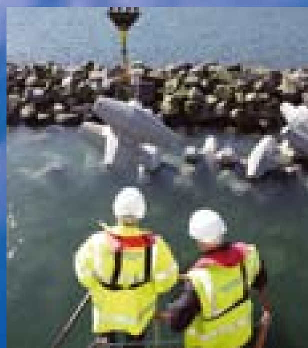
Annual Report 2007



Royal
Boskalis Westminster nv

Annual Report 2007

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

Table of contents

Chairman's statement	**4**
Company profile	**6**
Key developments in 2007	**9**
Key figures	**10**
The Boskalis markets	**12**
Business Segment: Dredging and Earthmoving	**14**
Business Segment: Maritime Infrastructure	**17**
Business Segment: Maritime and Terminal Services	**20**
A growth strategy: Boskalis at full throttle	**24**
Spearhead: Fleet expansion program	**27**
Sustainability and our business	**31**
Spearhead: Sustainable solutions	**33**
Investor Relations	**36**
Spearhead: Knowledge management	**39**
Members of the Supervisory Board	**42**
Report of the Supervisory Board on 2007	**43**
Members of the Board of Management	**48**
Report of the Board of Management on 2007	**49**
Spearhead: Staff development	**63**
Corporate Governance	**66**
Financial statements 2007	**75**
Ten years Boskalis	**129**
Organization	
Legal structure	130
Organization	132
Offices around the world	134
Glossary	**140**
Equipment	**144**

Chairman's statement

dr. P.A.M. Berdowski, chairman Board of Management

Dear shareholders,

The upturn in the global dredging market that commenced in 2005 continued more pronouncedly in 2007. On almost all continents and in all sectors of relevance to us, demand for maritime infrastructure grew sharply over the past year.

The global dredging market is driven by long-term growth factors such as growth in world trade, the global population and energy consumption. When it comes to these factors, we are living in a period of boisterous growth.

Container transportation by sea is showing strong growth, fuelled mainly by exports from China, which is developing its position more and more as the global production place. The demand for bulk materials such as iron ore and copper is increasing, also particularly from China, which means bulk transportation by sea is growing. Demand for energy also continues to grow steadily, prompting the oil and gas sector to explore new fields, often offshore.

Across the board, Boskalis is benefiting from these developments. For example, we are involved in the expansion and development of container ports in Europe and Panama, and coal and iron ore ports in Australia. We have embarked on large-scale land reclamation projects in the Middle East. And we are involved in laying gas pipelines in Russia and Taiwan, as well as in the construction of LNG ports in Angola and Qatar.

Both the spread of our organization's operations around the world and the selective contracting policy we have pursued since 2005 enabled us to take maximum advantage of the positive developments in the global dredging market over the past year. In 2007 we reaped the fruits of the policy we pursue.

This means that 2007 will go down in the Boskalis annals as a positively stellar year. Turnover rose 38% to a record € 1,869 million. Despite the high turnover level, a strong intake of new orders enabled us to further boost the order book to € 3,562 million.

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

Driven by strong demand for dredging services and our selective contracting policy, net profit rose by over 75% to the historic level of € 204.4 million.

In order to meet the strong growth in demand, we are executing an extensive 2006-2011 fleet investment program. As part of this program, in 2007 we invested in the extension of the Queen of the Netherlands hopper dredger, the construction of two 5,600 m^3 hopper dredgers and the rebuilding of the Phoenix cutter suction dredger. On top of this, we placed orders this year for two 12,000 m^3 hoppers with IHC in the Netherlands and ordered an offshore fallpipe vessel from the Yantai Raffles shipyard in China. Finally, our subsidiary Lamnalco invested around € 25 million in ships to provide terminal services to the oil and gas industry. Net capital expenditure in 2007 amounted to € 249 million.

On 8 March 2007 we were shocked by the news that the container vessel MSC Joanna had run into our trailing suction hopper dredger W.D. Fairway. Given the considerable material damage caused, it is a miracle no personal injuries were sustained. Swift and competent action by both the crew and on-shore staff meant that a disaster was averted and the ship could be salvaged. Very recently we reached an agreement with all insurers on the compensation for the damage.

In 2007 we terminated our joint venture with the US firm Bean, taking over all the backhoe equipment for the international project market. We have at present deployed the US ship Stuyvesant in Central America. We are currently considering future options for tackling the American market.

In 2007 we also invested heavily in the training and development of our staff. In order to also support the growth of the company, we made great efforts to attract highly qualified staff for our projects, fleet and head office.

In the future we will rely increasingly on knowledge to distinguish ourselves in the market, which is why knowledge management is being given high priority within the organization. New systems and instruments are being developed which comply with international best practices, and 2007 saw the launch of a pilot project to apply these to our projects.

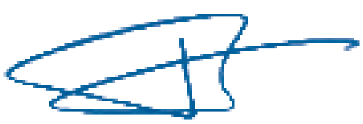
The environmental impact of dredging work is becoming an increasingly important consideration for us and our customers. In 2007 we again invested in expanding our knowledge in this field, and for a number of customers our sustainable solutions set us above the competition.

The financial markets have been keeping a close eye on developments in the global dredging market and have taken a favorable view of the way in which Boskalis is dealing with them. This resulted in a positive development of Boskalis shares in 2007. The share price rose by 67% to € 41.66, putting it among the best performing stocks on the Amsterdam stock market. In light of the positive share price development, Boskalis undertook a three-for-one share split in May 2007. In addition to this, options on Boskalis shares have been quoted on the Amsterdam options market (Liffe) since the end of September.

For the year ahead we expect global demand for dredging services to remain strong. This is expected to translate into continued high fleet utilization levels and healthy operating margins.

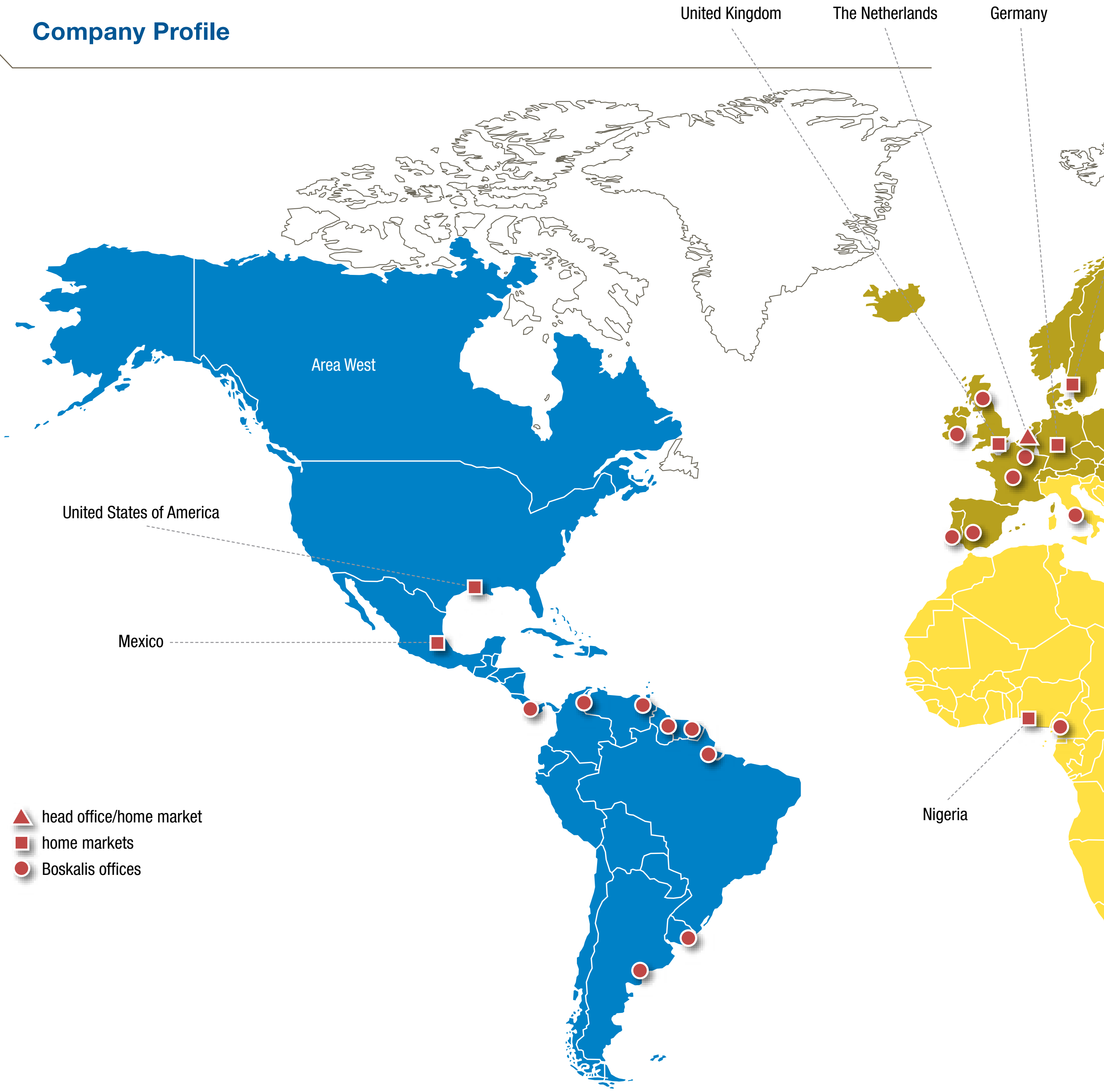
As in previous years, we propose to distribute 50% of the net profit in the form of dividend. In effect, we are proposing a dividend of € 1.19 per share for 2007 (2006: € 0.68).

On behalf of the Board of Management



dr. P.A.M. Berdowski

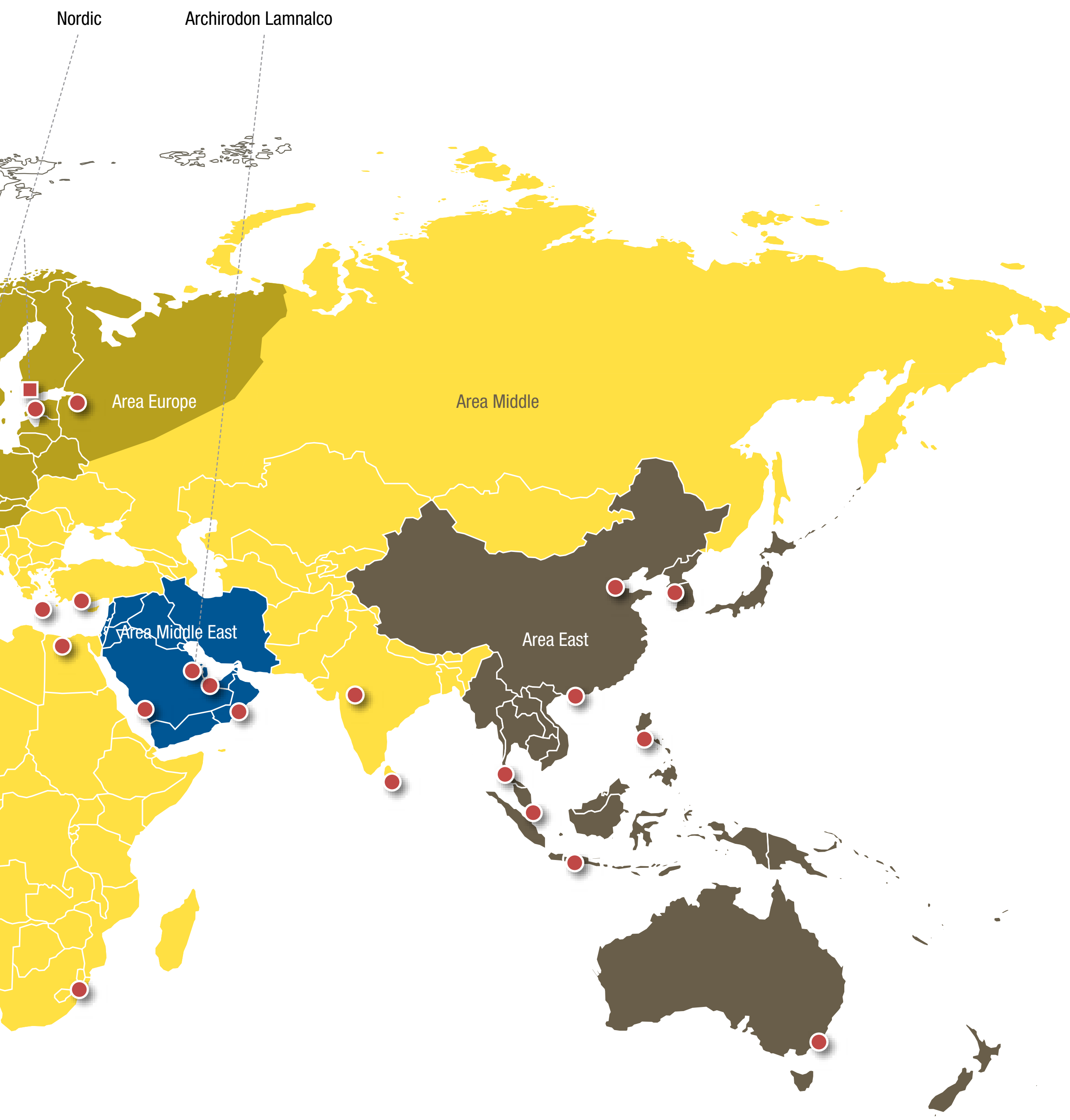
Company Profile



Boskalis is a leading international dredging group with operating companies, offices and projects around the world

Royal Boskalis Westminster nv is an international dredging group with a unique market position. Our operations are spread broadly across the world in three business segments, giving us a stable foundation, the flexibility to capture a wide range of projects and excellent prospects for balanced growth.

Our main business segment is dredging and earthmoving, including the construction and maintenance of ports and waterways, land reclamation, coastal defense and riverbank protection. Our second business segment is maritime infrastructure, which Boskalis is involved in through our strategic partnership with Archirodon, a leading contractor in this sector. The third business segment is maritime and terminal services, through our strategic partnership with Lamnalco, one of the world's leading suppliers of oil and gas marine terminal services.



Business segments

Dredging and Earthmoving

87% of turnover

- Construction and maintenance of harbors and waterways
- Creation of land in water
- Coastal defense and riverbank protection
- Offshore services for the oil and gas industry
- Sand and gravel trading
- Environmental activities
- Underwater rock fragmentation

Maritime Infrastructure

10% of turnover

- Maritime construction including quay walls, jetties, oil and gas terminals, breakwaters, riverbank protection
- Construction of infrastructure including water purification systems, sewerage systems, dams, bridges
- Industrial construction including power stations, desalination plants, pumping stations

Maritime and Terminal Services

3% of turnover

- Mooring of tankers
- Management of oil and gas terminals
- Pilot services
- Underwater vessel maintenance
- Offshore logistic services

Our main clients are national, regional and local governments, port operators, international project developers, oil companies, mining companies and other contractors.

Our worldwide spread reaches across all geographic and industrial sectors and demand for our services is driven by a clear set of key macro-economic drivers: growth in global trade; growing energy consumption; growth in world population; growth in global tourism and climate change.

Boskalis is unique in combining strong ‘home market’ positions in various countries, often with a local partner, with a diverse, global network of regional market positions, making us both a local and a global competitor. We are deeply embedded in markets across Europe, Australia/Asia, Africa, North and South America and the Middle East.

We balance our home market strength with international reach and capacity, making us one of the world’s leading dredging groups, with one of the largest and most technically advanced fleets. We can provide leading-edge expertise and equipment that is typically not available locally, and also offer the economies of scale and world-class expertise needed to tackle the largest scale infrastructure projects while meeting the most stringent, health, safety and environmental standards.

We continue to invest in and expand our versatile fleet, which consists of over 300 units. Including our share in our partners Archirodon and Lamnalco, Boskalis has around 8,000 employees and operates in over 50 countries across five continents. Our experienced professionals continually look for new, selective business opportunities around the world.

Boskalis supports maritime talent

Team Boskalis: enterprising and ambitious!

The four Boskalis catamaran teams compete for a place on the rostrum at all major sailing events. All four teams are enterprising and have the same ambitious goal: to win. Boskalis supports the teams, which compete under the collective name ‘Team Boskalis’. Each team has a ‘master’ whose job it is to show the ‘student’ the ropes. This is a good example of Boskalis’ policy to support maritime talents. Catamaraning is a maritime sport that combines innovative technology with knowledge sharing. It is also ambitious: the teams want to win!

BOSKALIS SAILING TEAM

WWW.TEAMBOSKALIS.COM

Key developments in 2007

Record intake of new orders, order book at historic high

In 2007 Boskalis took on new projects worth € 2,887 million. The order book reached the record level of € 3,562 million (end-2006: € 2,543 million).

Record turnover and results

Turnover growth +38%

Turnover rose by 38% to € 1,869 million last year.

Net profit +75%

Net profit rose by 75% to € 204.4 million; earnings per share rose from € 1.36 to € 2.38.

Large volume of work in energy-driven markets

Around 50% of turnover was directly or indirectly related to growth in energy markets.

Fleet expansion on track

At the end of 2007 the new jumbo cutter suction dredger Phoenix, an upgraded and modernized replacement for the older vessel the Oranje, was taken into service.

The extensive fleet expansion program worth around € 1 billion took further shape in 2007. The program involves expanding the hopper fleet with two new 12,000 m^3 trailing suction hopper dredgers and two 5,600 m^3 trailing suction hopper dredgers, as well as extending the jumbo hopper Queen of the Netherlands to extend its capacity to 35,500 m^3. In addition, Boskalis ordered a 21,500 ton fallpipe vessel, as well as a side stone dumping vessel and tugs for terminal services.

At the end of 2007 an order was also placed for the engines for two new jumbo cutters.

Increased dividend

The dividend policy features a pay-out ratio of 40% to 50%. The company proposes to pay out a cash dividend of € 1.19 per share from the 2007 result (2006: € 0.68 per share).

Share price up 67% in high trading volumes

In 2007 Boskalis' share price rose 67% to € 41.66. The value of shares traded rose by around 150% to € 2.85 billion.

Board of Management and Supervisory Board

In May 2007 Mr. T.L. Baartmans was appointed to the Board of Management and Messrs. C. van Woudenberg and M. van der Vorm were appointed and reappointed, respectively, to the Supervisory Board.

W.D. Fairway collision

On 8 March 2007 a container vessel ran into the megahopper W.D. Fairway in Chinese waters. No personal injuries were sustained. The ship has since been laid up in Thailand. Very recently we reached agreement with all insurers on the compensation for the damage.

