</b>	<b>-21,484</b>

**Unrecognized deferred tax assets**

Deferred tax assets have not been recognized in respect of the following items:

	31.12.2008	31.12.2007
Unrecognized loss-carry-forward of foreign subsidiaries	14,688	15,600

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can absorb the fiscal losses.

<b>17</b> INVENTORIES	<b>31.12.2008</b>	<b>31.12.2007</b>
Materials and supplies	8,927	4,722

Materials and supplies comprise fuel and lubricants on board vessels, warehouse stocks, deck equipment, etc.



<b>18</b>	<b>WORK IN PROGRESS</b>	<b>31.12.2008</b>	<b>31.12.2007</b>
	Work in progress	2,166	5,744

Work in progress relates to projects not yet completed at year end.

<b>19</b>	<b>TRADE AND OTHER RECEIVABLES</b>	<b>31.12.2008</b>	<b>31.12.2007</b>
	Trade accounts receivable	190,167	156,328
	Receivables due from associates and joint ventures	11,832	13,786
	Other receivables	16,253	15,431
	Prepaid expenses and accrued income	25,375	21,331
	Derivatives	128	846

243,755 207,722

Trade accounts receivable includes receivables from salvage projects which might be settled in a period exceeding more than one year.

<b>20</b>	<b>CASH AND CASH EQUIVALENTS</b>	<b>31.12.2008</b>	<b>31.12.2007</b>
	Cash at banks and in hand	57,332	60,854
	Call deposits	12,482	4,428
	Cash and cash equivalents	69,814	65,282
	Bank overdrafts	-4,075	-20,404
	Cash and cash equivalents in the statement of cash flows	65,739	44,878

The item 'Call deposits' refers to funds that have been deposited for a period of up to three months. The Group has agreed, for the majority of its bank overdrafts, not to pledge its present assets without the prior approval of the relevant banks. Bank overdrafts bear a variable interest rate.

<b>21</b>	<b>CURRENT PORTION OF INTEREST-BEARING LOANS AND BORROWINGS</b>	<b>31.12.2008</b>	<b>31.12.2007</b>
	Other interest-bearing loans and borrowings	16,850	11,461

This balance sheet item relates to the amount of the interest-bearing loans and borrowings which are due within one year.

<b>22</b>	<b>TRADE AND OTHER PAYABLES</b>	<b>31.12.2008</b>	<b>31.12.2007</b>
	Other taxes and social security charges	20,320	17,048
	Trade payables	39,994	34,694
	Payables due to associates and joint ventures	2,283	2,766
	Accruals and deferred income	141,380	116,340
		203,977	170,848

23

## INTEREST-BEARING LOANS AND BORROWINGS

31.12.2008

31.12.2007

Banks	321,724	146,194
Other	8,210	8,536
	<b>329,934</b>	<b>154,730</b>
	<b>31.12.2008</b>	<b>31.12.2007</b>
Current liability	16,850	11,461
Non-current liability	313,084	143,269
	<b>329,934</b>	<b>154,730</b>

A comprehensive explanation on maturities, interest rates and the foreign exchange rates of the interest-bearing loans and borrowings is included in the paragraph relating to financial instruments in the section on interest rate risk.

On 30 November 2007 the Group reached an agreement with a syndicate of banks and signed a Multicurrency Revolving Credit Facility Agreement ('Credit Facility'). The syndicate consists of Fortis Bank (Nederland) N.V., ABN Amro Bank N.V., Coöperatieve Rabobank Rotterdam U.A., ING Bank N.V., DBS Bank Ltd. and Banque Artesia Nederland N.V. Initially the credit facility amounted EUR 200 million (Tranche A). This facility has been increased on 13 March 2008 with another EUR 200 million (Tranche B) which means that the total Credit Facility at the balance sheet date amounts to EUR 400 million.

The Credit Facility has a term of five years. The Credit Facility is due at the end of the term of the facility in one balloon payment. Interim repayments are allowed under the terms of the contract. The Credit Facility

is available to the Group for financing of capital expenditure, acquisitions and general corporate purposes.

The Group pays a basis interest rate (EURIBOR or LIBOR depending on the interest period chosen) and a spread; 'Margin'. The spread is subject to the ratio Net Financial Debt/EBITDA.

As at balance sheet date the Group has drawn EUR 218 million under this facility.

This Credit Facility is unsecured. In the agreement a so called 'change of control' clause is included. Further a number of covenants has been agreed upon with the syndicate of banks ('Financial Covenants'), which are:

- ▶ Asset Cover Covenant
- ▶ Debt Cover Ratio
- ▶ Interest Cover Ratio
- ▶ Solvency Covenant

In addition to the Credit Facility the Group has several smaller financing facilities available of which the main ones are included below.

In Singapore a financing facility has been contracted with Fortis Bank and DSB Bank Ltd. for the financing of new vessels. The total facility amounts USD 61.9 million. Converted in euros the outstanding amount on this facility is EUR 39 million at 31 December 2008. The Group pays a floating interest rate plus margin.

Moreover, the Group has contracted a financing facility with Commerzbank AG for the financing of new vessels. The total facility amounts EUR 19.2 million. As per 31 December 2008 the outstanding amount on this facility is EUR 16.2 million. The Group pays a floating interest rate plus margin.

Due to the acquisition of URS the Group has also consolidated a facility totalling EUR 18 million in 2008. On 13 December 2007 this facility has been contracted with Fortis Bank for the financing of newbuild vessels. The outstanding amount as per 31 December 2008 is EUR 16.4 million. The Group pays a floating interest rate plus margin.



The Group contributes to five defined benefit plans that provide pension benefits for employees upon retirement.

	31.12.2008	31.12.2007
Present value of unfunded obligations	-	72
Present value of funded obligations	187,837	193,117
Fair value of plan assets	-184,139	-214,264
Present value of net obligations	3,698	-21,075
Unrecognized actuarial gains (losses)	-2,724	7,791
Asset ceiling according to IAS 19-58b	-	13,097
Recognized liability for defined benefit obligations	974	-187
Specified in the balance sheet as follows:		
Employee benefits (net assets of defined benefit plans)	438	416
Employee benefits (net liability of defined benefit plans)	-1,412	-229
	-974	187
<b>Plan assets consists of the following:</b>	<b>2008</b>	<b>2007</b>
Equity securities	30,505	51,112
Bonds	153,634	163,152
Total plan assets	184,139	214,264
<b>Movements in the liability for defined benefit obligations recognized in the balance sheet</b>	<b>2008</b>	<b>2007</b>
Liability for defined benefit obligated at 1 January	193,189	207,137
New consolidations	14,006	-
Contributions paid into the plan	-12,085	-10,497
Current service costs and interest	14,690	12,425
Actuarial (gains) / losses	-22,189	-15,579
Other movements	226	-297
Net liability for defined benefit obligations at 31 December	187,837	193,189
<b>Movements in plan assets</b>	<b>2008</b>	<b>2007</b>
Fair value of plan assets at 1 January	214,264	221,394
New consolidations	12,327	-
Contributions paid into the plan by the employer	4,534	2,843
Benefits paid by the plan	-12,085	-10,497
Contributions paid into the plan	1,503	1,096
Expected return on plan assets	11,180	10,335
Actuarial gains / (losses)	-48,153	-10,624
Other	569	-283
Fair value of plan assets at 31 December	184,139	214,264

Expense recognized in the income statement	2008	2007
Current service costs	2,118	2,131
Interest on obligation	11,296	9,198
Expected return on plan assets	-11,180	-10,335
Actuarial (gains) / losses	14,387	22
Movement in limitation of assets according to IAS 19-58b	-13,097	1,786
Other	363	-
	<b>3,887</b>	<b>2,802</b>
Actual return on plan assets	-36,973	-380

The pension expense is recognized in the income statement under 'social security charges'.

The expected pension contribution of the employer for the defined benefit schemes amount to 18% in 2009 (EUR 2.4 million).

Principal actuarial assumptions on the balance sheet date	31.12.2008	31.12.2007
Discount rate	5.15%	5.60%
Expected return on plan assets	4.35%	5.00%
Expected future salary increases	2.75%	2.75%
Expected future pension increases active participants	-	1.40%
Expected future pension increases deferred pensioners	-	1.40%
Expected future pension increases pensioners	-	1.40%

In addition to the defined benefit plans that are mentioned above, the Group also contributes to multi-employer plans. The main multi-employer plans are 'Pensioenfondsvoor de Rijn- en Binnenvaart' and 'Pensioenfondsvoor de Koopvaardij'. The Group accounts for these multi-employer plans as if they were defined contribution plans because the Group does not have access to information about these plans in order to account for them as defined benefit plans.

Historical information	2008	2007	2006	2005
Present value of the defined benefit obligations	187,836	193,189	207,137	202,832
Fair value of plan assets	184,139	214,264	221,394	222,414
Surplus/(deficit)	-3,697	21,075	14,257	19,582
Experience adjustments arising on plan liabilities	2,394	-73	255	-1,173
Experience adjustments arising on plan assets	-48,153	-10,624	-2,951	11,277



	Reorga- nizations	Associates and joint ventures	Other	Total
Balance, as at 1 January 2008:	3,364	2,832	6,940	13,136
New consolidations	-	-	2,103	2,103
Provisions made during the year	313	17	1,924	2,254
Provisions used during the year	-1,218	-1,774	-1,218	-4,210
Provisions released during the year	-492	-320	-1,486	-2,298
Other	-526	121	526	121
Balance, as at 31 December 2008:	1,441	876	8,789	11,106
Non-current	1,324	876	6,440	8,640
Current	117	-	2,349	2,466
Balance, as at 31 December 2008:	1,441	876	8,789	11,106
	Reorga- nizations	Associates and joint ventures	Other	Total
Balance, as at 1 January 2007:	4,586	4,739	5,368	14,693
Provisions made during the year	1,441	-	3,166	4,607
Reclassification negative value associates and joint ventures	-	469	-	469
Provisions used during the year	-2,073	-	-1,309	-3,382
Provisions released during the year	-590	-2,376	-285	-3,251
Balance, as at 31 December 2007:	3,364	2,832	6,940	13,136
Non-current	2,365	2,832	4,191	9,388
Current	999	-	2,749	3,748
Balance, as at 31 December 2007:	3,364	2,832	6,940	13,136

The provision for reorganizations mainly relates to a reorganization provision from 2001 with respect to the restructuring of the organization. This provision includes early retirement arrangements.