Key figures (1) (11)

(amounts x € 1 million, unless stated otherwise)		2007	2006
Turnover (work done)		**1,869**	1,354
Order book (work to be done)		**3,562**	2,543
EBIT	(2)	**245.5**	150.3
EBITDA	(3)	**348.1**	236.8
Net result		**204.4**	116.6
Net group profit	(4)	**207.1**	117.0
Depreciation and amortization		**102.5**	86.6
Cash flow		**309.6**	203.6
Shareholders' equity		**768.1**	618.6
Average number of outstanding shares (x 1,000)	(5)	**85,799**	85,799
Number of outstanding shares (x 1,000)	(6)	**85,799**	85,799
Personnel (number of persons)		**8,577**	8,151
Ratios (percentages)			
Operating result as % of the turnover		**13.1**	11.1
Return on capital employed	(7)	**27.7**	19.1
Return on equity	(8)	**29.5**	20.1
Solvency	(9)	**35.3**	39.4
Figures per share (x € 1.00)			
Profit	(5/10)	**2.38**	1.36
Cash flow	(5)	**3.61**	2.37
Dividend		**1.19**	0.68
Lowest share price		**21.06**	14.67
Highest share price		**46.25**	25.48

(1) Figures taken from the financial statements.

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

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

(4) Net result + net profit attributable to minority interests.

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

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

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

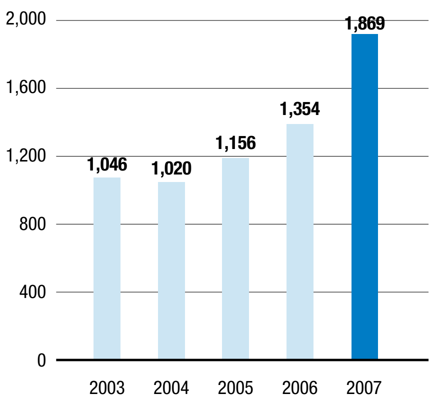
(8) Net result as % of the average shareholders' equity.

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

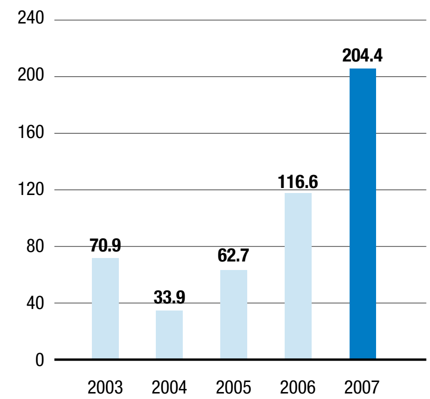
(10) The dilution effect is practically nil up to the financial year 2007.

(11) On May 21, 2007 Royal Boskalis Westminster nv effected a share split on a three-for-one basis (three new shares for one old share) in order to increase the liquidity of the Boskalis share. For comparative purposes the data regarding the number of shares and figures per share of all the periods has been recalculated to the situation after the split of the ordinary Boskalis shares in 2007.

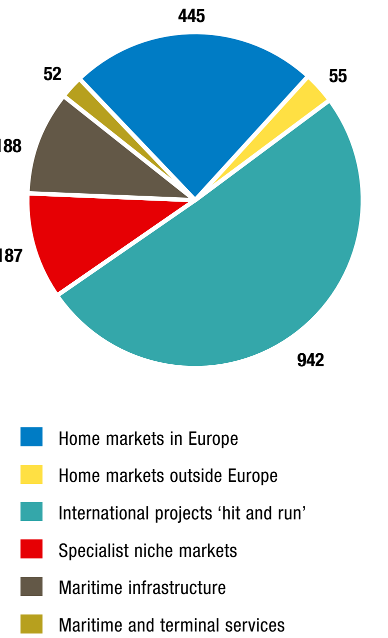
Turnover
(x € 1 million)



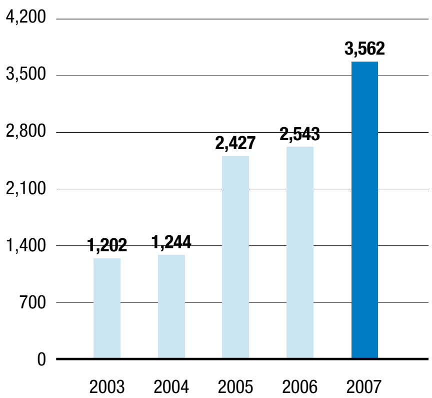
Net profit
(x € 1 million)



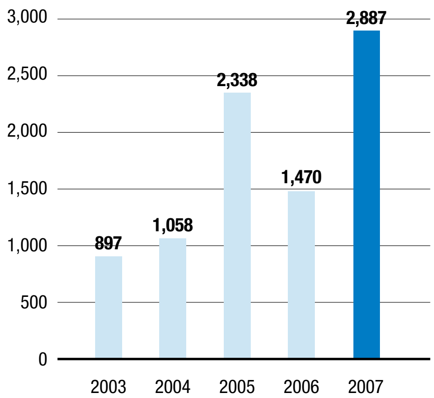
Turnover by segment
(x € 1 million)



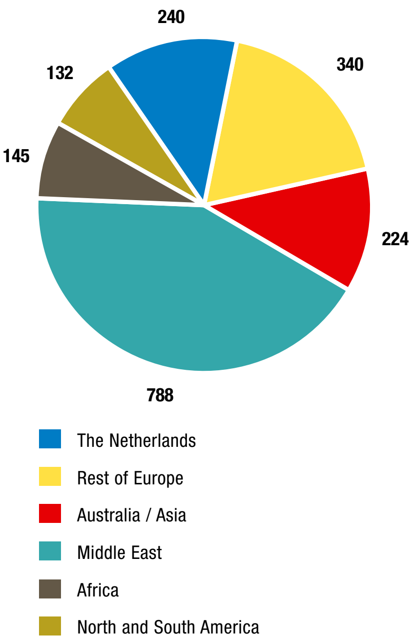
Order book
(x € 1 million)



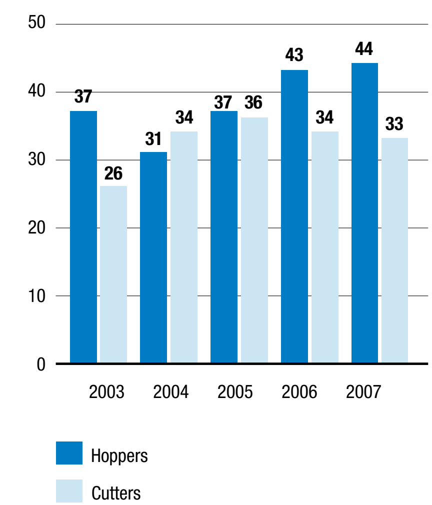
Acquired orders
(x € 1 million)



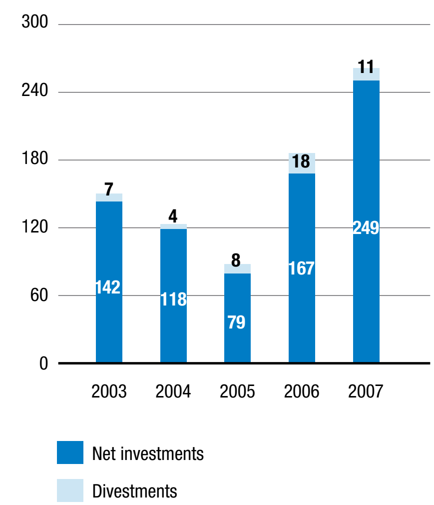
Turnover by geographical area
(x € 1 million)



Fleet utilization
(in weeks per year)



Capital expenditure
(x € 1 million)



The Boskalis markets

The long-term economic factors driving growth across our industry

A key differentiating feature for Boskalis in our business is our broad spread, not only geographically, but also across three distinct business segments: dredging and earthmoving; terminal services and maritime infrastructure. All of our segments are driven by long-term economic factors that will provide sustainable growth. As such, ours is a truly long-term growth business, creating value for shareholders for many years to come.

We have a clear view of these ‘drivers’ for growth in our business.

Growth in global trade

As the global traffic in containerized and bulk cargoes increases, so does demand for new and expanded port capacity. Some 36% of cargo was containerized in 1990, rising to around 75% today. The container vessels are getting larger and require deeper access channels. Container ports are expanded to handle the growing cargo. Current estimates suggest that nearly 400 container terminal projects are planned around the world, in over 80 countries, with 260 projects prior to 2010. Reflecting the surge in exports from China, some 30% of these are in North East Asia. From 2010 to 2015, container terminal capacity will increase from 754 million TEU to about 1,058 million TEU (Source: OneStone Consulting).

Ports also need to expand to handle surging traffic in bulk commodities, particularly coal and iron ore, from markets such as Brazil, South Africa and Australia. Surging energy demand and steel consumption by China, which is now a net importer of coal, is generating much of the demand.

International iron ore trade is running at record level, with exports reaching 759 million tons in 2006 – an increase of 6% on the year before and the fifth consecutive annual increase. China’s voracious appetite as the world’s third largest steel producer drives this demand, with the country now accounting for 43% of world iron ore imports (Source: unctad.org The Iron Ore Statistics - September 2007).

Meanwhile, seaborne steam coal trade continues to increase steadily, on average by about 7.5% per annum, with seaborne coking coal also growing by just under 2% annually. (Source: worldcoal.org).

To cater to this capacity, port operators urgently need room for expansion, or to build new facilities. Increasingly, their only option is to expand via land reclamation, often in new locations outside city centers. Correspondingly, larger ships are needed to carry the cargo, requiring deeper entrance channels and new berths, all of which stimulates demand for dredging services.

Growth in global energy consumption

With worldwide energy demand set to be well over 50% higher than today by 2030 (Source: International Energy Agency), the world faces an energy supply dilemma. Oil can no longer be relied upon to fuel this surging demand, with peaking global production expected to leave an energy deficit unless alternative energy sources can fill the gap. LNG is seen as a more environmental-friendly and equally transportable energy source to help solve this problem, leading to surging production, transportation and the construction of supporting terminal services and infrastructure. LNG is now the ‘world’s fastest growing fuel’.

According to the IEA, the global LNG demand will increase by as much as 7 percent every year through to 2030. To support this, it estimates that between 2005 and 2010 more than $ 100 billion could be spent on LNG plant and shipping.

This affects all areas of our business. Our dredging expertise is helping to reclaim land for the construction of LNG plants on the shoreline, and also to create the deeper channels and quays needed to accommodate ever-larger LNG tankers. Besides this, we provide solutions for the maritime protection of LNG loading facilities. In addition, our terminal services and maritime infrastructure businesses are catering to the increased demand for land-side LNG import and export capacity.

Growth in the global population

According to the United Nations, the world is expected to accommodate an additional 1.6 billion people by 2030. Since today already over 50% of the world population lives in urban areas, it is expected that most of the population growth will take place in those urban areas. In addition, a continued migration from rural areas to large cities is foreseen. As a result of this urbanization, large cities will need new space to accommodate growth. This drives our business, where many large cities in coastal areas will look for new land in sea to deal with congestion. Large-scale land reclamations are happening for this reason in many parts of Asia (including Singapore) and the Middle East (such as Dubai).

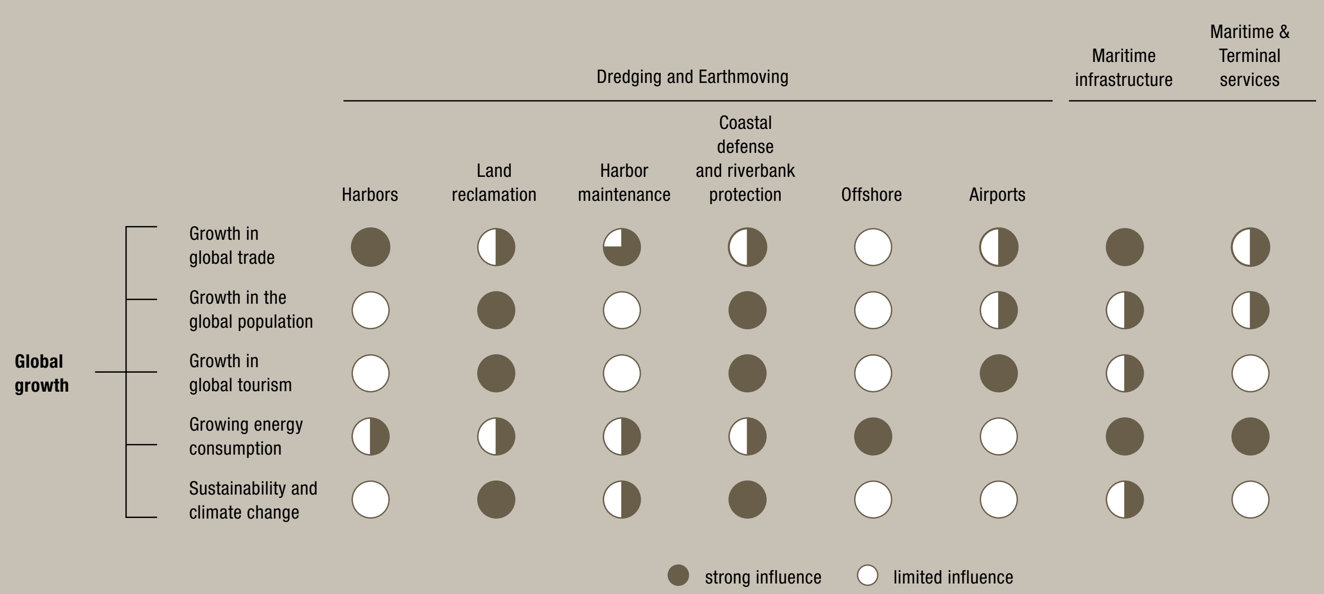
Growth in global tourism

According to the World Tourism Organisation (WTO), about 900 million people are likely to have traveled abroad in 2007 (nearly 6% more than 2006) representing an increasingly mobile world population, taking advantage of cheaper air travel and growing affluence. With 75% of this travel taking place by air, this is driving demand for new airport facilities, some of which need to be built on reclaimed land in sea. Besides this, countries invest in reclaimed land to create new beach frontage and space to develop houses and facilities by the shore.

Sustainability and climate change

A concerning but inescapable factor further affecting demand for our services is the more extreme weather conditions the world is experiencing as a result of climate change. Innovative solutions are increasingly needed for coastal and riverbank protection, in locations all over the world. Rising sea levels and the increased risk of tsunami also place a growing emphasis on investment in sophisticated and large-scale sea defenses.

Macro factors drive growth across all areas of our business



Business Segment: Dredging and Earthmoving

The Rotterdam Maasvlakte 2 harbor extension, the Netherlands.

Dredging and earthmoving remains the core activity of the Boskalis group, representing some 87% of our total turnover.
The international dredging and earthmoving market has a global and local character, split between the 'open markets' where international companies can compete for contracts, and 'closed markets' where dredging work is primarily performed by local private or state companies with limited openings for international contractors.

A world leader

Boskalis is a leading global player in the open markets, which generate turnovers of approximately € 7-9 billion annually. Four European operators dominate these markets, accounting for some 80% of turnovers. Boskalis is one of these, with a share in the open markets of 20-25%. The remaining 20% of 'free turnovers' is represented by a wide range of smaller regional and local players.
The extensive deregulation of global trade over the past decade means that more and more dredging contracts can be competed for on the open market, with large professional dredging contractors such as Boskalis benefiting from their ability to offer economies of scale and a high degree of efficiency.

Barriers to entry

This is a business segment with high barriers to entry, with any company aiming to compete against the world's largest operators needing to match their scale, flexibility of fleet, professionalism of staff, innovation, cost leadership and financial strength.

What sets us apart

Being one of the 'big four' is not enough on its own. We strive to stand apart with important points of difference, such as our innovative strength and technical capabilities, our high-tech fleet and top tier workforce and our approach to safety, environmental issues and the quality of our operations.
Our clients increasingly demand our know-how and design capabilities for the development of their infrastructure. Innovative solutions often emerge through close cooperation where we bring our specialists with their vast know-how and creative strengths to the table. This is especially true for large 'turn key' projects that increasingly call on our design, construction and project management skills.
As regards our environmental stewardship, we are renowned for our highly innovative approach to and expert knowledge of environmental-friendly dredging solutions. This reputation helps us win business where 'green' expertise is a decisive factor beyond price alone. This further underlines our reputation as a solutions-oriented company, helping our customers solve their problems.
Our commitment to the highest standards in quality assurance, health, safety and the environment is second to none, providing us with a clear point of difference in our industry. Our certification for the international environmental quality standard ISO 14001 and the occupational health and safety standard OHSAS 18001 demonstrate the sophistication of our approach and the rigor of our internal processes, providing a guarantee of quality and consistent excellence for our clients.

Regional engines of growth and a broad international spread

Another important point of difference is our balanced worldwide spread in the global dredging market. With our versatile fleet of over 300 units we operate in over 50 countries across five continents. Reflecting the rapid growth in the centers of the world energy market, and rapid growth in trade with the Far East, many of the world's biggest dredging projects stem from Europe, the Middle East and Australasia. Some 40% of our business derives from work in the Middle East, spanning not only dredging but also maritime infrastructure and terminal services. Including our Middle East business and various onshore and offshore projects around the world, some 50% of our corporate turnover is driven by the growing demand for energy.

The Ras Laffan LNG harbor extension, Qatar.

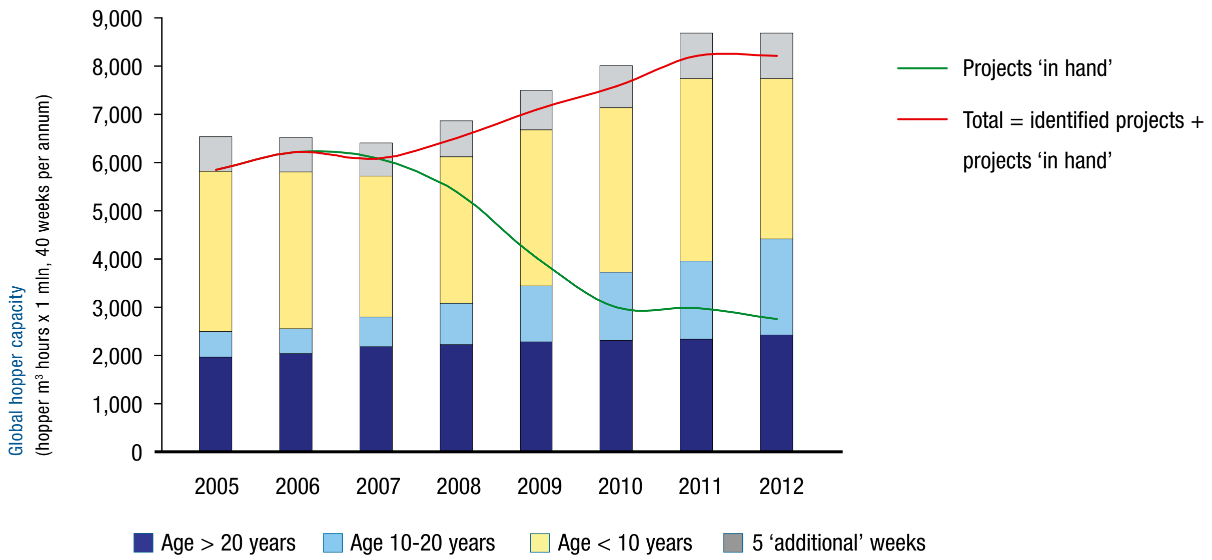
However, our dredging activities are not purely focused around the Middle East. A key aspect of our strength is our broad positioning across all continents, with a focus on existing markets as well as emerging economies like the BRIC countries - Brazil, Russia, India and China.
As part of our broad international market position, our unique concept of home markets allows us to balance our global reach and leadership with local strength and stability. Some 30% of our turnover is derived from these home markets, where we have a fixed presence, with local employees, locally based equipment and often a local partner. Through these, we serve the ongoing needs of that market, mostly in maintenance dredging. This provides a stable flow of contracts and, in some countries, provides us with a unique competitive position.

amounts x € 1 million	**2007**	2006	2005	2004
Turnover	**1,629**	1,170	960	859
Segment results	**226.6**	135.2	65.3	50.8

A period of unprecedented visibility

Our presence across the economic and social drivers that fuel demand in our industry gives us a high degree of confidence in the future demand for our services. The current supply and demand situation, with the amount of work in the market outstripping the availability of capacity, places us in a period of unprecedented visibility. Global hopper capacity is well occupied in the coming years, giving us a long-term view of fleet utilization and allowing us to plan our investments and strategy accordingly.