The provision for associates and joint ventures relates to joint ventures with a nega-

tive intrinsic value for which the Group has provided guarantees. This provision is of a long term nature.

The other provision concerns various (personnel) provisions within the Group which individually are not material.

In 2008 the Group has received a claim from a customer relating to a project which

has been carried out in 2007 and 2008. The Group disputes the claim and has recognized a provision reflecting Group management's best estimate of the financial consequences relating to this claim. The consequences of the claim are unsure and might deviate from this best estimate.

**26 EQUITY**

	Share capital	Share premium	Revaluation reserve	Translation reserve	Hedging reserve	General reserve	Retained reserve	Minority interest	Total equity
Balance, as at January 2007:	35,470	23,568	-	-1,005	766	154,870	74,969	542	289,180
Appropriation of profit	-	-	-	-	-	74,969	-74,969	-	-
Total recognized income and expense	-	-	-	-15,231	-1,148	-	105,604	403	89,628
Dividends to shareholders	-	-	-	-	-	-13,237	-	-	-13,237
Other movements	914	-914	-	-	-	-	-	-92	-92
Balance, as at 31 December 2007:	36,384	22,654	-	-16,236	-382	216,602	105,604	853	365,479
Appropriation of profit	-	-	-	-	-	105,604	-105,604	-	-
Total recognized income	-	-	44,632	-4,109	-9,311	-	107,808	8	139,028
Issue of shares	3,635	83,331	-	-	-	-	-	-	86,966
Dividends to shareholders	-	-	-	-	-	-23,624	-	-205	-23,829
Other movements	952	-954	-	-	-	2	-	-	-
Balance, as at 31 December 2008:	40,971	105,031	44,632	-20,345	-9,693	298,584	107,808	656	567,644

**SHARE CAPITAL**

Ordinary shares (in thousands)	2008	2007
Shares issued as per 1 January	15,819	15,422
Share based dividends 2007 respectively 2006	414	397
Shares issued	1,581	-
Shares issued as per 31 December	17,814	15,819

As at 31 December 2008 the issued and fully paid share capital consists of 17,813,586 ordinary shares with a nominal value of EUR 2.30. The authorized share capital totals EUR 138 million and is divided into 24.0 million ordinary shares, 28.8 million cumulative preference shares and 7.2 million cumulative preference financing shares, with a par value of EUR 2.30 each.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders meetings of the Company.

The Company has concluded an option agreement with the Smit Internationale Preference Shares Foundation concerning cumulative preference shares as described on page 43.

**SHARE PREMIUM RESERVE**

The share premium account may be considered to be tax-free, upon distribution to shareholders.

**TRANSLATION RESERVE**

The translation reserve qualify as a legal reserve under Dutch law and comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the Company, as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

**HEDGING RESERVE**

The hedging reserve comprises the effective portion of the cumulative net change

in the fair value of cash flow hedging instruments where the hedged transaction has not yet occurred.

**REVALUATION RESERVE**

The revaluation reserve relates to the revaluation of the 50% share in Towage Holdings N.V. of which the Group acquired the remaining 50% of the shares on 11 February 2008.

**GENERAL RESERVES**

The general reserves includes a legal reserve with respect to non-distributable profits of associates and joint ventures amounting to EUR 52.7 million (2007: EUR 67.3 million).



## DIVIDEND

After the balance sheet date the following dividends were proposed. The dividends have not been included in the balance sheet.

31.12.2008

31.12.2007

EUR 3.00 per ordinary share (2007: EUR 3.00)	53,441	52,198
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## 27 EARNINGS PER SHARE

### Basic earnings per share

The calculation of basic earnings per share at 31 December 2008 was based on the profit attributable to ordinary shareholders of EUR 107,808 (2007: EUR 105,604) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2008 of 17,636,070 (2007: 15,819,110). The basic earnings per share amounts to EUR 6.11 (2007: EUR 6.68 per share).

### Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2008 is equal to the calculation of the basic earnings per share.

## 28 FINANCIAL INSTRUMENTS

### FINANCIAL RISK MANAGEMENT

In respect of the use of financial instruments the Group is exposed to the following risks:

- ▶ credit risk
- ▶ liquidity risk
- ▶ market risk, mainly consisting of:
  - ◆ Foreign exchange risk
  - ◆ Interest rate risk

In this part of the notes information is given regarding the exposure of the Group

to each of the above mentioned risks, the objectives, standards and procedures of the Group relating to control and measurement of these risks as well as the capital management of the Group. Furthermore in this consolidated financial statements detailed quantitative disclosures are included.

The purpose of the Group's risk policy is to identify and to analyze the risks by which the Group sees itself confronted, to set adequate risk limits and risk checks and to monitor the risk and compliance of the limits.

Policy and systems for risk management are evaluated periodically and if necessary adjusted to changes in business circumstances and activities of the Group

### 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.

Exposure to credit risk is influenced mainly by the individual characteristics of each customer and countries in which the customers are located. Receivables relating to harbour towage services are chiefly outstanding with major ship owning companies and harbour agents. Activities relating to transport, terminals and heavy lift activities are to a large extend performed in the oil and gas industry therefore a significant portion of receivables relates to clients from this industry. Salvage receivables are mainly outstanding with shipping companies and their Protection & Indemnity Associations, or 'P&I Clubs'. In general there is healthy diversification of receivables with different customers in several countries in which the Group is performing its activities.

New customers are analyzed individually for creditworthiness before payment and standard delivery terms and conditions are offered. The Group's review of major customers include external ratings. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on prepayment basis or have to provide a bank guarantee. The majority of the Group's customers have been transacting with the Group for many years, and losses have occurred infrequently. Customers that are known to have negative credit characteristics are individually monitored by the relevant controller. Findings are reported on a monthly basis to senior management.



## LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.	both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.	to prefinance urgent salvage projects is taken into account. The financial settlement of such projects can take several years.
The basic assumptions of the risk management policy are that as far as possible sufficient funds are available to meet present and future financial obligations, under	Normally the Group sees to it that sufficient funds are available to cover the expected operational costs for a period of 60 days. Moreover the availability of sufficient funds	

## MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and share prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to	manage and control market risk exposures with acceptable parameters, while optimizing the return.	to enter into financial obligations. These kinds of transactions are done within the directives which have been set by management. In general the Group uses hedge accounting in the management of volatility in the income statement.
	The market risk is managed by buying and selling derivative financial instruments and	

## FOREIGN CURRENCY RISK

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the euro. The currencies giving rise to this risk are primarily the US dollar, the Singapore dollar and the South African rand. The Group uses forward exchange contracts to hedge its foreign currency risk	from the normal course of operations. In principle, the translation risk on the net investment in foreign subsidiaries, associates and joint ventures is not hedged. Most of the forward exchange contracts have maturities of less than one year after the balance sheet date. Where necessary, the forward exchange contracts are rolled over	at maturity. In respect of other monetary assets and liabilities held in currencies other than the euro, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.
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## INTEREST RATE RISK

The Group adopts a policy of ensuring that at least 50 % of its exposure to changes in the interest rate on bank loans is on a fixed rate basis. Interest rate swaps have been entered into to achieve this purpose.

## CAPITAL MANAGEMENT

Management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, which the Group defines as profit for the period divided by total shareholders' equity. Management also monitors the level of dividends to ordinary shareholders. There were no changes in the Group's approach to capital management during the year.

Regarding the acquisition of the 50% share in Towage Holdings N.V., the Group increased its issued shares by 9.99% in February 2008.

*AHTS vessel 'Smit Luzon' came into service in March 2008 and is currently deployed for a long term contract in the Middle East.*



## Credit Risk

The carrying amount of the financial assets represents the maximum credit risk. The maximum credit risk at the reporting date was as follows:

	31.12.2008	31.12.2007
Non-current receivables	23,674	26,255
Trade receivables	190,167	156,328
Receivables due from associates and joint ventures	11,832	13,786
Other receivables	18,791	15,431
Cash and cash equivalents	69,814	65,282
Derivatives	128	846
	314,406	277,928

At the reporting date the maximum credit risk of the Divisions relating to trade receivables amounted to:

	31.12.2008	31.12.2007
Harbour Towage	21,751	13,858
Terminals	13,447	12,231
Salvage	90,090	89,271
Transport & Heavy Lift	63,518	40,968
Holding	1,361	-
	190,167	156,328

Within the Division Salvage it is common practice to obtain guarantees with respect to salvage contracts.

The ageing of trade receivables at the reporting date was as follows:

	Gross 2008	Impairment 2008	Gross 2007	Impairment 2007
Current	138,613	-	110,127	-
Overdue from 0-90 days	51,171	2,853	46,013	-
Overdue from 91-180 days	4,250	1,014	3,162	2,974
Overdue from 181-365 days	5,478	5,478	3,163	3,163
Overdue > 1 year	6,003	6,003	3,533	3,533
	205,515	15,348	165,998	9,670

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

	2008	2007
Balance, as at 1 January:	9,670	8,952
Impairment loss recognized	6,855	718
Used	-1,177	-
Balance, as at 31 December:	15,348	9,670

## Concentration risk trade receivables

On 31 December 2008 there is one outstanding receivable of EUR 31.2 million which relate to one Salvage contract. This trade receivable has been secured by guarantees issued by insurance companies and cargo owners. Besides this item there are no major concentration risks with other external parties. The maximum credit risk is represented by the carrying amount of all financial fixed assets including derivatives.