Global hopper capacity well occupied in the coming years



Business Segment: Maritime Infrastructure

Archirodon constructed the Sheikh Zayed bridge in Abu Dhabi.

Boskalis has a 40% holding in Archirodon, a leading international group in the maritime engineering, procurement and construction markets.
Established almost fifty years ago, Archirodon is one of the leading contractors in the maritime infrastructure sector. The company has extensive expertise in the area of engineering and construction, and an excellent track record in the implementation of complex, multidisciplinary projects. Alongside its operations in the maritime and offshore segments, Archirodon is also an all-round player in the markets for civil infrastructure and industrial plants.

Archirodon works on many landmark projects throughout the Middle East and North Africa. In the maritime infrastructure sector, the company has carried out the construction of a number of general and specialized ports, container terminals, berths, piers and jetties.

The company focuses in particular on the Middle East, a market which will be characterized by high volumes of work in the coming years.

This growth is being fuelled by the region's continued strength in world energy markets, but also by widespread efforts in the Gulf region to reduce their dependence on oil and gas turnovers. Overdependence on hydrocarbon turnovers makes the region more vulnerable to sudden market shifts, which has led to some strong leadership and visionary thinking to invest vast reserves of petrodollars in projects to help create a more balanced mix of energy, trading, tourism and services.

With the population of the countries in the Gulf Cooperation Council double the level it was 20 years ago, a very wide range of infrastructure projects are required, especially those designed to expedite trade through the region's maritime gateways.

In this rapidly developing market, clients want fast completion at a time characterized by shortages of labor and some building materials. In order to strengthen its position in these unique conditions, Archirodon has adopted a selective contracting policy. The company also focuses specifically on techniques in which it specializes and on clients with whom it has enduring relationships. Like Boskalis, Archirodon has renowned in-house engineering capabilities which help the company create innovative solutions for customer needs and meet their requirements in full.

Archirodon provides the following services:

Marine & Offshore
Ports and harbors
Jetties, terminals and offshore structures
Breakwaters and shore protection
Offshore pipelines, intakes, outfalls
Dredging and reclamation

Civil Infrastructure
Bridges, roads and railroads
Water, sewerage, dams and irrigation
Airports

Industrial Plants
Power and desalination plants
Oil and gas facilities
Pumping stations

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

Fueled by the Middle East boom, Archirodon's turnover grew from US$ 200 million in 2001 to approximately US$ 700 million (€ 470 million) in 2007 with further growth anticipated for 2008. The company's financial status is healthy.

amounts x € 1 million	**2007**	2006	2005	2004
Turnover	**188**	141	159	133
Segment results	**15.9**	11.7	16.3	10.3

Although Archirodon and Boskalis operate independently from each other in the market, there are many examples of successful cooperation in complex infrastructure projects, where their combined, complementary maritime strengths provided a competitive edge. A recent example is the € 1.1 billion new offshore Khalifa Port project in Abu Dhabi, which includes dredging an entrance channel and a harbor basin, the reclamation of a harbor island and land for wharfs, the construction of breakwaters as well as a causeway to the island including a bridge.

Boskalis holds a 40% stake in Archirodon; the other shares are owned by management and a limited number of private parties.

Maritime Infrastructure accounts for some 10% of Boskalis turnover.

Business Segment: Maritime and Terminal Services

Berthing of a LNG tanker. One of the services provided by Lamnalco.

Boskalis holds a 50% share in Lamnalco, a leader in the fast-growing market of oil and gas maritime terminal services. Established in 1963, Lamnalco is one of the world's leading suppliers of maritime and terminal services. The company provides specialized equipment and support to oil and gas terminals and ports around the world.
With a head office in Sharjah, United Arab Emirates, and branch offices in fourteen countries, Lamnalco operates on an international scale, with particular strength in the Middle East and West Africa. Since its establishment, a key aspect of the Lamnalco strategy has been to develop long term partnerships of between 5 and 20 years with its clients and with the communities in which it operates. Another important part of Lamnalco's corporate philosophy is to collaborate with a range of local companies.

The maritime and terminal services market is characterized by strong growth, primarily driven by the rise in global demand for energy, and in particular LNG. As this demand continues to grow, the services provided by Lamnalco will be increasingly important, leading to excellent growth prospects for the company.

Exporting countries such as Russia, Iran, Qatar, Saudi Arabia, Australia, Nigeria and Angola are expanding their harbors and planning new onshore and offshore export terminals. Importing countries in Asia, Europe and on the American continent also have plans for the construction of import terminals and harbors. This has been accompanied by an unprecedented boom in the construction of LNG tankers that, once operational, will generate large amounts of work for Lamnalco in the years to come.

The services provided by Lamnalco involve:

- Berthing/unberthing of Liquefied Natural Gas (LNG), Liquefied Petroleum Gas (LPG), crude and product tankers calling at jetties, Catenary Anchor Leg Mooring (CALM) buoys and Floating (Production) Storage and Offloading (FPSO/FSO)
- Marine terminal management services and traffic scheduling
- Provision of specialist personnel: pilots, mooring masters, dive maintenance teams and site superintendents
- Surface and subsea maintenance operations at jetties and CALM buoys
- Provision of logistics and supply bases to support offshore operations on remote terminal locations.

Areas of expertise

This growing market requires excellent performance standards, highly technical equipment and strict quality controls – all of which Lamnalco successfully provides through the development and application of its comprehensive Operations Management System (OMS). The OMS is subject to external verification by the Classification Society and client audits and incorporates the highest International standards for Quality - ISO 9000, Safety – IMO International Safety Management Code, Environmental Protection - ISO 14000 and Offshore Operations - IMCA. In addition, Lamnalco has built up a strong track record through specialization. To meet its customers' specific requirements, Lamnalco continually invests in the training and development of its workforce and in designing innovative vessels that the company designs itself and which are used for long-term service contracts. This ability to offer custom-made services further strengthens Lamnalco's reputation and unique market position.

To ensure the safe and efficient transfer of customers' cargos, Lamnalco provides highly skilled marine pilots, tug crews and maintenance teams.

Lamnalco is also committed to the ongoing training of its staff using both internal and external resources. By focusing on the development of its employees, Lamnalco ensures the highest standards of operation are maintained. The recent installation of a full mission training simulator at the Sharjah headquarters is the latest development in this respect.
These experienced personnel are equipped with the most modern fleet of marine equipment in the industry: 120 vessels with an average age of only 7 years. Lamnalco will take delivery of 15 newbuilding vessels during 2008, comprising 6 Multi-role Support Vessels and 9 Terminal Tugs.

This fleet handles over 10,000 movements per annum, in locations as diverse as the Dalia Floating Production facility 135 km off the coast of Angola, to the historic Red Sea Port of Aqaba. The majority of the fleet are sophisticated and highly maneuverable terminal support vessels ranging in size from 40 tons bollard pull to 95 tons bollard pull - currently the world's largest dedicated LNG terminal tugs.
An in-house technical team of engineers and project managers develops new vessel designs and manages the ongoing vessel construction program, ensuring Lamnalco remains at the forefront of its chosen market.

Lamnalco generates an annual turnover in excess of US$ 150 million (€ 100 million), with a healthy operating margin and cash flow.

amounts x € 1 million	**2007**	2006	2005	2004
Turnover	**52**	43	37	28
Segment results	**10.8**	9.6	6.2	5.0

Boskalis and Lamnalco share their market intelligence and business networks, opening up early leads for opportunities in new locations and regions. Both companies occupy complementary positions in similar maritime supply chains, especially in the energy sector: Boskalis and Archirodon with dredging and civil engineering capabilities, Lamnalco with long-term contracts servicing oil and gas terminals.

Maritime and terminal services, generated by Lamnalco, accounts for some 3% of Boskalis turnover.

A growth strategy: Boskalis at full throttle

Our strategy is preparing us for some of the most exciting opportunities and challenges we have faced as a leader in an international growth market. As global demand for major new coastal and maritime infrastructure continues to soar, we are uniquely positioned to continue delivering growth and long-term value for our shareholders.

The Boskalis strategy is designed to benefit from the key macro-economic drivers that are fueling global demand in our selected markets: the rapid growth in global trade; surging energy consumption; expanding population pressures; the emergence of a global tourism industry; and the challenges of changing climate conditions.

The growing need to boost port capacity, construct offshore pipeline projects, develop new coastal land space developments and provide greater coastal and riverbank protection systems is placing new pressures on industry providers. At Boskalis we are going to unprecedented lengths to expand our service capacity in our main business lines to meet this demand.

Our strategy and successful business model enable us to benefit from new opportunities and respond effectively to emerging challenges. We are preparing for changing market conditions and a new pricing environment by managing our turnovers and investments accordingly and resetting our risk parameters.

While all the markets in which we operate enjoy excellent growth prospects, we know they can also fluctuate. To offset this possibility, the broad reach of our three business lines: dredging and earthmoving; maritime infrastructure; and maritime and terminal services, significantly reduces the risks of such fluctuations in any particular market segment or region.

As a broadly based international company with employees and resources involved in a range of projects around the world, we aim to achieve balanced growth by deriving maximum synergies between our group activities and our three business segments. Our wide footprint, both geographically and across the different economic sectors, gives plenty of opportunities to achieve this.

In 2008 and beyond we aim to maintain and strengthen our market share and accomplish our key financial objectives of increasing turnover of structural growth and generating a strong return on equity. We will maintain and strengthen our share as a leading player in the growing dredging market while continuing to develop our home market positions.

We intend to achieve this vision by relying on our core values: entrepreneurship, professionalism, teamwork, reliability and expertise – and by focusing on our strategic objectives: fleet expansion, acquisitions, technological innovation, talent development, quality assurance, a strong financial position and leadership in the area of health, safety and the environment.

Capacity response

As the dredging market continues to grow, fleet renewal and expansion will play a crucial role in our ability to keep pace with expanding demand and further strengthen our market position.
Our expansion plans are also focused on our business segments terminal services and maritime infrastructure, both of which are well-placed to benefit from the upsurge in demand in their markets.

To accommodate the growing demand in our markets, we have a multi-year fleet expansion program involving a total investment in excess of € 1 billion into fleet expansion and renewal. This program contemplates the accelerated expansion of hopper and cutter capacity with the construction of four hoppers with capacities varying from 5,600 m^3 to 12,000 m^3. It also includes the lengthening of the Queen of the Netherlands into a mega hopper of 35,500 m^3 and the construction of jumbo cutter Phoenix (completed in 2007), as well as a fallpipe vessel, the replacement of a side stone-dumping vessel and various other specialized ships for the fleet in our Lamnalco Maritime and Terminal Services business. These ships began going into service in 2007 and will continue to do so until 2011. In addition to the above program, Boskalis is preparing for investments in a new generation of jumbo cutters that will be added to the company's fleet.

Boskalis also has a long track record of accelerated growth through alliances and acquisitions, both in its core dredging activities and in related areas such as terminal services and maritime infrastructure. Boskalis has room for investments and acquisitions thanks to its stable, sound financial policies, robust financing structure and strong operational cash flow. In the coming years we will continue to be mindful of new and profitable acquisition opportunities whenever these emerge.

The right talent

The increasing complexity of our industry also demands the highest levels of professionalism and managerial and technical expertise in an increasingly tight labor market. We are anticipating our requirements in this area through training which emphasizes professional and personal development in a wide range of initiatives and development programs.

These programs are aimed at filling a significant number of management positions from within our own ranks and provide crucial support to our recruitment efforts. They include the International Dredging Academy, the Boskalis Leadership Development Program, the Boskalis Operational Development Program and the Boskalis Maritime Development Program.

We also strive to ensure that our broad geographical spread is matched by an ability to attract skilled employees from a wide range of international markets. This further fits with our aim to optimize our flexibility and ability to respond rapidly to market demands. At the same time we seek to ensure that our size and scope does not inhibit our ability to act with entrepreneurial energy and vision.

Expertise and innovation

Boskalis is one of the few world-class international groups with the internal know-how to tackle the most complex projects. Our clients and partners look to us to provide cutting-edge design and technology in our fields of expertise and expect innovative solutions and practical guidance to their specific needs. We will continue to carry out a wide variety of research projects to remain at the technological forefront of our industry, and work closely with other industry operators, universities and knowledge institutes. Boskalis sees information and communications technology (ICT) as an instrument for improving efficiency and management information. Boskalis has an integrated ICT concept which covers the entire business process worldwide, at all levels of the organization: from projects, through country organizations, to the head office in Papendrecht. The use of modern standardized software, hardware and communications technology will be vital as we expand our operations going forward.

Our unremitting work on new techniques and technology also ensures that our equipment and our services are of the highest quality. We devote considerable resources to continuous improvements in the quality of preparation, execution and evaluation of our projects, as well as to our equipment and staff planning and supervision.

Boskalis also possesses unique expertise in the area of health, safety and the environment which it continues to share with its clients and partners. Our ability to offer expert advice is a unique selling proposition and an important strategic differentiator in a crowded international market.

We are committed to the highest standards of health, safety and environmental practices and our clients continually look to us for industry guidance and practical advice for their HSE practices in a wide range of areas. These include the design of major dredging projects or the biological effects of operating in an aquatic environment. For more information about HSE practices at Boskalis, please refer to page 57 of this report.

Operational excellence

We continuously strive to improve all aspects of our operations, including technology, people and operating methods. We look for more effective ways to plan and execute our projects, while maintaining a flexible and creative approach that makes the most of our growth opportunities.

In addition to our robust financial policies, we also seek to monitor and evaluate all areas of risk on an ongoing basis as part of our commitment to adding to the sustainability of the business. Our commitment to maintaining the highest standards of corporate governance is central to our ability to maintain operational excellence throughout the organization. For more information on this topic please refer to pages 66-73 of this report.

As we look ahead, we are confident that our strategy will enable us to grow our business, increase our ability to capture a wide variety of projects, and boost our long-term profitability. We look forward to developing more long-term relationships with our customers and our business partners and to investing more in our services, our operations and our people in the years ahead.

Spearhead: Fleet expansion program

Boskalis wants to expand with its markets, securing the best and most lucrative projects. To achieve this it is essential that the fleet continues to grow and in the coming years we are investing more than € 1 billion in a fleet expansion program. We are making a conscious effort to build ships that can guarantee high utilization in the long term. Traditionally, Boskalis has had a wide spread in its market position, focusing on all market segments. This is reflected in the composition of the fleet, which boasts a wide variety of ships. New ships meet the highest nautical standards in efficiency and energy consumption, and various innovative techniques are used in their construction. This results in state-of-the-art ships that are able to make a difference in their market segment.
This ambitious program is outlined in the next few pages.

Spearhead: Fleet expansion program

A look at Boskalis' ongoing and planned construction activities

Hendrik Postma, head of the Dredging Department

'These ships will keep us going for the next 25 years.'

'We are involved in a fantastic investment program that has been carefully devised and will allow us to operate competitively in our broad market. The program was developed at a time that we expected the economy to pick up and we made arrangements to reserve slipway capacity and parts at an early stage. We take pride in the fact that the ships will be built largely according to our own designs and in a joint effort by our three staff departments: the Dredging Department, R&D and the Central Plant Department. They have had to deal with the unique situation of having to work on various new building projects at the same time. We took a close look at the needs in the market, at our present fleet and at the fleet we want for the future and looked for solutions that would allow us to cater to the entire market in the best way possible. That means ships that can serve clients across the entire spectrum of the market while being the most competitive vessels in their class. These ships will keep Boskalis going for the next 25 years!'

2007: Jumbo cutter

Cutters are used to dredge hard beds and rock, particularly when constructing and expanding harbors and waterways, and for making trenches in the seabed for oil and gas pipelines. Boskalis is a leading player in the market for jumbo cutters, a market that is expanding rapidly in various parts of the world. The end of 2007 saw the launch in Singapore of the Phoenix, a rebuilt version of the former cutter Oranje. It is Boskalis' fourth jumbo cutter, expanding the company's capacity in this market segment by about 30%. Boskalis also researched a new generation of jumbo cutters. In December 2007 the engines were ordered for the two new innovative jumbo cutters.

2007 / 2008: Specialized tugs and a work boat

The market for terminal services is growing fast. Lamnalco, Boskalis' partner that focuses on this market, is stepping up investment in specialized tugs. A total of seven boats were launched in 2007 and another seven will be launched in 2008. In addition, a work boat was designed to provide support services for various dredging activities, such as moving anchors for cutters and handling sinker pipes. The ship can also be used as a supply vessel for ships at sea.

Theo van Doorn, DDD senior research engineer

‘We have tested the limits of what is possible.’

‘My department, the Dredging Development Department (DDD), has three sub-departments: the R&D department, where the emphasis is on the development of specific knowledge; the Marine Dynamics department, which focuses on how equipment moves under the influence of waves and wind; and the Dredging Software Development department, the fleet’s IT department. You could call us the scientific conscience behind the new fleet program, particularly when it comes to the technical dredging plants. You might say that we had a hand in deciding which systems to choose and in assessing the planned processes. In designing the new ships, a great deal of attention was paid to ‘turbidity’ and a subject we call ‘powersharing’: of the thousands of kilowatts generated by the ship, how much do you use to perform the various tasks. All in all I think we have succeeded in designing state-of-the-art ships. We really tested the limits of what is possible within the stated budget.’

2008: Mega hopper

The Queen of the Netherlands is currently being extended to cope with the anticipated growth in the upper segment of the hopper fleet. The new mid-section was delivered in 2007 and the extension work will take place in 2008. The vessel will have a capacity of 35,500 m³. The extension of the Queen will expand the hopper fleet by 6%. It will also strengthen Boskalis´ competitive position at the upper end of the market, which is characterized by large volumes, long shipping distances and deep dredging depths.

2008 / 2009: Two 5,600 m³ trailing suction hopper dredgers

Two 5,600 m³ trailing suction hopper dredgers are currently under construction at IHC in Kinderdijk and Sliedrecht in the Netherlands. The ships will be used primarily for harbor maintenance and beach replenishment. Striking features include the one-man bridge operating system and the location of the bridge near the bows. Completion of first ship: end of October 2008; completion of second ship: April 2009.

2009 / 2010: Two 12,000 m³ trailing suction hopper dredgers

These new vessels distinguish themselves from others through the innovative technology applied to them, strengthening Boskalis' position in the 'large trailing suction hopper' segment of the market. The vessels are equipped with two separate loading areas ('hoppers') and the pump room is located midships, between the 6,000 m³ hoppers. This creates additional bouyancy in the middle of the ship, making a lighter construction possible. The two hoppers make it possible for the load to be distributed in such a way that the ship is always flat in the water, making it easier to work in relatively shallow water (approximately 11 m). The ships are equipped with a suction pipe with an underwater pump and a separate pump on board for emptying the hopper. The underwater pump is used for the main filling work. There are three discharging methods: through the bottom doors under the ship, by pumping the material out of the hopper and then transporting to the shore through a pressure pipeline, or by rainbowing. The two new ships can be used internationally and in many capacities for both large-scale land reclamation projects and for the construction of harbors and waterways.
Delivery: December 2009 and April 2010.

2011: 21,500 ton fallpipe vessel

The new offshore fallpipe vessel is being built by the Chinese/Singaporean shipyard Yantai Raffles. The ship will strengthen Boskalis' position in the energy markets and its fallpipe will be used to dump rocks to protect and support oil and gas pipelines on the seabed. The ship will be able to work at much greater depths than the ships currently in operation in the sector. A striking feature is the innovative fallpipe tower. The ship is equipped with class 2 dynamic positioning. Delivery: spring of 2011.

2011: Side stone-dumping vessel

Stone-dumping vessels are used for offshore projects, and for coastal defenses and riverbank protection. In the near future, Boskalis will be calling for tenders for a new side stone-dumping vessel to replace the Cetus. The ship is designed to transport stones on deck and discharge them using large slides that push the stones over the side of the ship. The ship will be delivered in 2011.

Sustainability and our business

What sustainability means for Boskalis

With a leading position in the world dredging market, and with operations in more than 50 countries, Boskalis is intrinsically linked to society and the environment. Through the very nature of our operations, working with communities and the natural world is in our genes. As such, we take our commitment to sustainable business seriously.

For us, sustainability is as much a factor of economy as of society and the environment. Maritime infrastructure has become an increasingly important way for countries to stimulate trade, boost economic growth and create jobs. The assistance supplied by Boskalis in this area means we are directly involved in the resulting positive and sustainable social benefits.

In order to remain a front-runner in the industry, our markets, customers and the law require us to commit to sustainable practices. In addition, we constantly strive to improve our working methods and knowledge of sustainability to further enhance our competitive position.

Boskalis has a clear view of its role in society and is a responsible company. We abide by a code of conduct, in our Statement of General Business Principles, ensuring that we act decently and properly. But we exist in a wider context, where governments, international bodies and our customers need to carefully balance decisions where there are environmental, community and economic impacts. At this level, sustainability is a wide and multi-faceted question, and Boskalis works within the frameworks established by these decision-makers.

As such, while we strive to meet the highest quality, safety and environmental standards, we recognize that Boskalis is just one player on the global stage, and is not responsible for setting or influencing national or international legislation. We work hard to develop a sustainable business culture, but we are aware that our customers make many of the final decisions regarding the social and environmental impacts of the projects they invest in.

Our focus is on ensuring responsible and sustainable business practices are woven into the fabric of Boskalis, helping us strengthen our market-leading role.

Areas of commitment

Boskalis has the experience and expertise to help our customers in this broad and complex equation. Where required, we can help provide solutions to our customers' sustainability dilemmas and mitigate some of the potential social or environmental negatives associated with their projects.

Since we work with nature, there is a special emphasis on the environmental issues surrounding our projects.

We continually assess and monitor our processes and methods to meet changing conditions. As part of our commitment to sustainable practices, every attempt is made to prevent or limit noise pollution, the contamination of soil, water and air and the creation of waste products and dangerous materials.

The proper disposal of waste and contaminated products and the efficient use of water and energy are also key commitments for us.

National legislation forms the framework of our activities along with Dutch standards for international operations. We also follow guidelines of the United Nations, WHO and the Dutch government for business dealing with certain countries. We care about the social benefits of our services, but do not get involved in national politics or offer opinions on cultural or political matters. Boskalis acts as a responsible member of society, or a good guest.

Employees are the lifeblood of Boskalis and guaranteeing their well-being is fundamental to everything we do. We take responsibility for employees, suppliers and sub-contractors and make great efforts to ensure working conditions are healthy, safe and environmental-friendly. With everyone we deal with, our slogan is ‘Safety matters’ and we are known for bringing expertise and professionalism to every project.

Our Statement of General Business Principles can be downloaded from our website. This outlines our sustainable activities and the principles we apply to all operations and relationships.

Also available on the website are details of the many sustainable projects Boskalis is involved in around the world, including award-winning operations.

Sustainable business in action

Our commitment to sustainability can be seen in everything we do: our projects, use of technology and training and research, particularly focused on environmental matters. We can demonstrate this in several ways:

- Boskalis has an extensive track record where our design expertise made the difference for environmental-sensitive dredging projects. We offer our customers practical solutions for measuring and minimizing environmental impacts.
- The all-round environmental capabilities of our in-house engineering company Hydronamic are renowned and give us a competitive edge. Hydronamic enables us to capture very complex projects.
- Our Research & Development efforts are both fundamental and case-oriented. They focus on continuous improvement of our working methods to meet the increasing requirements for sustainable dredging. We have a great deal of sustainable know-how, and recognize the importance of discovering alternative ways to approach changing environmental circumstances. In 2006, Boskalis launched an innovative research program: ‘Building with Nature’. Developing ‘green’ technology to better serve the environment forms a key part of our R&D activities.
- Our large and versatile fleet includes special-purpose equipment for environmental-friendly applications. In addition, we run spearhead projects to address environmental issues, such as emission reduction, waste treatment, lubricants consumption and turbidity control. Innovation and investment ensures the fleet is always in line with, or technologically ahead of the latest requirements.
- In January 2007, Boskalis proudly acquired ISO 14001 and OHSAS 18001 certification. These are internationally accepted standards for the environment and health and safety in the workplace, and reflect our commitment to meeting the highest safety and environmental requirements.

Spearhead: Sustainable solutions

Brazil is working hard to reform and invigorate its economy, in a bid to improve the prosperity of its 180 million people. To fuel economic growth, the country is investing to generate more value from its rich iron ore reserves. Boskalis is involved in a key project to achieve this – the construction of a vast steel plant on the northern bank of Sepetiba Bay, near Rio de Janeiro. As well as a tight schedule, the project carries stringent environmental requirements, requiring innovation and expertise in sustainable dredging solutions.

Spearhead: Sustainable solutions

The idea behind this ambitious project is not only to build a facility that allows Brazil to export more of its most plentiful mineral resource, but to fabricate semi-finished products that can be sold with higher margins. Accordingly, the Brazilian and Rio de Janeiro governments supported the construction of a € 3 billion facility at Sepetiba by the German steel-maker ThyssenKrupp Steel together with the giant Brazilian ore producer Companhia Vale do Rio Doce (CVRD).

Dredging work on the project began in November 2006, with the first slab due to be produced at the plant in March 2009. Specifically, the contract called for:

- dredging 11 million m^3 to construct a 14.5 meter deep port
- reclamation of 200 hectares with 3 million m^3 of sand
- onshore disposal of 8 million m^3 of clay and silty materials
- de-watering of the reclamation and disposal areas.

The Brazilian and Rio de Janeiro governments placed strict environmental limits on the project in order to protect the local habitat and population:

- Of particular concern was a large mangrove forest separating the project site from Sepetiba bay.
- A further sustainability concern regarded the livelihoods of 7,000 fishermen who earn their living in the bay. Boskalis was required to ensure that the dredging works should not deteriorate the water quality. Turbidity (a measure of suspended solids in water) should not exceed 500 milligrams per liter.
- A further challenge was to remove and dispose of previously contaminated soils in the dredging area.

Working with extreme care, Boskalis tackled the environmental demands of the project with ingenuity.

- To clean the area of previously contaminated soil, a cutter equipped with an innovative ecological dredge head removed soil with precision and ultra-low turbidity. Special deep pits were dredged, in which the contaminated soil was confined beneath a capping of clean soil.
- To ensure that the dredging works produced sufficient sand for the reclamation of the plant area, sand hidden at random in the port was identified and dredged selectively. This took longer, but produced the maximum amount of sand without unnecessary disturbance of the aquatic environment.
- To ensure that the content of suspended solids in the water discharged in the bay would not exceed the allowed 500 mg/l, return water was led through a series of specially constructed silt deposit areas. A total of 10 powerful water pumps were used for the dewatering of the reclaimed area, carrying the water 4 km offshore through a pair of sinker lines.

The combination of these innovative techniques and the most efficient utilization of dredging equipment by Boskalis were highly successful. None of the environmental limits were exceeded, with the mangrove forest and water quality in the bay unaffected. This was achieved without sacrificing speed and efficiency, with the dredging works completed in the course of 2008.

'Enabling economic growth with respect for the environment'

Investor Relations

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

Boskalis strives to provide detailed, clear and timely information to all stakeholders – existing and potential shareholders, institutional investors, financial analysts and the media. We aim to have an open door to stakeholder enquiries and are known for taking a proactive approach to communication.

Our extensive roadshow program reflects our commitment to excellent dialogue with the global investment community, building long-term relationships with them and keeping them aware of critical success factors and our vision for growth. We hold meetings across Western Europe, the US, Canada and Australia and keep a detailed and up to date database of all contacts, helping us present investors with the most relevant information.

Boskalis is covered by all the major Dutch brokers and we communicate frequently with their analysts. They play a key role in the distribution of information to their investor clients on the dredging business at large, and also on Boskalis specifically. Research on Boskalis is current at any time and available from various brokers.

As well as giving regular updates on our financial performance, we also provide the investment community with substantial information on the supply-demand dynamics of our markets, shifts in market prices and margins, our fleet investment program and risk management.

In January 2007 Boskalis hosted a field trip to the Middle East for a group of some 20 analysts and major shareholders. We visited Dubai, Abu Dhabi and Qatar with the objective to strengthen their understanding of our business in the Gulf area, including the activities of our partners Archirodon and Lamnalco. Our initiative was well appreciated and we will continue to organize annual field trips for our key financial stakeholders.

Share Information:

Listing

Royal Boskalis Westminster nv shares are listed on the AMX index of the Amsterdam Euronext Exchange and are traded there continuously under the symbol BOKA. The share is also listed on the Euronext Next 150 Index and the Dow Jones STOXX 600 Index.
Tickers: Bloomberg: BOKC NA EQUITY, Reuters: BOSN.AS, Telerate: NL:BOS

Trading Volumes

The average daily trading volume in 2007 was 357,000 shares per day, an increase of almost 50% compared to 2006. As a result of this, and boosted by the rise in share price, the traded value more than doubled, from € 1,151.3 million to € 2,852.3 million (+148%).

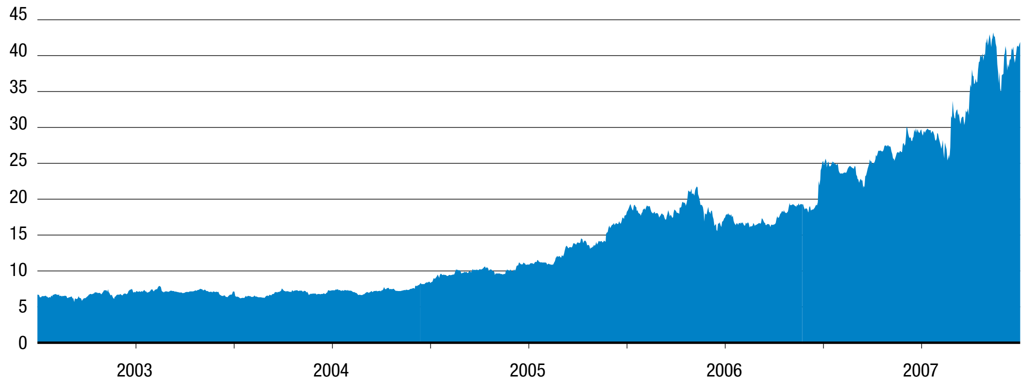
Share Options

Boskalis share options were introduced on the Amsterdam option exchange (Liffe) on September 27, 2007. Since then, professional traders and private investors have been able to trade in Boskalis options.

Share Price

The Boskalis share price rose 67% in 2007, from € 25.00 to € 41.66.

Share price in euros, closing prices (January 1, 2003 to December 31, 2007)



	2007	2006	2005	2004	2003	2003-2007
Boskalis share price	**67%**	33%	126%	19%	9%	549%
AEX index	**4%**	13%	25%	3%	5%	60%
AMX index	**-3%**	30%	27%	15%	15%	110%

On the basis of the price as at May 21, 2007, the dividend yield for Boskalis shares in the past year was 3.2%

Largest Shareholders

As of March 18, 2008, the following shareholders are known to have a holding of at least 5% in Boskalis:

HAL Holding nv	31%
Delta Lloyd nv	5%

Besides these holdings in the Netherlands, most Boskalis shares are in foreign hands. An estimated 25% are held in the US and Canada, 20% in the UK and Ireland and the remainder in some ten European countries and Australia.

Share Split

Following the strong rise of the Boskalis share price since 2005, the General Meeting of Shareholders on May 9, 2007 decided to split the share in a ratio of 3:1.

Dividend Policy

The main principle underlying the Boskalis dividend policy is to distribute 40% to 50% of the net result from ordinary operations as dividend. Within the limits imposed by this basic principle for the longer term, Boskalis aims to achieve a stable development of the dividend to its shareholders.

The choice of dividend form (in cash and/or entirely or partly in shares) takes into account the company's desired balance-sheet structure and the interests of shareholders.

A proposal will be submitted to the General Meeting of Shareholders on May 15, 2008 for a cash dividend of € 1.19 per share. The dividend will be payable as of May 27, 2008.

Financial agenda:

Agenda in 2008

March 19	Publication of annual results 2007
early April	Publication of Annual Report 2007
May 15	Annual General Meeting of Shareholders
May 19	Shares to quote ex-dividend
May 21	Record date for dividend entitlement (after stock exchange closure)
May 27	Dividend payment for 2007
August 21	Publication of half year results

Information:

Roel Berends, Group Director Corporate Relations

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Spearhead: Knowledge management

Our clients and partners look to us to provide cutting-edge design and technology in our fields of expertise. They expect innovative solutions and practical guidance to their specific needs. Here's where our embedded knowledge and expertise make a difference in the market - they are our ultimate competitive strength. In recognition of this, we have made knowledge management a key priority and started our project Venturi 2010: making our intellectual capital accessible to our staff 'any time, any place, by any device'. Of course, we will use state-of-the-art information & communication technology to achieve this.

Spearhead: Knowledge management

Venturi 2010 is a philosophy that concerns the entire company. It is a long-term strategic proposition. Venturi 2010 is also a way to get more out of currently existing processes. In a nutshell, Venturi 2010 is about connecting our people.

A vital element of the Venturi 2010 project is securing the availability of knowledge in a focused, fast and reliable manner. Employees have individual needs and they use a variety of information sources in their day-to-day work. Sometimes they need information stored in formal systems, such as accounting systems or technical calculation systems. At other times they may seek advice from a colleague at the other end of the world. Alternatively, they may wish to tap from external sources. They also work from varying locations in the world. Today they may be at the head office, tomorrow their base may be in a remote location with a poor communication infrastructure.
This requires state-of-the-art information & communication technology. We will use the capabilities of portal technology, a web application that provides global, personalized and secure access to a variety of information sources and applications. We will link existing databases, systems and other information sources, and make these accessible through controlled user interfaces.

Another critical success factor is the quality of our knowledge management processes. This includes systems and methods to gather, store, develop and disseminate knowledge throughout the Boskalis organization. Besides using our existing databases and systems, we will further develop our document management protocols to warrant availability, quality and proper control over the life-cycle of documents in the organization. In addition, we will stimulate our staff worldwide to share knowledge and exchange expertise amongst themselves through intensified collaboration and use of communication channels.

'Any time, any place, by any device'
Tailor-made access to our intellectual capital

Members of the Supervisory Board

R.M.F. van Loon (1942), chairman
- date of first appointment: February 1, 2005, current term ends 2009
- former vice-president of Shell Chemicals Ltd.
- chairman of the Supervisory Board of Synbra Group B.V.
- member of the Supervisory Board of Koninklijke Vopak N.V.

H. Heemskerk (1943)
- date of first appointment: July 1, 2006, current term ends 2009
- chairman of the Executive Board of Rabobank Nederland
- member of the Supervisory Board of VADO Beheer B.V.
- member of the Board of Stichting Vereniging voor de Effectenhandel
- chairman of the Board of Geld- en Bankmuseum

M. Niggebrugge (1950)
- date of first appointment: August 30, 2006, current term ends 2009
- director of finance and member of the Executive Board of Nederlandse Spoorwegen N.V.
- chairman of the Supervisory Board of Strukton Groep N.V.
- member of the Executive Board of Vereniging VNO-NCW

M. van der Vorm (1958)
- date of first appointment: May 18, 1993, current term ends 2011
- chairman of the Executive Board of HAL Holding N.V.
- member of the Supervisory Board of Anthony Veder Group N.V. / Koninklijke Vopak N.V.

C. van Woudenberg (1948)
- date of first appointment: May 9, 2007, current term ends 2011
- former member of the Executive Committee of Air France-KLM
- chairman of the Board of the AWVN
- member of the daily and general Board of Vereniging VNO-NCW
- member of the Supervisory Board of DSM N.V., Flora Holland, Koninklijke Grolsch N.V., The Mercurius Group and Transavia Airlines B.V.

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

Secretary
S.P. van Woensel (1969)

The above information is valid as of March 18, 2008.

Report of the Supervisory Board on 2007

Financial statements for 2007

In accordance with Article 27 of the Articles of Association of Royal Boskalis Westminster nv, the Supervisory Board presents the annual report for 2007 to the Annual General Meeting of Shareholders. The annual report, including the financial statements, was drawn up by the Board of Management and audited by the company's external auditor KPMG Accountants N.V. The report of the auditor has been included on page 126 of this report.

We recommend to the Annual General Meeting of Shareholders:

- The adoption of the financial statements, including the proposed profit appropriation;
- The discharge of the members of the Board of Management in respect of their management activities during the year 2007;
- The discharge of the members of the Supervisory Board for their supervision of management during the year 2007; and
- The distribution to shareholders of a cash dividend of € 1.19 per share.

Composition of the Board of Management

The composition of the Board of Management changed in the year under review. The Supervisory Board discussed in great detail the issue of strengthening the Board of Management, which had consisted of two members since the retirement of Mr. Van Gelder. In view of the size and complexity of the company, the Supervisory Board was of the opinion that the Board of Management should be returned to three members.