**Liquidity risk**

The following table shows the contractual maturities of the financial liabilities (excluding interest payments) including information on the effective interest percentage:

<b>2008</b>	Effective interest	Contractual cash flows	< 1 year	1-5 year	> 5 year
Secured bank loans	5.8 %	103,725	16,399	47,290	40,036
Unsecured bank loans	4.3 %	218,000	-	218,000	-
Financial lease obligation	10.0 %	8,139	381	1,945	5,813
Other non-current borrowings	-	70	70	-	-
Bank overdrafts	4.9 %	4,075	4,075	-	-
Deferred tax liabilities	-	35,936	35,936	-	-
Trade and other payables	-	183,657	183,657	-	-
Derivatives	-	12,979	2,735	7,884	2,360
		566,581	243,253	275,119	48,209
<b>2007</b>	Effective interest	Contractual cash flows	< 1 year	1-5 year	> 5 year
Secured bank loans	5.4 %	56,244	12,686	23,031	20,527
Unsecured bank loans	5.3 %	90,000	-	90,000	-
Financial lease obligation	10.0 %	8,486	347	2,326	5,813
Other non-current borrowings	-	50	50	-	-
Bank overdrafts	5.1 %	20,434	20,434	-	-
Deferred tax liabilities	-	29,562	29,562	-	-
Trade and other payables	-	139,325	139,325	-	-
Derivatives	-	160	-763	521	402
		344,261	201,641	115,878	26,742

**Interest Rate Risk**

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

	<b>2008</b>	<b>2007</b>
<i>Fixed rate instruments</i>		
Financial assets	9,670	8,952
Financial liabilities	-12,171	-718
<i>Variable rate instruments</i>		
Financial liabilities	-321,838	-146,194
Interest rate risk exposure	-321,838	-146,194
<i>Financial derivatives</i>		
Underlying value of (floating-to-fixed) interest swaps	268,843	85,675
Net exposure for floating interest movements	52,995	60,519
Net exposure on total amount of outstanding interest-bearing borrowings	16%	39%

The outstanding exposure is compliant with the Group's policy to pay fixed interest on at least 50% of the total amount of outstanding interest-bearing borrowings. Amongst other measures interest rate swaps have been contracted to meet this goal.



It is estimated that an increase (decrease) of 100 basis points in the interest rates on the balance sheet date, with all other variables held constant, would decrease (increase) the Group's profit before income tax by approximately EUR 0.5 million (2007: EUR 0.6 million).

#### Foreign exchange risk

The Group distinguishes two kinds of foreign exchange risks in its foreign exchange policy being translation risk and transaction risk.	of which the functional currency is different than the presentation currency of the Group (EUR). In principle, translation risk is not hedged if a long term strategy has been formulated for those subsidiaries, associates and joint ventures. In accordance with the Group's accounting principles those movements in net investments as a result of changes in exchange rates are recognized directly in equity. Therefore those movements have no impact on the Group's profit and loss statement.
Translation risk is the foreign exchange risks on the net investment in foreign subsidiaries, associates and joint ventures	

As per the balance sheet date the net investments (in thousands of euros) in subsidiaries, associates and joint ventures in the main functional currencies other than the euro are the following:

	Net investment	Net investment
	2008	2007
USD	100,396	77,915
SGD	133,935	123,392
ZAR	23,475	33,330
	<u>257,806</u>	<u>234,637</u>

In case these currencies would increase (decrease) 10% in value against the euro, the Group's equity would increase (decrease) with EUR 25.8 million (2007: EUR 23.5 million).	company. Group policy to control material transaction business risks stipulates that these risks must be hedged immediately. This hedge can be created by means of a natural hedge or by use of foreign exchange hedge derivatives. Hedge derivatives may only be used to hedge real future business cash flows.	foreign exchange derivatives) in the main foreign exchange currency against the relevant functional currencies is insignificant. As a result of the performed sensitivity analysis, it is estimated that the impact of changes in foreign exchange rates on the Group's result and equity would be minimal.
Transaction risk is the risk which originates as result of the difference in timing between contract date and the payment date when the contract currency is another currency than the functional currency of a	As per the balance sheet date the net position (including the underlying value of	

#### Fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	2008		2007	
	Carrying amount	Fair value	Carrying amount	Fair value
Trade and other receivables	246,293	246,293	209,517	209,517
Cash and cash equivalents	69,814	69,814	65,282	65,282
Secured bank loans	-103,725	-99,810	-56,194	-56,194
Unsecured bank loans	-218,000	-207,910	-90,000	-90,000
Financial lease liabilities	-8,139	-9,811	-8,846	-9,484
Other non-current liabilities	-70	-70	-50	-50
Bank overdraft	-4,075	-4,075	-20,404	-20,404
Deferred tax liabilities	-35,936	-35,936	-29,562	-29,562
Trade payables and other liabilities	-183,657	-183,657	-153,640	-153,640
Derivatives	-12,851	-12,851	-160	-160
	<u>-250,346</u>	<u>-238,013</u>	<u>-84,057</u>	<u>-84,695</u>

**Estimation of fair values**

The following summarizes the major methods and assumptions used in estimating the fair values of the financial instruments reflected in the table.

*Derivatives*

Forward exchange contracts and interest rate swaps are marked to market using listed market prices.

*Borrowings and other financial obligations*

Fair value is calculated based on discounted expected future principal cash flows and interest cash flows.

*Fair value lease liabilities*

The fair value is estimated as the present value of future cash flows, discounted at market interest for homogeneous lease arrangements.

*Trade and other receivables and payables*

For receivables and payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables and payables are discounted to determine the fair value.