Accordingly, the Supervisory Board appointed Mr. T.L. Baartmans to the Board of Management in the year under review, after the proposal had been approved by the Annual General Meeting of Shareholders on May 9, 2007.

Composition of the Supervisory Board

The composition of the Supervisory Board also changed during the year under review. The appointment of Mr. C. Van Woudenberg during the Annual General Meeting of Shareholders returned the Supervisory Board to five members. Mr. Van Woudenberg fits the profile of the Supervisory Board and a proposal to appoint him followed a recommendation by the Works Council.

During the General Meeting of Shareholders Mr. M. Van der Vorm was reappointed to the Supervisory Board. In view of the fact that Mr. Van der Vorm's appointment would have meant that he would have exceeded the maximum term allowed under the Corporate Governance Code, the General Meeting of Shareholders approved a proposal to reappoint Mr. Van der Vorm and deviate from the Code.

Activities of the Supervisory Board

The Supervisory Board engaged in a range of activities in the year under review. It had six meetings with the Board of Management, and permanent items on the agenda were the development of the results, as well as the balance sheet and industry and market developments. During the meetings the Board of Management also provided an update of the progress made on potential and existing larger projects. Other items discussed included the corporate budget, liquidity and continuity, acquisition and investment proposals, the organizational structure and the staffing policy. Special attention was paid to the company's policy on health, safety and the environment. The meetings also focused on corporate strategy while the main inherent risks involved in managing the company were also a regular topic of conversation. Further information on this can be found on pages 68-73 of this annual report. The use and application of the internal risk management and control systems was monitored regularly and discussed with the Supervisory Board. The external auditor was present when the annual and semi-annual results were discussed.

Special topics of discussion included the execution of the fleet expansion program, the composition of the Board of Management and Supervisory Board, the remuneration policy for the Board of Management, the 3:1 split in the nominal value of the ordinary shares in the capital of the company, and changes to the remuneration of the members of the Supervisory Board. These last two items were submitted to and approved by the General Meeting of Shareholders. To effectuate the split in the nominal value of the shares, the Articles of Association of the company were changed after shareholder approval was gained. During the year under review the performance of the external auditor was also thoroughly reviewed. In the opinion of the Supervisory Board, this review showed that the external auditor is performing its duties to the company's satisfaction and sufficiently independent of the company and its business.

As part of the introductory program for the new member of the Supervisory Board, an extensive working visit was organized to the Middle East. During the visit various projects and vessels were visited and the specifics of the company's activities were highlighted. The remaining part of the program will be completed in early 2008.

Various Supervisory Board members were also interested participants at consultative meetings of the Works Council.

The chairman of the Supervisory Board also consulted regularly with the chairman of the Board of Management and with other Supervisory Board members to discuss ongoing developments.

The Supervisory Board has instituted three core committees - the Audit Committee, the Remuneration Committee and the Selection and Appointment Committee. Their tasks were performed as follows.

Audit Committee

The Audit Committee met three times in the year under review to discuss items including the financial reporting for 2007, IFRS, risk management, financial accounting and internal control procedures and relevant legislation and regulations.

Other matters that received attention were the company's employee pension schemes and the IFRS rules governing these schemes. The performance of the external auditor was assessed in detail, mainly based on a report prepared specifically for this reason. The chairman of the Management Board and Chief Financial Officer were present at the meetings, along with the external auditor. During the year under review meetings were also held with the external auditor without representation from the Board of Management. Reports and findings of these meetings were presented to the entire Supervisory Board.

Remuneration Committee

The Remuneration Committee met twice and also had regular consultations outside the meetings. The report of the Remuneration Committee relating to the execution of the remuneration policy of the Management Board included proposals to the Supervisory Board to update the fixed annual salaries of the members of the Management Board as from January 1, 2007 and about the determination of the short-term and the long-term bonus over 2006.

It also determined the criteria for the short-term and the long-term bonus over 2007.

In accordance with the remuneration policy adopted by the 2006 General Meeting of Shareholders, remuneration for members of the Board of Management consists of a fixed salary, a variable salary and a pension plan. The amount and composition of the package is determined on the basis of the Dutch labor market and using information about a peer group of companies comparable to Boskalis in terms of size and complexity.

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

With respect to the long-term bonus, one element is aimed at creating added value (EVA), while the other element focuses on the realization of corporate policy. The Supervisory Board formulates a number of long-term targets which form the basis for a qualitative assessment. For this long-term bonus the ‘at target’ percentages are 50% and 45% for the chairman and the members of the Board of Management, respectively. These percentages can reach a maximum of 75% and 67.5%, respectively, in the event of excellent performance. Each year the long-term bonus is expressed as a conditional number of notional shares and after three years it is fixed and paid out in cash at the equivalent value applicable at that time. That means that the variable income of members of the Management Board depends in part on the Boskalis share price and is therefore linked to the value of the company.

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

The aim of the policy for employee benefits is to provide a package that is in line with the market.

Loans, advances or guarantees will not be provided to directors, and the explicit approval of the chairman of the Supervisory Board is required before any positions outside the company can be accepted.

An overview of the individual remuneration of the members of the Board of Management can be found on page 119 of the annual report. The variable payment awarded in 2007 relates to the 2006 financial year.

The members of the Supervisory Board have initiated steps to assess the remuneration policy, including the way it is set up. The recommendations made by the Corporate Governance Monitoring Committee at the end of 2007 on the remuneration of directors will be taken into consideration. An independent remuneration expert reporting directly to the Supervisory Board has been assisting with the assessment.

Selection and Appointment Committee

During the year under review the Selection and Appointment Committee met to discuss the selection and appointment of a new member of the Board of Management and the selection and proposal to appoint a new member of the Supervisory Board. The committee also assessed the size and composition of the Supervisory Board, taking into account the description of the board's profile.

The Dutch Corporate Governance Code

Since the introduction of the Dutch Corporate Governance Code (the 'Code') in 2004, the principles of good corporate governance and best practice provisions set out in the Code have been discussed regularly at Supervisory Board meetings. Information on the company's general corporate governance policy can be found in the special publication on the subject from the Board of Management and the Supervisory Board, which can be found on the Boskalis website. The Supervisory Board believes that this policy was implemented correctly in the year under review. The main points of this policy can be found on pages 66-73 of this annual report.

It is the assessment of the Supervisory Board that provisions of the Code regarding the independence of the members of the Supervisory Board have been met. The Supervisory Board considers Mr. M. van der Vorm to be a non-independent party in the interpretation of the Code.

The Supervisory Board discussed the performance of the Board of Management and its individual members without the board members present. The performance of the Supervisory Board and its individual members was also discussed.
The Supervisory Board extends its compliments to the company's employees and the Board of Management for the results achieved in 2007 and expresses its particular appreciation for the dedication and commitment shown by all.

Papendrecht/Sliedrecht, March 18, 2008

The Supervisory Board

R.M.F. van Loon, chairman

H. Heemskerk

M. Niggebrugge

M. van der Vorm

C. van Woudenberg

Members of the Audit Committee

M. Niggebrugge, chairman

R.M.F. van Loon

Members of the Remuneration Committee

C. van Woudenberg, chairman (with effect from June 1, 2007)

R.M.F. van Loon

Members of the Selection and Appointment Committee

R.M.F. van Loon, chairman

H. Heemskerk

M. van der Vorm

Members of the Board of Management

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

- chairman of the Board of Management since 2006
- member of the Board of Management since 1997
- chairman of the Supervisory Board of Amega Holding B.V. and N.V. Holding Nutsbedrijf Westland
- member of the Supervisory Board of TBI Holdings B.V.
- member of the Board of Stichting STC Group

T.L. Baartmans (1960)

- member of the Board of Management since 2007

J.H. Kamps, Chief Financial Officer (1959)

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

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

Secretary

S.P. van Woensel (1969)

The above information is valid as of March 18, 2008.

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

Report of the Board of Management on 2007

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

It is with pleasure that the Board of Management hereby presents you its report on the past year.

Positive market developments

The international dredging market has been growing at an unprecedented pace since 2005. Demand for maritime infrastructure is driven by long-term growth factors that are felt both globally and widely across our market segments.

This past year Boskalis' people and equipment were once again fully utilized. With this in mind as well as continued strong demand in the market with various longer term projects and many attractive smaller projects, we again had to be selective when deciding which projects to tender for. In doing so, we were careful to keep an eye on our wide geographical positioning, aimed at both existing markets and markets that have yet to be developed.

Our order book reflects both our ongoing policy of realizing a broad spread across our markets and our selective contracting policy. The order book is composed of various large projects that require a long-term basic utilization of the fleet, on the one hand, and many smaller projects that provide a good price/risk balance, on the other. This ensures the balanced development of our turnover and allows us to benefit fully from attractive opportunities in the market.

Financial performance

Highlights for 2007:

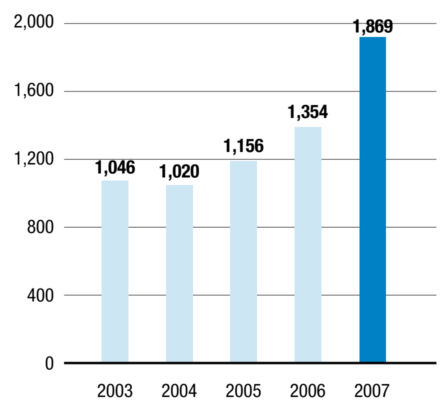
- Net profit € 204.4 million (+75%)
- Turnover € 1,869 million (+38%)
- Record order book € 3.6 billion (+40%)
- High fleet utilization, higher margins
- Earnings per share € 2.38, dividend per share € 1.19

Turnover

In the year under review, turnover amounted to € 1,869 million (2006: € 1,354 million). This 38% rise was spread widely across the segments:

- dredging and earthmoving (+39%)
- maritime infrastructure (+33%)
- maritime and terminal services (+21%).

Turnover
(x € 1 million)



Turnover by geographical area
(x € 1 million)

	2007	2006	2005	2004	2003
Netherlands	**240**	230	182	195	230
Rest of Europe	**340**	271	218	220	219
Australia / Asia	**224**	173	240	179	223
Middle East	**788**	402	248	223	113
Africa	**145**	120	129	99	106
North and South America	**132**	158	139	104	155
Total allocated	**1,869**	1,354	1,156	1,020	1,046

Turnover by segment
(x € 1 million)

	2007	2006	2005	2004	2003
Home markets in Europe	**445**	396	360	336	411
Home markets outside Europe	**55**	132	115	76	173
International projects ‘hit and run’	**942**	544	392	359	301
Specialist niche markets	**187**	98	93	88	91
Total dredging and earthmoving	**1,629**	1,170	960	859	976
Maritime infrastructure	**188**	141	159	133	70
Maritime and terminal services	**52**	43	37	28	—
Total	**1,869**	1,354	1,156	1,020	1,046

Dredging and earthmoving - Home markets (turnover € 500 million)

Turnover in the home markets equaled € 500 million (2006: € 528 million). In Europe, turnover rose on a wide front in the Netherlands, Scandinavia and the United Kingdom. Outside Europe, turnover was lower in Nigeria and Mexico, as well as in the United States, where we ended our cooperation with a local partner mid 2007.

The turnover achieved in large-scale international projects meant that the share of the home markets in overall turnover fell to 27% (2006: 39%).

The Boskalis home markets are:

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

Dredging and earthmoving - International projects market (turnover € 942 million)

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

Dredging and earthmoving - Specialist niche markets (turnover € 187 million)

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

Maritime infrastructure (turnover € 188 million)

Turnover from maritime infrastructure - mainly generated in the Middle East by our 40%-owned affiliate Achirodon - equaled € 188 million (2006: € 141 million). Archirodon focuses mainly on specialist projects that generate attractive margins.

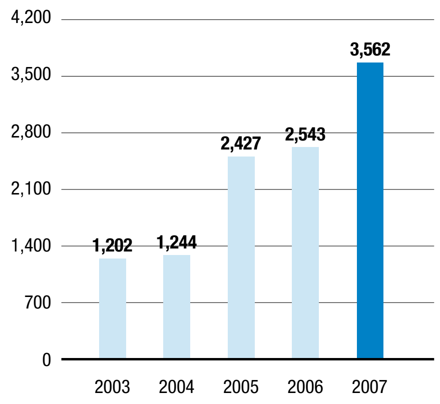
Maritime and terminal services (turnover € 52 million)

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

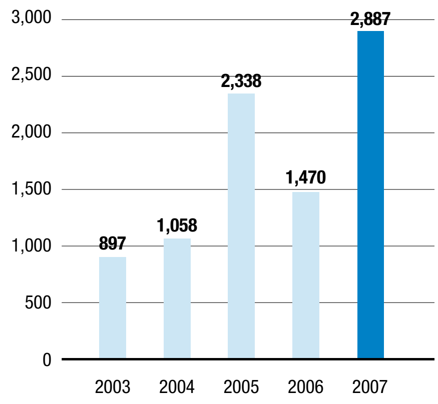
Order book

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

Order book
(x € 1 million)



Acquired orders
(x € 1 million)



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

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

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

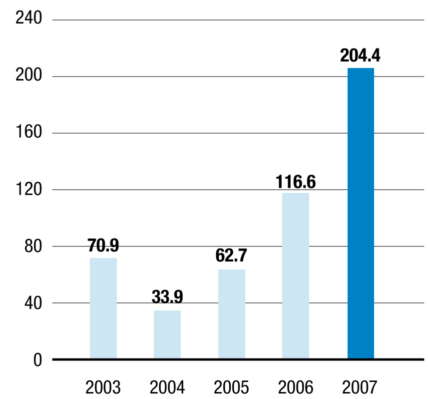
The order book includes an amount of € 231 million for land reclamation work that has yet to be carried out in Singapore (year end 2006: € 271 million). The timing of full resumption of this work is still uncertain due to the unclear sand supply situation.

Results

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

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

Net profit
(x € 1 million)



Results by segment
(in millions of euros)

	2007	2006
Dredging and earthmoving	**226.6**	135.2
Maritime infrastructure	**15.9**	11.7
Maritime and terminal services	**10.8**	9.6

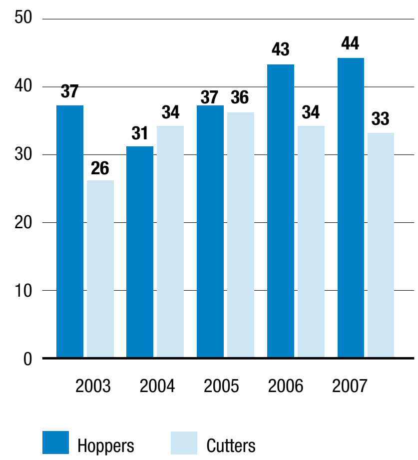
Dredging and earthmoving

The result in this segment rose to € 226.6 million (2006: € 135.2 million), with the rise mainly due to underlying growth in turnover and good operating margins. In addition, various attractive projects achieved above-average margins.

The sharp rise in turnover was achieved with a high rate of equipment utilization. The average utilization rate of the hopper fleet hit a historic high of 44 weeks on an annual basis (2006: 43 weeks). After a relatively weak first half of the year, utilization of the cutter fleet was strong in the second half, resulting in an average utilization rate of 33 weeks (2006: 34 weeks).

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

Fleet utilization
(in weeks per year)



Maritime infrastructure

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

Maritime and terminal services

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

Other

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

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

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

Capital expenditure and balance sheet

Net investments amounted to € 249 million. While this also included investment in small equipment and modifications for specific projects and general application, it mainly concerned the construction of the jumbo cutter Phoenix, the mid-section for the extension of the jumbo hopper Queen of the Netherlands,

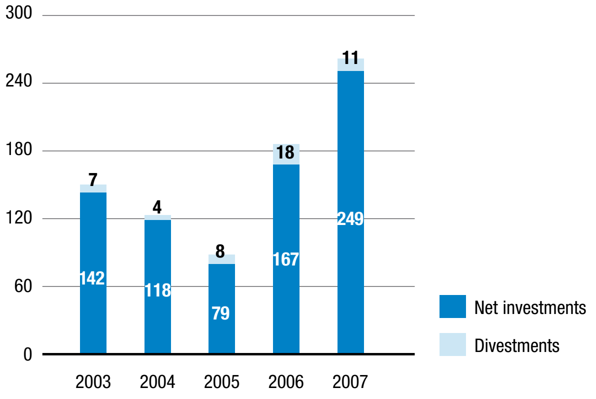
the construction of a number of new hoppers and the purchase of the backhoe Wodan. To take advantage of the strong market growth in the maritime and terminal services segment, Lamnalco executes an ambitious expansion plan and it invested again in several ships in 2007.
As a result of the further implementation of the long-term investment program, capital commitments rose to € 360 million as at December 31, 2007.

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

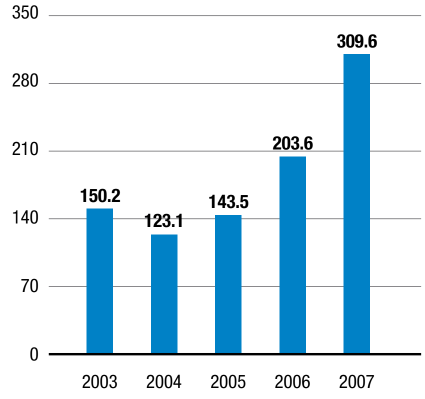
Despite the relatively high level of investment and the distribution of an amount of € 58 million as dividend for the 2006 financial year, the cash position rose to € 352 million (year end 2006: € 216 million) as a result of the sharp rise in cash flow and improved working capital position. In the year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

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

Investments
(x € 1 million)



Cash flow
(x € 1 million)



Post balance sheet events

In february 2008 Boskalis and the Saudi Rezayat Group, as shareholders of Lamnalco, issued a bid of US$ 300 million for the Terminals division of Smit Internationale nv. Smit has rejected this bid. The shareholders of Lamnalco remain convinced of the advantages of a merger of the mutual terminals businesses.

In March 2008 Boskalis reached agreement with all insurers on the compensation for the damage to the W.D. Fairway. The insurers have decided that there is a constructive total loss and they compensate Boskalis for a total amount of € 167 million of which € 40 million was already received in 2007. The financial settlement will lead to a positive result for Boskalis of approximately € 100 million before taxation, that will be recognized in the results in 2008.

Proposed profit appropriation

In accordance with the dividend policy, a proposal will be submitted to the Annual General Meeting of Shareholders on May 15, 2008 to appropriate the sum of € 102.2 million for a cash dividend payment of € 1.19 per share. The remaining amount of € 102.2 million will be added to the retained earnings reserve.

Policy and Operational Matters

Personnel & Organization

Boskalis aims to be a preferred employer in the international dredging industry, as we continue to focus on attracting, training and retaining the most talented people.
Our rapid growth, with demand for skilled personnel to work on projects all over the world, created a challenging recruitment environment in 2007. Strong economic growth in the Netherlands contributed to a scarcity of suitable personnel - particularly civil, mechanical and ship engineers - in our home country. Despite the tight labor market, we were able to support our strong growth in 2007 with the hiring of new employees across the organization. During the year, 220 new people joined Boskalis compared to 180 in 2006. During the year, we concentrated our personnel efforts on two key areas: Staff Development and Labor Market Strategy & Recruitment.