**29 CONTINGENCIES**

Non-cancellable operating lease rentals are payable as follows:

	31.12.2008	31.12.2007
Less than one year	10,906	10,787
Between one and five years	37,473	40,570
More than five years	8,707	20,028
	57,086	71,385

Other contingent liabilities and commitments are as follows:

	31.12.2008	31.12.2007
Guarantees in respect of clients	11,261	10,100
Guarantees in respect of subsidiaries	65,100	65,100
Capital commitments	103,900	152,000
	180,261	227,200

The company has submitted a statement with the Chamber of Commerce in Rotterdam under Title 9, Book 2 of The Netherlands Civil Code, Article 403, Paragraph 1f, undertaking joint and several liability for commitments of a number of subsidiaries arising from acts-in-law by these companies. This information per subsidiary is included in the list of data in respect of subsidiaries, associates and joint ventures, and has been filed with the Chamber of Commerce in Rotterdam. Furthermore, the company has joint and several liability for the vast majority of bank debts of subsidiary companies.

**30 RELATED PARTIES**

The Group has a related party relationship with its subsidiaries, associates and joint ventures. Transactions with these related parties are priced on an arm's length basis. Transactions with these related parties amounted to approximately EUR 28.4 million in 2008 (2007: EUR 12.7 million) and mainly related to chartering of vessels and other floating equipment. In addition to their salaries, the Group pays to the director and key-employees a contribution in kind (company car) and contributes towards a defined benefit plan on their behalf.



**BALANCE SHEET OF SMIT INTERNATIONALE N.V.**  
**(BEFORE PROFIT APPROPRIATION)**

(in EUR 1,000)

		31 December 2008	31 December 2007
<b>Non-current assets</b>			
Financial fixed assets	(3)	697,034	402,235
		697,034	402,235
<b>Current assets</b>			
Income tax receivable		4,247	-
Other receivables	(4)	10,174	131
Cash and cash equivalents	(5)	184	129
		14,605	260
<b>Current liabilities</b>			
Interest-bearing loans and borrowings		-	353
Trade and other payables	(6)	10,076	37,516
		10,076	37,869
<b>Net current assets</b>		4,529	-37,609
<b>Total assets less current liabilities</b>		701,563	364,626
Interest-bearing loans and borrowings		134,575	-
<b>Non-current liabilities</b>		134,575	-
<b>Equity</b>	(7)	566,988	364,626
<b>Equity specified as follows:</b>			
Share capital		40,971	36,384
Share premium account		105,031	22,654
Revaluation reserve		44,632	-
Other reserves		268,546	199,984
Unappropriated result		107,808	105,604
<b>Total Equity</b>		566,988	364,626

**INCOME STATEMENT OF SMIT INTERNATIONALE N.V.**

(in EUR 1,000)

	2008	2007
Results of subsidiary companies	102,004	105,586
Other result after taxation	5,804	18
<b>Profit for the period</b>	107,808	105,604

# NOTES TO THE BALANCE SHEET OF SMIT INTERNATIONALE N.V.

## 1 GENERAL

The separate financial statements are part of the 2008 Annual Accounts of Smit Internationale N.V.	has been used with reference to the separate profit and loss account of Smit Internationale N.V. The list containing data in respect of subsidiaries, associates and joint ventures, as referred to in Article 379,	Book 2, Title 9 of the Netherlands Civil Code, has been filed with the Chamber of Commerce in Rotterdam.
The exemption pursuant to Article 402 of Book 2 of the Netherlands Civil Code		

## 2 PRINCIPLES FOR THE MEASUREMENT OF ASSETS AND LIABILITIES AND THE DETERMINATION OF THE RESULT

Smit Internationale N.V. uses the option provided in Article 2:362 sub 8 of the Netherlands Civil Code to set the principles for the recognition and measurement of assets and liabilities and determination of the result for its separate financial statements. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the separate financial statements of Smit	Internationale N.V. are the same as those applied for the consolidated EU-IFRS financial statements. Participating interests over which significant influence is exercised are stated on the basis of the equity method. These consolidated EU-IFRS financial statements are prepared according to the standards laid down by the International Accounting Standards Board and adopted by the European Union (referred to as EU-IFRS). Please see pages 54 to 61 for a description of these principles.	The share in the result of participating interests consists of the share of Smit Internationale N.V. in the result of these participating interests. Results on transactions, where the transfer of assets and liabilities between Smit Internationale N.V. and its participating interests and between participating interests among themselves, are not incorporated insofar as they can be deemed to be unrealized.
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## 3 FINANCIAL FIXED ASSETS

	Share of net asset value	Loans	Total
Balance, as at 1 January 2008:	402,235	-	402,235
Movements:			
Share in net result	102,004	-	102,004
Issued loans	-	161,966	161,966
Translation differences	-4,492	-	-4,492
Change in fair value of cash flow hedges	-9,311	-	-9,311
Revaluation	44,632	-	44,632
Balance, as at 31 December 2008:	535,068	161,966	697,034

	Share of net asset value	Loans	Total
Balance, as at 1 January 2007:	312,646	5,162	317,808
Movements:			
Share in net result	105,586	-	105,586
Redemption of loans	-	-5,162	-5,162
Translation differences	-15,231	-	-15,231
Change in fair value of cash flow hedges	-1,148	-	-1,148
Revaluation	382	-	382
Balance, as at 31 December 2007:	402,235	-	402,235



<b>4</b>	<b>OTHER RECEIVABLES</b>	<b>31.12.2008</b>	<b>31.12.2007</b>
	Receivables on subsidiaries	10,172	-
	Other receivables	2	129
	<b>Total</b>	<b>10,174</b>	<b>129</b>

<b>5</b>	<b>CASH AND CASH EQUIVALENTS</b>	<b>31.12.2008</b>	<b>31.12.2007</b>
	Cash at banks and in hand	184	129

<b>6</b>	<b>TRADE AND OTHER PAYABLES</b>	<b>31.12.2008</b>	<b>31.12.2007</b>
	Banks	-	40
	Payables to subsidiaries	9,978	36,442
	Taxes and social security charges	-	807
	Other	98	227
	<b>Total</b>	<b>10,076</b>	<b>37,516</b>

<b>7</b>	<b>EQUITY</b>	Share capital	Share premium	Revaluation reserve	Translation reserve	Hedging reserve	General reserve	Unappropriated result	Total equity
	Balance, as at 1 January 2007:	35,470	23,568	-	-1,005	766	154,870	74,969	288,638
	Appropriation of result	-	-	-	-	-	74,969	-74,969	-
	Total recognized income and expense	-	-	-	-15,231	-1,148	-	105,604	89,225
	Dividends to shareholders	-	-	-	-	-	-13,237	-	-13,237
	Other	914	-914	-	-	-	-	-	-
	<b>Balance, as at 31 December 2007:</b>	<b>36,384</b>	<b>22,654</b>	<b>-</b>	<b>-16,236</b>	<b>-382</b>	<b>216,602</b>	<b>105,604</b>	<b>364,626</b>
	Appropriation of result	-	-	-	-	-	105,604	-105,604	-
	Total recognized income and expense	-	-	44,632	-4,109	-9,311	-	107,808	139,020
	Issued shares	3,635	83,331	-	-	-	-	-	86,966
	Dividends to shareholders	-	-	-	-	-	-23,624	-	-23,624
	Other	952	-954	-	-	-	2	-	-
	<b>Balance, as at 31 December 2008:</b>	<b>40,971</b>	<b>105,031</b>	<b>44,632</b>	<b>-20,345</b>	<b>-9,693</b>	<b>298,584</b>	<b>107,808</b>	<b>566,988</b>



**SHARE CAPITAL**

Ordinary shares (in thousands)	2008	2007
Outstanding shares as per 1 January	15,819	15,422
Share based dividends 2007 respectively 2006	414	397
Issued shares	1,581	-
Outstanding shares as per 31 December	17,814	15,819

As at 31 December 2008 the issued and fully paid share capital consists of 17,813,586 ordinary shares with a nominal value of EUR 2.30. The authorized share capital totals EUR 138 million and is divided into 24.0 million ordinary shares, 28.8 million cumulative preference shares and 7.2

million cumulative preference financing shares, all with a par value of EUR 2.30 each. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The Company has concluded an option agreement with the Smit Internationale Preference Shares Foundation concerning cumulative preference shares as described on page 43.

**SHARE PREMIUM RESERVE**

The share premium account may be considered to be tax-free, upon distribution to shareholders.

**TRANSLATION RESERVE**

The translation reserve qualifies as a legal reserve under Dutch law and comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral

to the operations of the Company, as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

**HEDGING RESERVE**

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging

instruments where the hedged transaction has not yet occurred.

**REVALUATION RESERVE**

The revaluation reserve relates to the revaluation of the 50% share in Towage Holdings N.V. of which the Group acquired

the remaining 50% of the shares on 11 February 2008.

**GENERAL RESERVES**

The general reserves includes a legal reserve with respect to non-distributable profits of associates and joint ventures amounting to EUR 52.7 million (2007: EUR 67.3 million).



*Jack-up platform 'Lisa A' installed various monopiles for the Robin Rigg wind turbines.*



## 8 EMPLOYEES

Smit Internationale N.V. has no employees. As regards the remuneration of the statutory director, reference is made to the consolidated financial statements.

## 9 REMUNERATION OF AUDITOR

Pursuant to the legal requirement under 2:382a of the Dutch Civil Code the company has completed the following statement which presents all fees of KPMG Accountants N.V. as recognized in the profit and loss statement of the Company and its subsidiaries.

	2008	2007
Audit of financial statements	412	404
Other audit engagements	28	6
Other non-audit engagements	82	102
Total	522	512

## 10 CONTINGENCIES

	31.12.2008	31.12.2007
Guarantees in respect of customers	11,261	10,100
Guarantees in respect of subsidiaries	65,100	65,100
	76,361	75,200

The company has filed a statement with the Chamber of Commerce in Rotterdam under Title 9, Book 2 of The Netherlands Civil Code, Article 403, Paragraph 1f, undertaking joint and several liability for commitments of a number of subsidiaries arising from acts-in-

law by these companies. Furthermore, the company has joint and several liability for the vast majority of bank debts of subsidiary companies. The company is the head of a fiscal unity including its Dutch wholly owned group companies.

Accordingly, the company is jointly and severally liable for the tax liabilities of the fiscal unity as a whole.