Staff Development

In 2007, we continued to pay particular attention to the development of future management. The increasing complexity of joint venture projects and contract arrangements demands the highest levels of professionalism. We are responding to this with training which emphasizes professional and personal development.

Boskalis Operational Development Program (BODP)

Launched at the end of 2006, the BODP is structured in two groups: the ‘advanced track’, designed to develop younger project managers with the potential to manage more complex projects in the future, and the ‘master track’ for more senior project managers looking to become project directors.
The program was highly successful in 2007, with two groups of employees going through the advanced track and one group taking the master track. In all, 40 employees enthusiastically participated in the course, which is highly practical and connected to Boskalis’ real-life operations. It is also flexibly structured to take account of people’s busy work schedules, organized into short and intensive modules which people can attend in the Netherlands or abroad.
BODP participants continue to take advantage of the e-learning tool, BODP Plaza. This features a knowledge forum in which participants can share knowledge, ask for help or pass on best practice in a digital learning environment. The BODP Plaza is one vital aspect of the far-reaching work undertaken in 2007 to improve knowledge management across our organization.

Boskalis Maritime Development Program (BMDP)

Building on this success, a new development program was devised in 2007, designed for captains and chief engineers working onboard ships in the Boskalis fleet. The two-year course is designed to teach not only enhanced technical skills, but also to improve leadership, communication and personal effectiveness. The BMDP will be implemented in 2008.

Enhanced training for foreign crew members

With more overseas crew members joining the company, Boskalis paid special attention during the year to providing them with training and education. In conjunction with the Shipping & Transport College of Rotterdam, Boskalis runs the International Dredging Academy (IDA), an extensive vocational program to ensure that international crew members are trained to the highest industry standards.

Labor Market Strategy and Recruitment

With new ships due to join the fleet in 2008, an overall global shortage of maritime officers and very large projects underway in Europe, the Middle East, Africa and Australia, a globalized recruitment strategy has never been more important.
To this end, Boskalis took an increasingly international approach to recruitment in 2007.

Building on the success of the IDA to train cadets from the Baltic States in the late 1990s – a strategy that has since seen over 200 being recruited from that region – Boskalis is now investigating repeating this approach in other countries where we can source new cadets.

We have also begun to explore how we could recruit more highly skilled operational personnel from abroad. To this end, a plan to hire more mechanical, electrical and civil engineers, as well as surveyors and financial support staff, from markets abroad is now being implemented using locally-placed recruitment agents.

In addition, we have begun to develop an international trainee program for international graduates in 2007, which will be introduced during 2008.

Our recruitment efforts were further coordinated during the year through extensive campus recruitments, sponsorships for student unions and business courses. Also, significant enhancements were made to the 'Working for Boskalis' section of the company's website and the implementation of a web-driven recruitment databasesystem. Information on training, job vacancies and professional development can be found here, as well as employee testimonials and case studies from all walks of the organization.

Workforce size

In 2007, the average size of the Boskalis workforce was 8,364; the figure at year end 2007 was 8,577 (compared to 8,151 at year end 2006). This increase is mainly caused by the growing demand for maritime infrastructure in the Middle East.

Spearhead: Staff development

'Boskalis is very involved in your progress'

'After I completed my course in Dredging Technology at the University of Applied Sciences in Groningen, I enrolled in Boskalis' Trainee Program. This one-year program allows trainees to participate in four projects. So far it's taken me to Trinidad and Tobago and Dubai, and I will be leaving for St. Petersburg soon. I have gained lots of experience and met new colleagues along the way. The project periods are alternated with technical courses, such as intercultural management and a technical dredging course that focuses on every single aspect of dredging techniques. Boskalis is very involved in your progress as a trainee and with that comes expectation. So the program and exams are quite tough. Thanks to my co-trainees and instructors

Ruurd van der Berg, trainee

I welcome the challenge to do my best and shine so that I am as prepared as I can be once I start working on Boskalis projects!'

Communications with the Works Council were intensive in 2007. The Works Council's active approach and the way in which it fulfills its duties are very much appreciated.

Quality Assurance, Health, Safety and the Environment

Health, safety and the environment is always at the top of our agenda, as we constantly strive to optimize both our management of operational safety and quality issues, and systems and policies to minimize the environmental impact of our activities.

Specific quality assurance, health, safety and environmental objectives at company, business unit and project level allow us to measure and improve our performance continuously in all of these areas.

Senior management is committed to achieving the highest safety standards throughout the organization, communicating a 'safety first' message through a wide variety of channels to everyone who works for us, and with us. We are committed to maintaining the highest level of safety awareness in the company.

Examples of our frequent communication on safety include specially themed information campaigns and monthly safety reviews by senior corporate management. At the operational level, project managers hold 'toolbox meetings' and senior managers personally conduct safety audits.

Market-leading certification

The company's commitment to the highest standards in Quality Assurance, Health, Safety and the Environment (QA/HSE) was reflected in 2007 when, in January, we achieved certification for the international environmental quality standard ISO 14001 and the occupational health and safety standard OHSAS 18001. These are milestone achievements, recognizing our successful implementation of sophisticated systems to manage both areas.
They give us a clear competitive advantage in the market place and provide a guarantee of quality for those clients which rely on us for some of the world's most critical projects.

Further developments in 2007

During the year, we carried out approximately 20 extensive internal and external audits on projects worldwide with regard to quality, health, safety and the environment.
In addition, with regard to the International Safety Management (ISM) certification, some 50 internal and external audits were carried out on our ships.

In 2007 a new version of the Q-Aid project management software was launched and distributed worldwide. Q-Aid 2007 covers all the phases of a project: tenders, planning, operations and evaluations. The software contains all the international requirements with regard to quality, health, safety and the environment, the associated procedures and extensive supporting information. The system is more accessible and easier to use and forms a state-of-the-art management tool to manage our business processes in a healthy, safe and environmental-friendly way.

Also during the year, we formed a specialist pool of internal QA/HSE experts, responding to increased demand for specialist advice on projects. The pool will be extended further in 2008.

Enhanced communication and training

To further increase safety awareness in the organization, extensive effort went into communications about safety. The company-wide quarterly 'Safety Matters' and several editions of 'Safety Newsflash' for fleet crews were published in 2007.
We invested in improving our safety training, with some 740 members of staff in managerial positions in the operational organization having now completed our safety awareness training program 'MANSafe', which we launched in the spring of 2005. During the year, we held around 45 safety courses around the world. By the end of 2008, we aim for at least 80% of our staff in managerial positions in the operational organization to have followed this program.

To ensure our high safety standards and procedures are being adhered to, and also to further improve awareness and performance, we also initiated more safety inspections by senior management during the year.

Furthermore, we set new QA/HSE targets at a corporate, business and project level. Progress is monitored by means of structural periodical reporting by senior management.

Recognition through awards

Individual safety performance forms an integral part of the remuneration policy at Boskalis. Once more the Board of Management gave the Annual Safety Award to an employee for the best idea for safety improvement.

In 2007 our operating company in the United Kingdom, Westminster Dredging Company, received two prestigious awards: the Gold Occupational Health and Safety Award from the Royal Society for the Prevention of Accidents and the British Safety Council Award from the British Safety Council. Both accolades acknowledge the efforts made by Westminster Dredging Company in the area of health, safety and the environment.

Lost-time Injury Frequency figure

Calculated as the number of lost-time injuries per one million working hours, Boskalis has managed to continuously decrease its accident rate over time. In 2007, Boskalis achieved a LTIF figure of approximately 6, compared to approximately 8 in 2006 and 14 in 2000. This represents a reduction in the accident rate of over 50% in seven years.

Equipment

High demand during 2007 for our services around the world saw the plant management team working hard to ensure that all equipment was available and in good working order, whenever and wherever required. Keeping the fleet available and reliable at all times was the principal focus, requiring careful planning and logistics. In addition, we progressed the implementation of our ambitious fleet expansion program.

The loss of mega hopper W.D. Fairway meant a 17% capacity reduction in our hopper fleet. We have secured an option to replace the W.D. Fairway with a new 40,000 m^3 megahopper by 2011.

Fleet expansion

In response to strong global demand, we continued to boost our equipment investment program during 2007, as part of our multi-year fleet expansion program.
This included the ordering of two new 12,000 m^3 trailing suction hopper dredgers, which will be completed in 2009 and 2010. These complement two 5,600 m^3 trailing suction hopper dredgers that were ordered in 2006 for delivery in 2008 and 2009.
During 2007, the company also ordered a third fallpipe vessel - a 21,500 ton vessel, due to come into service in 2011. Fallpipe vessels are deployed to position rocks for the protection and support of oil and gas pipelines on the seabed. The new ship will be capable of working at considerably larger depths than existing vessels in this sector. Boskalis already owns two similar ships, the Sandpiper and the Seahorse, with a capacity of 18,000 tons each.
At the end of the year, we took delivery of a new cutter suction dredger, the Phoenix – an upgraded and modernized replacement for the older vessel, the Oranje. In addition, work got underway to lengthen the jumbo hopper Queen of the Netherlands, expanding its capacity to 35.500 m^3. In the course of the year we purchased the large backhoe Wodan, two other backhoes and a few transportation barges from Bean Dredging, as well as a new multicat work vessel (designed to work alongside a cutter dredger).

Fleet Management

The Central Technical Department continues to focus on professionalization and optimization of the processes needed to guarantee that projects are supported with the right equipment, provided at the right time, and in good working order. To this end, the department is piloting a new way of working, called ‘Value Driven Maintenance’. This uses IT to analyze the critical indicators of equipment – such as predicting when spare parts will be required or when essential maintenance needs to be performed. In 2007, the processes and systems required to perform Value Driven Maintenance were built and tested and during 2008 it will be implemented on selected ships in the Boskalis fleet.

During 2007 we researched possibilities to contain and possibly reduce operational exhaust and waste on our ships.
For instance, we investigated how to reduce the grease consumption of our jumbo cutter Taurus. We achieved a considerable reduction with the installation of an innovative greasing system, which will be implemented on other cutter suction dredgers in our fleet starting 2008. In addition, we have introduced the use of biological grease.
Another example is our implementation of a global program to recycle cutter pick points, which are consumed during work in hard soil and rock. This recycling program will substantially reduce waste of used steel.

Purchasing & Logistics

During 2007 we made significant progress moving towards globalized sourcing of materials and spare parts. Ensuring that spare parts can be sourced from outside the Netherlands and Europe alone has become a priority, as we work to optimize our flexibility and responsiveness in the field. The central Boskalis IT system is being used to coordinate purchasing requirements and maintenance and provide a single view of where parts are available. This can be accessed by crews aboard vessels using the Maximo system.
Globalized sourcing has seen more materials – particularly steel and pipes - being acquired from China, India and the Middle East, resulting in lower prices and faster delivery times, without compromising on quality.

To help us move towards global sourcing, we began developing new logistics centers during 2007, to complement our principal center at our headquarters in Papendrecht. These are being developed in Mussafah in the Middle East and Batam in Indonesia.
Our logistics operation also continues to focus on the mobilization of ships, ensuring that vessels are available wherever in the world they are needed, often at short notice.

Research and Development

Technical innovation is at the core of Boskalis, as we seek ever more efficient and sustainable solutions for our dredging processes, and to build a competitive advantage.

During 2007, we continued to enhance our specially developed 'ripper' draghead design for dredging in rock, successfully using the technology in a large project at the Port of Salala in Oman. This technology, developed by us, allows a trailing suction hopper dredger to dredge rock that usually only a cutter suction dredger would be used for. The 'ripper' draghead can be used in more severe wave conditions than a stationary cutter dredger.
The technology will undergo further development in 2008 on a large project in the Port of Melbourne, where an area of soft rock needs to be dredged in the entrance of the bay. Severe environmental conditions in the area favor the use of the ripper head. The technology is further suited to projects such as this because hopper dredgers are maneuverable, and therefore represent less hindrance to passing port traffic.

During 2007, we also began a new project to explore how to control the grade of material going into the designated 'fill areas' that dredging contractors are required to contain material within. As fill areas require sufficient strength and bearing capacity for construction purposes, the grading of the fill material is essential. To control this more precisely, we are exploring methods which enable us to control the distribution of fine material in the fill area, such as a specially designed spray system that minimizes the erosion of previously applied layers.
Currently at prototype stage, the approach could be ideal for use in a project such as Port Khalifa in Abu Dhabi, where the precise approach to controlling material in the fill area has an added environmental dimension, due to the close proximity of one of the largest coral reefs in the Middle East.

2007 also saw substantial R&D work undertaken to help us calculate more precisely the forces required to operate our cutter dredgers, in terms of cutter drive and winch forces. This is highly relevant for our newbuilding plans for cutter dredgers, as it seeks to optimize the efficiency and performance of all components.
Further enhancing the performance of our cutter dredgers, we also continued to develop our prototype for a hollow cutter shaft, allowing a completely different cutter blade/suction nozzle configuration. This can considerably reduce the amount of spillages.

'Building with Nature' research program

Around the world, hydraulic engineering projects are assessed during the development phase for their environmental impact. For hydraulic engineering means working with the environment, and the environment must be cherished. It is often assumed that changes in the environment are negative and cause irreparable damage, but changes can also have a neutral or even positive and sustainable impact. All too often conclusions are drawn that are not sufficiently based on knowledge and facts, and the parties concerned become embroiled in slow and arduous negotiations due to a lack of knowledge and objective criteria. This can result unnecessarily in serious delays to infrastructural developments.

Boskalis has taken the initiative to pioneer an innovative research program entitled ‘Building with Nature’. The program is used to gain insight into the impact of hydraulic engineering projects on ecosystems. The findings will provide more certainty about the environmental impact of hydraulic engineering so that effective measures can be taken to avoid negative consequences.

The findings will be made available for the design and execution phase and for policy and decision-making. This will help to achieve a sound balance between ecological, economic and social sustainability. In the long run this should enable hydraulic projects to get off the ground more quickly.

The five-year research program is a collaboration between businesses (Boskalis, Van Oord, Shell, IHC and large engineering firms), the relevant Dutch government bodies (the Ministry of Transport, Public Works and Water Management; the ministry’s Civil Engineering Division; the Ministry of Agriculture, Nature and Food Quality, and the Ministry of Housing, Spatial Planning and the Environment), universities and knowledge institutions.

Information and communications technology (ICT)

We continue to leverage advances in our ICT systems and processes to boost efficiency and knowledge sharing throughout our global operations.

Significant progress was made during the year in executing the 2006-2010 Information Plan, with a strong emphasis being placed on Knowledge Management (see pages 39-41 in this annual report).

Spearhead: Knowledge management

‘Using today’s technology to our best advantage!’

Nicole van Vliet, plant manager

‘Knowledge management as a phenomenon is not new to Boskalis. For many years the information and experience gained during projects has been recorded in reports and systems using conventional technologies. The purpose is to transfer knowledge for new projects. Boskalis started setting up so-called knowledge centers early on. These were originally detailed archives full of corporate information - archives that were linked to the various knowledge sharing facilities that existed at the time. Information desks followed later, including the survey desk and the job preparation desk, and all have been aimed at sharing information. From the mailman, via the telex and fax machine, we have now arrived in the internet technology age - and we plan to take full advantage of it, too.’

The ICT department is using its expertise to bring this to life by developing an innovative infrastructure which makes the effective sharing of information at any place, any time, and on any device, possible.

This process has started with the development of 'Enterprise Portals' through which information specific to different stakeholders can be organized. The stakeholders can take a leading role in specifying requirements for their portal. Prototypes of the Project Management portal and Estimating & Tender portal are ready.

We are also streamlining and centralizing our global ICT activity through greater investment in mobile technology. This is being implemented to help our people working in the field access critical information when and where they need it, and to ensure a high level of responsiveness in time-critical projects.

The 'Circle' system, which centralizes information on equipment location, stock levels and charging information, adds to this high level of information sharing, allowing for faster decision making and servicing of clients' needs.

The sophistication of our use of technology in the field was further illustrated in 2007 by the installation of high-capacity data connections to support our operations.

These and a wide range of other activities saw ICT integrated more closely with the rest of the business during 2007, alongside an increasing emphasis on boosting efficiency and productivity by standardizing and centralizing information, systems and processes.

Prospects for the coming year

2008 is expected to be another year with high turnover and equipment utilization and healthy operating margins. It is not yet possible to make firm statements about the net result expected for 2008.

There will be a high level of investment activity, primarily focused on the accelerated expansion of hopper and cutter capacity to cater to growing market demand. The plans are part of the long-term program outlined in the section 'Fleet expansion program'.

In conclusion

2007 was truly a stellar year. Thanks to its employees Boskalis broke several records and the company is well positioned for the future. The Board of Management wishes to thank the employees for their dedication and enthusiasm in the past year and looks forward to the coming year with confidence.

Papendrecht/Sliedrecht, March 18, 2008

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

Spearhead: Staff development

In pursuit of our growth strategy, we have targeted the development of our staff as a spearhead activity. We are committed to recruiting the best people and developing them to their full potential. For them, so that Boskalis is a logical part of their personal growth. For Boskalis, in order to continue our leadership so intrically related to the capabilities of our staff.

Spearhead: Staff development

Our markets are full of work for the coming years. Projects are getting larger and their complexity increases both technically and contractually. More than ever we rely on the professionalism and entrepreneurial skills of our people and their commitment to bring success home.

Development of staff starts with their recruitment. Boskalis is a strong brand in the labor market, traditionally in Europe and increasingly overseas. International recruitment started many years ago and we pride ourselves in a truly multi-cultural workforce.

Working with Boskalis means individual personal development from day one. Our world is global and diverse and the variety of projects offers a continuous sequence of challenges and opportunities. Our people are trained to contribute their skills and assume responsibilities in their teams, often far away from home. In our business, training on the job is an essential key to professionalism. In addition, we provide a wide range of specialized programs developed in-house to support personal growth. Continuous learning is key and our staff follow tailor-made programs throughout their careers, focused on their own personal lines of development.

Careers in Boskalis are not set, they are developed. Employees follow their own path and Boskalis offers the room to blossom. Together, we frequently evaluate personal performance and preferences and monitor individual competence development. There is ample room for individual choices and we encourage our people to take the helm. After all, they are the backbone of Boskalis and we rely on them for future success.

'Careers in Boskalis are not set, they are developed'

Corporate Governance

Application at Boskalis

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

Our stakeholders are those groups and individuals that influence or are directly or indirectly influenced by our business operations, such as employees, shareholders and other financiers, suppliers, customers, governmental bodies, and the communities in which we operate.

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

Two-tier system

The Board of Management is responsible for the day-to-day management of the business and its long-term strategy. It is responsible for establishing the company's objectives, implementing its business practices and for its resulting performance.