Rotterdam, 13 March 2009

### Executive Board:

B. Vree\*)  
G.L. Bruinsma

### Supervisory Board:

F.E.L. Dorhout Mees  
W. Cordia  
R.R. Hendriks  
H.C.P. Noten

\*) Statutory director

## OTHER INFORMATION

### 1. AUDITOR'S REPORT

To the Annual General Meeting of Shareholders of Smit Internationale N.V.

#### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements 2008 of Smit Internationale N.V., Rotterdam. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2008, profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial state-

ments comprise the company balance sheet as at 31 December 2008, the company profit and loss account for the year then ended and the notes.

#### MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the Annual Report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that

are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### OPINION WITH RESPECT TO THE CONSOLIDATED FINANCIAL STATEMENTS

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Smit Internationale N.V. as at 31 December 2008, and of its result and its cash flow for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

### OPINION WITH RESPECT TO THE COMPANY FINANCIAL STATEMENTS

In our opinion, the company financial statements give a true and fair view of the financial position of Smit Internationale N.V. as at 31 December 2008, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

### REPORT ON OTHER LEGAL REQUIREMENTS

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Rotterdam, 13 March 2009

KPMG ACCOUNTANTS N.V.

W. Riegman RA

### 2. PROPOSAL DISTRIBUTION OF PROFIT

As stipulated in Article 26 of the Articles of Association, the distribution of profit is as follows:

At the discretion of the Executive Board and subject to the prior approval of the Supervisory Board, a reservation can be made out of the profit shown. The balance shall be at the disposal of the General Meeting of Shareholders. In accordance with the requirements of Article 26 of the Articles of Association the profit has been accounted for as follows:

	2008	2007
Net profit	107,808	105,604
Available for shareholders	-53,441	-52,198
To be added to other reserves	54,367	53,406



*In January 2008, the Naming ceremony of AHTS vessel 'Smit Lumut' took place in Singapore.*





*SMIT participated in the 2008 edition of the World Port Days.  
For this event the semi-submersible barge 'Smit Anambas' was equipped with  
among others an enormous hydraulic wreck grab, ROVs and a diving tank.*



## FIVE-YEAR OVERVIEW

(in EUR 1 mln.)

	2008	2007	2006	2005	2004
<b>Results</b>					
Operating income	708	552	475	387	345
Operating profit (before financing costs)	113	95	77	42	33
Net financing costs	(11)	(3)	(4)	(5)	(3)
Income tax expense	(19)	(19)	(21)	(11)	(7)
Profit for the period	108	106	75	38	27
Operating profit plus result					
associates and joint ventures (EBIT)	138	129	100	54	38
Operating profit before depreciation and amortization					
plus result associates and joint ventures (EBITDA)	201	159	126	81	66
Depreciation and amortization	63	31	26	26	29
<b>Balance sheet data</b>					
Non-current assets	867	474	349	309	246
Investments in tangible fixed assets	177	105	113	68	58
Net equity	567	365	289	248	204
Long-term capital	948	540	391	337	279
Guarantee capital	568	366	294	254	212
Interest-bearing loans and borrowings	330	155	103	103	66
<b>Ratios in %</b>					
Earning capacity of long-term capital	14.5	23.8	25.6	16.1	13.5
Earning capacity of net equity	19.1	29.0	26.0	15.5	13.4
Net margin	15.3	19.2	15.8	9.9	7.9
Return on average capital employed (ROACE)	21.4	26.0	28.4	18.0	13.3
Tax burden	18.4	21.1	28.6	30.0	24.0
Current assets/current liabilities	133.2	130.3	122.1	115.7	125.2
Non-current assets/long-term capital	91.4	87.7	89.4	91.6	88.2
Net equity/total capital	47.5	48.1	49.7	47.5	49.4
<b>Employees</b>					
Year-end	3,815	2,871	2,608	2,698	2,740
Average	3,590	2,783	2,653	2,719	2,859
Operating income per employee (in EUR 1,000)	197	198	179	143	121
<b>Data per share (in EUR 1,-)</b>					
EBITDA	11.28	10.07	8.15	5.22 *	4.33 *
Dividend	3.00	3.00	2.25	1.25 *	1.00 *
Total issued shares	17,813,586	15,819,110	15,421,668	15,421,668 *	15,345,862 *

\* Comparative figures adjusted for the share split 2:1 at 26 October 2006.



## ADVISERS

### Advisers to Offeror and Boskalis

Legal advisers	Financial advisers	
Freshfields Bruckhaus Deringer LLP Strawinskylaan 10 1077 XZ Amsterdam The Netherlands	Kempen & Co Beethovenstraat 300 1077 WZ Amsterdam The Netherlands	Rabo Securities Amstelplein 1 1096 HA Amsterdam The Netherlands

### Advisers to Company

Legal advisers	Financial advisers	Auditor
De Brauw Blackstone Westbroek N.V. Claude Debussy 80 1082 MD Amsterdam The Netherlands	The Royal Bank of Scotland Gustav Mahlerlaan 10 1082 PP Amsterdam The Netherlands	KPMG Accountants N.V. Postbus 74500 1070 DB Amsterdam The Netherlands