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

Spearhead: Fleet Expansion Program

'A modern hopper is a floating factory'

'For a ship to function well, you need to be able to properly control all aspects of the individual processes. A modern hopper has more than 3,500 points that need measuring and controlling, which is comparable to the processing industry. In fact a modern hopper is a floating factory, albeit much more complex. Our systems have to be able to withstand vibrations and the impact of the sea, while the processes on our ships are also extremely diverse. We have hydraulic controls, we have to be able to regulate how fast the dredged material is pumped, we need to be able to position the ships dynamically - a wide array of different functions. That is what makes our world so interesting - from a variety point of view our business is as good as it gets. But remarkably, the dredging world has a reasonably low-profile image even though our ships and processes are in fact very high-tech.'

Jürgen König, head of Electronics and Instruments

The Supervisory Board is responsible for supervising management performance and advising the Board of Management. Its work is supported by three ‘core’ committees; the Audit Committee, the Remuneration Committee and the Selection and Appointment Committee. For a summary report of the committees’ activities in 2007 please refer to pages 44-46 of this report.

At least one General Meeting of Shareholders takes place every year during which its tasks include the approval of financial statements and the appointment and dismissal of Supervisory Board members. All material changes in Boskalis’ corporate governance structure are submitted to the General Meeting of Shareholders.

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

Compliance

Boskalis shares are listed and traded on Euronext Amsterdam N.V. Under Dutch law, Boskalis is considered a ‘large corporation’ and as such is subject to the rules and relevant legislation that are applicable to businesses of this size.

The Dutch Corporate Governance Code (the ‘Code’), that came into force on 1 January 2004, applies to Dutch companies listed on the stock exchange and comprises a code of conduct for governance best practice. This Code includes specific principles and best practice provisions, as well as guidelines for the adequate supervision of these.

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

As part to this commitment, Boskalis has produced a detailed Apply or Explain Report, as required by the Code, which indicates how the principles and best practice provisions are applied at Boskalis. This report is available on the Boskalis website and can also be obtained directly from the company.

In 2007 Boskalis applied all the principles contained in the Code and 91 of the 92 best practice provisions. The single deviation from the Code corresponds to best practice provision 111.2.1, which Boskalis has applied in the interests of the company and its stakeholders. A comprehensive explanation of Boskalis’ position on this matter is contained within the Apply or Explain Report.

Boskalis does not currently foresee any material changes in the corporate governance structure of the company in the near future.

Risk Management

Market and competition risks

The Boskalis markets are heterogeneous and often develop in different ways. In most cases, the (ultimate) clients are national, regional, and local governments, or associated institutions, and major international oil and gas companies. Our markets are generally driven by long-term economic factors, such as increases in the global population, the expansion of the global economy, and the growth of international trade and transport volumes, particularly on water. The long-term prospects for these factors are favorable.
In the shorter term, factors outside our control such as limited government budgets and major negative developments affecting exploration and exploitation activities in the markets for energy and other raw materials may have a negative impact on our markets, despite the long-term growth trends.
Boskalis aims to respond as well as possible to both positive and negative developments in individual market segments through a global spread of activities, an extensive, versatile, and internationally based fleet, and strong positions in the home markets. Moreover, the dredging industry is largely focused on the maintenance and development of infrastructure. This means that longer-term developments will generally be more important than short-term economic fluctuations. The Boskalis order book includes contracts only when agreement has been reached with the client. Although the possibility of cancellations or substantial reductions in the size of contracts is not completely excluded, our experience is that substantial reductions rarely occur.

Boskalis deals with large, internationally operating competitors, and with more regional or local competitors with activities restricted to one or several submarkets.
In most cases, projects are brought to the market using public or private tender procedures. Competition is mostly price-based. The dredging industry is a capital-intensive industry with high entry and exit barriers, particularly for companies operating in the international arena.
Prices are influenced considerably by the relation between the demand for dredging services and the available capacity or utilization of the equipment. Broad international spread of market positions, and equipment and cost leadership are therefore key success factors upon which Boskalis places a great deal of emphasis, in terms of investment strategy and as a critical focal point in operational management.

The solid financial position also provides a strong basis for absorption of risk.

Operational risks

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

Operating risks mainly involve soil and settlement conditions, variable weather or workability conditions, technical suitability of the equipment, wear and tear due to the processing of dredged materials, and damage to equipment and third-party property.
Boskalis focuses on controlling those risks, first of all by adopting a structured approach in the tender phase to identify risks and their possible consequences. Tenders are assigned to particular risk categories on the basis of size and risk profile. There are procedures for each risk category stating how the tenders should be processed, and the management level for the authorization and setting of the tender price and conditions. During preparations for the tender, and depending on the risk classification, we use resources such as soil investigations, easily accessible databases containing historical data, and adequate risk analysis techniques. The results of the risk analysis are then used as a factor in the determination of the cost price and/or selling price, and in the drafting of tender and/or contract conditions. When a contract is awarded, the updating of the risk analysis is part of the thorough project preparation process, resulting in concrete actions where necessary. In addition, there is a strong focus on staff training, schooling, and refresher courses, a certified quality and safety program, and optimal maintenance policies to keep equipment in good condition. Some risks are also insured if possible.

Risks related to price developments on the procurement side, such as increased wages, costs of materials, sub-contracting costs, fuel, etc., which are borne by Boskalis, are also taken into account in cost-price calculations. Wherever possible, especially on projects that extend over a long period of time, contracts include cost indexation clauses.
Contracts sometimes require fuel to be delivered by the client; from time to time, forward contracts or futures are arranged.

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

Financial risks

Boskalis is exposed to both operating and financial risks associated with project execution. The main financial risks are disruption by political developments, violence, etc., and the risk of non-payment by clients. Boskalis has a strict risk acceptance and hedging policy for political and payment risks. Unless first-class, creditworthy clients are involved, these risks are in principle covered by credit insurance, bank guarantees, advance payments, etc. Turnovers and profits are only accounted for when realization is sufficiently certain.
A large proportion of projects are not contracted in euros. Generally, positions in these other currencies are fully hedged as soon as they occur, usually with forward contracts.
The US dollar exchange rate in relation to the euro is particularly relevant. A large proportion of the projects are contracted in US dollars or in currencies that are linked, to a greater or lesser extent, to the US dollar.

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

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

Financial derivatives (forward contracts, options, interest rate swaps, futures, etc.) are not used unless there is an underlying real transaction.

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

Internal risk management and control systems

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

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

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

Risks with regard to financial reporting

Structure of financial reporting

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

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

Internal financial reporting – 'management reporting' – consists of extensive consolidated quarterly reports dealing with actual developments compared to quarterly (cumulative) budgets. Quarterly forecasts are also drawn up of the annual results, cash flows and balance sheet positions at the end of the financial year. The quarterly budgets are part of the annual group budget, which is set in December every year by the Supervisory Board and the Board of Management.

The internal financial reporting has a layered structure – in accordance with the internal allocation of management responsibilities – with consolidation taking place level by level, starting with the projects, moving on to the business units and ending with group consolidated reports.
Project managers are responsible for budgets, income statements and balance sheets for their projects,

Boskalis supports maritime talent

Boskalis sponsors 'Water Works' by sculptor Ruud Kuijer

Finding the perfect location at the place where land and water meet. Achieving the perfect mix of natural materials like water and sand. Making sure the mixture is poured just right. Obtaining the necessary permits. Staying in touch with the right people in the right places. Arranging transport by ship and truck. Getting the job done. Building Water Works.

The similarities between Boskalis and sculptor Ruud Kuijer are clear. And that is why Boskalis is proud to sponsor Kuijer's impressive set of concrete sculptures known as 'Water Works' along the Amsterdam-Rijnkanaal in Utrecht. Kuijer is a cultural entrepreneur, a man who gives his all to reach his goal. 'That was an important reason for Boskalis to decide to support my work,' he explains. 'That's exactly the mentality that Boskalis expects from its employees.' Boskalis' own staff and visitors will soon be able to get better acquainted with Kuijer's work: he is working on a monumental sculpture to be placed at head office this spring. For more information: www.ruudkuijer.nl

'Water Works' sculptures by Ruud Kuijer

which are drawn up in accordance with guidelines and instructions. In turn, business unit managers are responsible for the financial reports for their business units.

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

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

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

Statement about risks relating to financial reporting

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

Spearhead: Sustainable solutions

'Sustainable solutions: reduce grease emissions'

'We recently completed a successful pilot on our Taurus jumbo cutter dredger that was geared towards reducing grease emissions. The result is a strong mitigation of the environmental impact. We installed an advanced lubrication system that made it possible to optimize the flow of grease, and at the same time we started using biodegradable grease. We use the biodegradable grease on the parts of the Taurus that are most heavily laden. The fully biodegradable grease can be used in all ship systems. Following this successful pilot, the Central Technical Department is set to adopt this new and cleaner system on all Boskalis' cutter suction dredgers in 2008.'

Arie Kamsteeg, plant manager

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

- the risk management and control systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;
- it knows of no indications that the risk management and control systems did not work properly during the year under review;
- it knows of no indications that the risk management and control systems will not work properly during the year in progress.

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

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

The jumbo cutter dredger Taurus working in Dubai.


WESTMINSTER DREDGING
WESTMINSTER DREDGING

Financial statements 2007

Table of contents

Consolidated income statement		**78**
Consolidated statement of recognized income and expense		**79**
Consolidated balance sheet before profit appropriation		**80**
Consolidated statement of changes in equity		**81**
Consolidated statement of cash flows		**82**
Explanatory notes to the consolidated financial statements		**83**
1.	General	83
2.	Compliance with International Financial Reporting Standards (IFRS)	83
2.1	Compliance statement	83
2.2	New standards and interpretations not yet applicable	83
3.	Principles of financial reporting	84
3.1	Format and valuation	84
3.2	Consolidation	84
3.3	Foreign currencies	84
3.4	Hedging and financial instruments	84
3.5	Impairment	85
3.6	Intangible assets	85
3.7	Service Concession Arrangements	85
3.8	Property, plant and equipment	86
3.9	Financial fixed assets	86
3.10	Inventories	86
3.11	Work in progress	86
3.12	Trade and other receivables	86
3.13	Cash and cash equivalents	86
3.14	Interest-bearing loans and borrowings	87
3.15	Employee benefits	87
3.16	Provisions	87
3.17	Deferred income tax assets and liabilities	87
3.18	Trade and other payables	88
3.19	Revenue	88
3.20	Other income	88
3.21	Operational costs	88
3.22	Personnel expenses	88
3.23	Share-based payment transactions	88
3.24	Depreciation and amortization expense	88
3.25	Finance income and expenses	88
3.26	Share in result of associated companies	89
3.27	Taxation	89
3.28	Dividends	89
3.29	Consolidated statement of cash flows	89
3.30	Principles for information by segment	89
4.	Information by segment	90
4.1	Business segments	90
4.2	Geographic segments	91
5.	Other income	91
6.	Operational costs	91
7.	Personnel expenses	92
8.	Finance income and expenses	92
9.	Taxation	92

10.	Income tax receivable and payable	93
11.	Deferred income tax assets and liabilities	94
12.	Intangible assets	95
13.	Property, plant and equipment	96
14.	Associated companies	97
15.	Other financial fixed assets	98
16.	Inventories	98
17.	Work in progress	98
18.	Trade and other receivables	99
19.	Cash and cash equivalents	99
20.	Issued capital	99
21.	Share premium	99
22.	Legal reserve	99
23.	Hedging reserve	100
24.	Currency translation reserve	100
25.	Retained earnings	100
26.	Profit for the year	100
27.	Earnings per share	100
28.	Interest-bearing loans and borrowings	100
29.	Employee benefits	101
29.1	Defined benefit pension schemes	101
30.	Provisions	104
31.	Trade and other payables	105
32.	Financial instruments	105
32.1	Financial risk management	105
32.2	On-balance financial instruments and fair value	110
32.3	Capital management	112
32.4	Other financial instruments	112
33.	Commitments and contingent liabilities	113
34.	Subsequent events	114
35.	Related parties	114
35.1	Identity of related parties	114
35.2	Related party transactions	118
Company income statement		**120**
Company balance sheet before profit appropriation		**121**
Statement of changes in equity		**122**
Explanatory notes to the company financial statements		**123**
1.	General	123
2.	Principles of financial reporting	123
3.	Investment in group company	123
4.	Issued capital	123
5.	Share premium	124
6.	Other reserves	124
7.	Profit for the year	124
8.	Remuneration of members of the Board of Management and Supervisory Board	124
9.	Commitments and contingent liabilities	124
Other information		**125**

Consolidated income statement

(in € 1,000)	*Note*	**2007**	2006
Operation income			
Revenue	*[4]*	**1,868,529**	1,353,614
Other income	*[5]*	**8,512**	12,439
		1,877,041	1,366,053
Operating expenses			
Operational costs	*[6]*	**- 1,292,888**	- 913,559
Personnel expenses	*[7]*	**- 236,093**	- 215,651
Depreciation and amortization expense	*[13]*	**- 102,531**	- 86,582
		- 1,631,512	- 1,215,792
Operating result		**245,529**	150,261
Finance income and expenses			
Finance income	*[8]*	**4,552**	3,327
Finance expenses	*[8]*	**- 7,177**	- 4,012
		- 2,625	- 685
Share in result of associated companies	*[14]*	**7,490**	2,801
Profit before taxation		**250,394**	152,377
Taxation	*[9]*	**- 43,321**	- 35,319
Net group profit		**207,073**	117,058
Net profit attributable to:			
Shareholders		**204,376**	116,577
Minority interests		**2,697**	481
		207,073	117,058
Average number of shares	*[27]*	**85,799,361**	85,799,361
Earnings per share	*[27]*	**€ 2.38**	€ 1.36
Diluted earnings per share	*[27]*	**€ 2.38**	€ 1.36

Consolidated statement of recognized income and expense

(in € 1,000)	*Note*	**2007**	2006
Results recognized directly in group equity (after taxation)			
Currency translation differences on foreign operations	*[24]*	**- 12,296**	- 14,288
Actuarial gains and losses and asset limitation on defined benefit pension schemes	*[29.1]*	**- 1,896**	- 5,404
Movement in fair value of cash flow hedges	*[32.2]*	**18,073**	9,894
		3,881	- 9,798
Net group profit		**207,073**	117,058
Total recognized income and expense for the year		**210,954**	107,260
Total recognized income and expense for the year attributable to:			
Shareholders		**207,758**	107,245
Minority interests		**3,196**	15
		210,954	107,260

Consolidated balance sheet before profit appropriation

(in € 1,000)	*Note*	December 31 2007	2006
Assets			
Non-current assets			
Intangible assets *)	*[12]*	**3,536**	2,237
Property, plant and equipment	*[13]*	**857,427**	721,855
Investments in associated companies	*[14]*	**9,612**	10,106
Other financial fixed assets *)	*[15]*	**5,898**	7,532
Deferred income tax assets	*[11]*	**2,061**	3,080
		878,534	744,810
Current assets			
Inventories	*[16]*	**59,056**	52,748
Due from customers for work in progress	*[17]*	**204,372**	87,634
Trade and other receivables	*[18]*	**704,012**	482,290
Income tax receivable	*[10]*	**2,211**	664
Cash and cash equivalents	*[19]*	**351,923**	215,763
		1,321,574	839,099
Total assets		**2,200,108**	1,583,909
Group equity			
Shareholders' equity			
Issued capital	*[20]*	**68,639**	68,639
Share premium	*[21]*	**13,261**	13,261
Legal reserve	*[22]*	**97,204**	81,499
Hedging reserve	*[23]*	**36,269**	18,196
Currency translation reserve	*[24]*	**- 24,004**	- 11,209
Retained earnings	*[25]*	**372,305**	331,673
Profit for the year	*[26]*	**204,376**	116,577
		768,050	618,636
Minority interests		**8,686**	6,004
Total group equity		**776,736**	624,640
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	*[28]*	**59,384**	47,524
Employee benefits	*[29]*	**10,802**	10,914
Deferred income tax liabilities	*[11]*	**36,406**	56,262
Provisions	*[30]*	**6,054**	2,014
Other liabilities		**1,313**	1,393
		113,959	118,107
Current liabilities			
Trade and other payables	*[31]*	**883,363**	543,601
Due to customers for work in progress	*[17]*	**296,569**	223,611
Interest-bearing loans and borrowings	*[28]*	**27,697**	23,877
Income tax payable	*[10]*	**100,671**	49,278
Provisions	*[30]*	**1,113**	795
		1,309,413	841,162
Total liabilities		**1,423,372**	959,269
Total group equity and liabilities		**2,200,108**	1,583,909

*) 2006 adjusted for comparative purposes

Consolidated statement of changes in equity

(in € 1,000)	*Note*	Issued capital	Share premium	Legal reserve	Hedging reserve	Currency translation reserve	Retained earnings	Profit for the year	Total capital and reserves	Minority interest	Total group equity
Balance as at January 1, 2007		**68,639**	**13,261**	**81,499**	**18,196**	**- 11,209**	**331,673**	**116,577**	**618,636**	**6,004**	**624,640**
Profit appropriation 2006											
Cash dividend		**—**	**—**	**—**	**—**	**—**	**—**	**- 58,344**	**- 58,344**	**- 514**	**- 58,858**
Addition to retained earnings		**—**	**—**	**—**	**—**	**—**	**58,233**	**- 58,233**	**—**	**—**	**—**
		—	**—**	**—**	**—**	**—**	**58,233**	**- 116,577**	**- 58,344**	**- 514**	**- 58,858**
Movement legal reserve	*[22]*	**—**	**—**	**15,705**	**—**	**—**	**- 15,705**	**—**	**—**	**—**	**—**
Total recognized income and expense											
Net group profit		**—**	**—**	**—**	**—**	**—**	**—**	**204,376**	**204,376**	**2,697**	**207,073**
Currency translation differences		**—**	**—**	**—**	**—**	**- 12,795**	**—**	**—**	**- 12,795**	**499**	**- 12,296**
Actuarial gains and losses and asset limitation on defined benefit pension schemes	*[29.1]*	**—**	**—**	**—**	**—**	**—**	**- 1,896**	**—**	**- 1,896**	**—**	**- 1,896**
Movement in fair value of cash flow hedges	*[32.2]*	**—**	**—**	**—**	**18,073**	**—**	**—**	**—**	**18,073**	**—**	**18,073**
		—	**—**	**—**	**18,073**	**- 12,795**	**- 1,896**	**204,376**	**207,758**	**3,196**	**210,954**
Balance as at December 31, 2007		**68,639**	**13,261**	**97,204**	**36,269**	**- 24,004**	**372,305**	**204,376**	**768,050**	**8,686**	**776,736**

(in € 1,000)	*Note*	Issued capital	Share premium	Legal reserve	Hedging reserve	Currency translation reserve	Retained earnings	Profit for the year	Total capital and reserves	Minority interest	Total group equity
Balance as at January 1, 2006		68,639	13,473	63,469	8,302	2,613	323,608	62,747	542,851	6,265	549,116
Profit appropriation 2005											
Cash dividend		—	—	—	—	—	—	- 31,460	- 31,460	- 276	- 31,736
Adjustment prior years stock dividend distribution		—	- 212	—	—	—	212	—	—	—	—
Addition to retained earnings		—	—	—	—	—	31,287	- 31,287	—	—	—
		—	- 212	—	—	—	31,499	- 62,747	- 31,460	- 276	- 31,736
Movement legal reserve	*[22]*	—	—	18,030	—	—	- 18,030	—	—	—	—
Total recognized income and expense											
Net group profit		—	—	—	—	—	—	116,577	116,577	481	117,058
Currency translation differences		—	—	—	—	- 13,822	—	—	- 13,822	- 466	- 14,288
Actuarial gains and losses and asset limitation on defined benefit pension schemes	*[29.1]*	—	—	—	—	—	- 5,404	—	- 5,404	—	- 5,404
Movement in fair value of cash flow hedges	*[32.2]*	—	—	—	9,894	—	—	—	9,894	—	9,894
		—	—	—	9,894	- 13,822	- 5,404	116,577	107,245	15	107,260
Balance as at December 31, 2006		68,639	13,261	81,499	18,196	- 11,209	331,673	116,577	618,636	6,004	624,640

Consolidated statement of cash flows

(in € 1,000)	*Note*	**2007**	2006
Cash flows from operating activities			
Net group profit		**207,073**	117,058
Depreciation and amortization		**102,531**	86,582
Cash flow		**309,604**	203,640
Adjustments for:			
Finance income and expenses		**2,625**	685
Taxation		**43,321**	35,319
(Gain) / loss on disposal of property, plant and equipment		**- 8,664**	- 11,277
Movement other financial fixed assets *)		**1,634**	- 401
Movement non-current liabilities and provisions (including direct equity movements)		**5,667**	1,343
Movement in inventories		**- 12,568**	- 11,612
Movement trade and other receivables		**- 288,141**	- 160,774
Movement trade and other payables		**420,081**	114,064
Movement due to and due from customers for work in progress		**- 31,005**	21,076
Result associated companies		**- 7,490**	- 2,801
Cash generated from operations		**435,064**	189,262
Interest received		**4,552**	3,327
Interest paid		**- 7,177**	- 4,012
Income taxes paid		**- 15,819**	- 12,511
Net cash from operating activities		**416,620**	176,066
Net cash from investing activities			
Purchase of intangible assets and property, plant and equipment *)		**- 261,745**	- 182,724
Proceeds from disposal of property, plant and equipment		**19,681**	28,976
Net investment in associated companies		**694**	895
Dividends received		**6,175**	6,058
Net cash used in investing activities		**- 235,195**	- 146,795
Cash flows from financing activities			
Proceeds from loans		**33,956**	65,893
Repayment of loans		**- 10,159**	- 46,949
Dividends paid		**- 58,344**	- 31,460
Net cash used in financing activities		**- 34,547**	- 12,516
Net increase / decrease (-) in cash and cash equivalents		**146,878**	16,755
Cash and cash equivalents as at January 1	*[19]*	**215,763**	200,559
Bank overdrafts as at January 1	*[19]*	**- 9,686**	- 8,610
Net cash and cash equivalents as at January 1		**206,077**	191,949
Net increase / decrease (-) in cash and cash equivalents		**146,878**	16,755
Currency translation differences		**- 2,601**	- 2,627
Movement in net cash and cash equivalents		**144,277**	14,128
Cash and cash equivalents as at December 31	*[19]*	**351,923**	215,763
Bank overdrafts as at December 31	*[19]*	**- 1,569**	- 9,686
Net cash and cash equivalents as at December 31		**350,354**	206,077

*) 2006 adjusted for comparative purposes

Explanatory notes to the consolidated financial statements

1. General

Royal Boskalis Westminster nv operates in an international environment and has a leading position in the world market of dredging and related maritime services. The group's head office is located in Papendrecht, the Netherlands. Royal Boskalis Westminster nv is a public limited corporation that is listed on the Euronext Amsterdam stock exchange. During the reporting period the group (the company and its consolidated group companies) did not change significantly as a result of acquisitions or disposals.
The financial statements were prepared by the Board of Management and were discussed and released for publication in the meeting of the Supervisory Board and the Board of Management on March 18, 2008. The 2007 financial statements will be submitted for approval to the Annual General Meeting of Shareholders of May 15, 2008.

On May 21, 2007 Royal Boskalis Westminster nv effected a share split on a three-for-one basis (three new shares for one old share). This split is applicable to the ordinary shares as well as the cumulative protective preference shares. In the financial statements the split is considered to be effective as of January 1, 2006. Unless otherwise noted, all relevant per share data in the financial statements are adjusted for comparative purposes in accordance with the share split in 2007.

2. Compliance with International Financial Reporting Standards (IFRS)

2.1 Compliance statement

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

2.2 New standards and interpretations not yet applicable

The following new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2007 and have not been applied in preparing these consolidated financial statements:
IFRS 8 “Operating Segments” replaces IAS 14 and introduces the “management approach” to segment reporting. IFRS 8 becomes mandatory for the group's 2009 financial statements.
IFRIC 11 “IFRS 2 - Group and Treasury Share Transactions” requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments are obtained. IFRIC 11 will become mandatory for the group's 2008 financial statements.
IFRIC 13 “Customer Loyalty Programmes” addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers. IFRIC 13 becomes mandatory for the group's 2009 financial statements.
IFRIC 14 “IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction” clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on the impact of minimum funding requirements on such assets or might give rise to a liability. IFRIC 14 will become mandatory for the group's 2008 financial statements.
These changes are not expected to have any significant effect on shareholders' equity or result.

3. Principles of financial reporting

3.1 Format and valuation

The consolidated financial statements are drawn up in euros, the group's functional currency. The consolidated financial statements are based upon historical cost to the extent that IFRS does not prescribe another accounting method for specific items. Preparing financial statements in accordance with IFRS means that estimates and assumptions made by the management partly determine the recognized amounts under assets, liabilities, revenues and costs. The estimates and assumptions are mainly related to the measurement of property, plant and equipment (economic lifetime and impairment), results on completion of work in progress, pension liabilities and taxation. The estimates made and the related assumptions are based on management's experience and understanding and the development of external factors that can be considered reasonable under the given circumstances. Estimates and assumptions are subject to alterations as a result of changes to facts and understanding and may have different outcomes per reporting period. Any differences are recognized in the balance sheet or income statement, depending on the nature of the item. The actual results may deviate from results reported previously on the basis of estimates and assumptions. Unless stated otherwise, all amounts in the tables in these financial statements are stated in thousands of euros.

3.2 Consolidation

On the basis of existing control, group companies are included in the consolidation for 100%, taking into account any minority interests. Joint ventures – both strategic alliances and contractual project-driven construction consortiums – are included in the consolidation on a proportional basis in accordance with the share in joint control. Amounts receivable from and payable to project-driven construction consortiums are eliminated in the consolidation. Elimination differences as a result of imbalances between partners in current account relation with project-driven construction consortiums, for example timing differences in supply, are recognized in the consolidated balance sheet under other receivables or other payables. Shareholdings that are not eligible for consolidation based on control, but where there is significant influence on the financial and operating policy, are recognized under associated companies. Intragroup receivables and payables, transactions and unrealized results within the group and with associated companies and joint ventures are eliminated during consolidation.

3.3 Foreign currencies

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

3.4 Hedging and financial instruments

It is the policy of Royal Boskalis Westminster nv to use cash flow hedges to cover all operational currency risks that mainly relate to future cash flows from projects that are highly probable and that are denominated in currencies other than the euro. Fuel price risks and interest rate risks in future cash flows are hedged from time to time using specific derivatives. Hedge accounting is used for the majority of cash flow hedges. This means that movements in the market value of cash flow hedges not yet settled – including results realized on the "rolling forward" of existing hedges as a result of differences between the duration of the hedges concerned and the underlying cash flows – will be directly added or charged to the hedging reserve in group equity, taking taxation into account. If a cash flow hedge added or charged to the group equity either expires, is closed or is settled, or the hedge relation with the underlying cash flows can no longer be considered effective, the accumulated result will continue to be recognized in group equity as long as the underlying cash flow is still expected to take place. When the underlying cash flow actually takes place, the accumulated result is included directly in the income statement. Movements in the market value of cash flow hedges to which no hedge accounting is applied (ineffective cash flow hedges and the ineffective portion of effective cash flow hedges) are included in the income statement for the reporting period. Results from settled effective cash flow hedges and the movements in the market value of ineffective cash flow hedges are recognized in the related items within the operating result. The purchase or sale of financial instruments is generally recorded at transaction rate. Derivatives are stated at fair value.

3.5 Impairment

An assessment is made each reporting period to determine whether there is any indication of impairment of the assets of Royal Boskalis Westminster nv. This does not apply to assets resulting from inventory, work in progress, assets arising from employee benefits and assets that are classified as being held for sale. If there is any indication of impairment, an estimate is made of the realizable value of the asset concerned. This assessment is made annually. The difference between the results of this assessment and the relevant book value is charged as an impairment loss to the income statement and deducted from the book value. Indications of impairment of floating and other construction equipment are based on long-term expectations for the utilization of equipment or groups of interchangeable equipment. If there are indications of impairment, the realizable value is determined on the basis of the net realizable value or the present value of the estimated future cash flows for the remaining economic life of the equipment from the utilization of the equipment concerned or of the group of interchangeable equipment. The present value is calculated at a pre-tax discount rate that reflects the current expectation of the market rate of interest, while also taking into account specific asset-related risks that are not included in the estimated future cash flows. With the exception of goodwill, impairment losses previously charged to the income statement can be reversed if the estimate of the fair value gives cause to do so.

3.6 Intangible assets

Goodwill arises upon acquiring group companies, joint ventures and associated companies and is calculated as the difference between the acquisition price and the fair value of the assets and liabilities acquired, according to the accounting principles of Royal Boskalis Westminster nv. Goodwill and other intangible assets are capitalized net of accumulated amortization and accumulated impairment losses. Goodwill and intangible assets with an infinite lifetime are not systematically amortized. Negative goodwill that may arise upon acquisition is added directly to the income statement. Straight-line amortization is applied to other intangible assets with a limited economic lifetime.

3.7 Service Concession Arrangements

Service concession arrangements within the scope of IFRIC 12 are accounted for according to the provisions of this IFRIC interpretation. Under the provisions of IFRIC 12:

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

Under both the financial asset and the intangible asset models, the operator accounts for revenue and cost relating to construction (or upgrade) services in accordance with IAS 11 ‘Construction Contracts’. Borrowing costs attributable to the construction of the concession assets are capitalized during the construction period in accordance with IFRIC 12 and IAS 23 ‘Borrowing Costs’ to the extent that they correspond to an intangible asset, while borrowing costs relating to a financial asset are expensed in the income statement.

Financial assets relating to the concession are accounted for in accordance with IAS 39 as loans or receivables and are presented at amortized cost using the effective interest rate method (the interest rate implicit in the arrangement).

3.8 Property, plant and equipment

Property, plant and equipment are recognized at cost price less accumulated depreciation and accumulated impairment losses. The cost price is calculated from the purchase price and/or the internally generated direct expenses. Depreciation of components in the initial cost price is based on the remaining economic lifetime, taking into account any residual value. Modifications and investments to increase capacity are also capitalized at cost price and depreciated on a straight-line basis over the remaining economic lifetime of the asset. Buildings are depreciated over periods varying from ten to fifty years. The depreciation periods for most floating and other construction equipment vary from fifteen to eighteen years. Furnitures and fittings and other fixed operating assets have depreciation periods between three and ten years.
The wear and tear of dredging equipment is highly dependent on project-specific combinations of soil conditions, material to be processed, maritime circumstances, and the intensity of the deployment of the equipment (factors that are difficult to predict). Due to these erratic and time-independent patterns, the maintenance and repair expenses for upkeep of the assets are predominantly charged to the income statement. In exceptional cases the maintenance and repair expenses are eligible for capitalization and straight-line depreciation.

3.9 Financial fixed assets

Associated companies in which the group has a significant influence on the financial and operating policy are accounted for using the equity method, adjusted for differences with the accounting principles of the group, less any accumulated impairment. The other financial fixed assets are mainly held on a long-term basis and/or until maturity and are carried at amortized cost. Accumulated impairment losses are deducted from the book value.

3.10 Inventories

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

3.11 Work in progress

Work in progress is valued at the cost price of the work done, plus a part of the expected results upon completion of the project in proportion to the progress made and less progress billings, advances and provisions. Provisions are recognized for expected losses on work in progress as soon as they are foreseen, and deducted from the cost price; if necessary, any profits already recognized are reversed. The cost price includes direct project costs, consisting of direct payroll costs, materials, costs of subcontracted work, other direct costs and rental charges, and maintenance costs for the equipment used. The progress of a project is determined on the basis of the cost of the work done in relation to the expected cost price of the project as a whole. Profits are not recognized unless a reliable estimate can be made of the result on completion of the project. The balance of the value of work in progress, progress billings and advance payments is determined per project. For projects where the progress billings and advance payments exceed the value of work in progress, the balance is recognized under current liabilities instead of under current assets. The respective balance sheet items are “due from customers for work in progress” and “due to customers for work in progress”.

3.12 Trade and other receivables

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

3.13 Cash and cash equivalents

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

3.14 Interest-bearing loans and borrowings

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

3.15 Employee benefits

Defined contribution pension schemes

A defined contribution pension scheme is a post-employment benefit scheme under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension schemes are recognized as an employee benefit expense as part of the personnel expenses in the income statement when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payment is available.

Defined benefit pension schemes

A defined benefit pension scheme is every post-employment benefit scheme other than a defined contribution scheme. For each separate defined benefit pension scheme, the net asset or liability is determined as the balance of the discounted value of the future payments to employees and former employees, less the fair value of plan assets. The calculations are done by qualified actuaries using the projected unit credit method. The discount rate equals the yield on high quality corporate bonds as at the balance sheet date, with the period to maturity of the bonds approximating the duration of the liability. If this calculation results in a receivable for the group, this amount will only be recognized if there is a reasonable expectation that it is realizable under the applicable agreements. Actuarial gains and losses are added or charged directly to retained earnings in group equity, including any movements in limitations on the net plan assets. Past service costs are charged to the income statement on a straight-line basis over the average period until the benefits become vested, insofar as the benefits are not granted unconditionally.

Other long-term employee benefits

The group's net obligation in respect of long-term employee 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 other employee benefits consist mainly of jubilee benefits. The calculation of these liabilities is based upon the actuarial assumptions for the predominant defined benefit scheme.

3.16 Provisions

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

3.17 Deferred income tax assets and liabilities

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

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

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

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

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

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

3.23 Share-based payment transactions
Members of the Board of Management are granted conditional share appreciation rights. This conditional awarding of share appreciation rights is linked to meeting the long-term (three years) performance criteria as explained under ‘Remuneration of the Board of Management’ in the report of the Supervisory Board. The fair value is determined on the date of awarding and at each reporting date. The share appreciation rights are settled in cash after the three year period. The amount recognized as an expense is adjusted to reflect the actual number of shares that vest based on the realization of the performance criteria after the three year period.

3.24 Depreciation and amortization expense
Depreciation and amortization expense comprises the depreciation on property, plant and equipment and the amortization of other capitalized costs and intangible assets.

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

3.26 Share in result of associated companies

Share in result of associated companies comprises the share in the results after taxation of the participating interests not included in the consolidation.

3.27 Taxation

Taxation is calculated on the basis of the result before taxation for the reporting period, taking into account the applicable tax provisions and tax rates, and also includes adjustments on taxation from previous reporting periods and movements in deferred taxes recognized in the reporting period. Taxation is included in the income statement unless it relates to items directly recognized in equity, in which case taxation is included in equity. Temporary differences are accounted for in deferred tax assets and/or deferred tax liabilities. Deferred tax assets are only recognized to the extent that it is probable that taxable profit will be available for realization in the future. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.28 Dividends

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

3.29 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 (excluding the current portion of loans) as presented in the explanatory notes to the cash and cash equivalents and the 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 cash flow from operating activities. Dividends paid to shareholders and holders of minority interests are recognized in the cash flow from financing activities.

3.30 Principles for information by segment

In addition to dredging and earthmoving activities, which are managed as a single activity, the group also carries out activities through strategic alliances. On the basis of joint control with the alliance partners, these activities are managed directly by the Board of Management and are therefore classified as separate segments of the company. This approach is also based on the specific management structures and reporting within these segments of the company. The following classification into business segments is therefore used as the primary segmentation format:

- Dredging and earthmoving;
- Maritime infrastructure (particularly Archirodon);
- Maritime and terminal services (particularly Lamnalco).

The geographic structure is used as a secondary segmentation format. The internal management structures and reporting of each of the aforementioned business segments are also organized in this way. The project-based nature of the activities results in the assets of the business segments being deployed worldwide during the reporting period, and segmentation by region of assets and investments in fixed assets would therefore be arbitrary and would not provide any relevant information.

4. Information by segment

4.1 Business segments

2007	Dredging and earthmoving	Maritime infrastructure	Maritime and terminal services	Group
Revenue	**1,628,812**	**187,457**	**52,260**	**1,868,529**
Segment result	**226,587**	**15,937**	**10,843**	**253,367**
Non-allocated group costs				**- 7,838**
Operating result				**245,529**
Result associated companies	**6,067**	**—**	**1,423**	**7,490**
Non-allocated interest				**- 2,625**
Non-allocated taxes				**- 43,321**
Net group profit				**207,073**
Segment assets	**1,871,287**	**203,960**	**110,977**	**2,186,224**
Investments in associated companies	**6,551**	**—**	**3,061**	**9,612**
Non-allocated assets				**4,272**
Total assets				**2,200,108**
Segment liabilities	**1,086,544**	**95,391**	**17,279**	**1,199,214**
Non-allocated liabilities				**224,158**
Total liabilities				**1,423,372**
Investments in property, plant and equipment	**224,219**	**10,533**	**25,463**	**260,215**
Depreciation	**87,834**	**9,948**	**4,749**	**102,531**

2006	Dredging and earthmoving	Maritime infrastructure	Maritime and terminal services	Group
Revenue	1,170,417	140,619	42,578	1,353,614
Segment result	135,170	11,745	9,563	156,478
Non-allocated group costs				- 6,217
Operating result				150,261
Result associated companies	604	—	2,197	2,801
Non-allocated interest				- 685
Non-allocated taxes				- 35,319
Net group profit				117,058
Segment assets	1,328,184	148,618	93,257	1,570,059
Investments in associated companies	6,471	—	3,635	10,106
Non-allocated assets				3,744
Total assets				1,583,909
Segment liabilities	711,061	57,964	13,303	782,328
Non-allocated liabilities				176,941
Total liabilities				959,269
Investments in property, plant and equipment	143,439	18,484	23,038	184,961
Depreciation	74,223	8,001	4,358	86,582

The revenue of the segments Dredging and earthmoving and Maritime infrastructure mainly comprise revenues from work in progress. Movements in the value of work in progress, consisting of cost price, recognized results and the provision for future losses, together with the work done and completed during the reporting period, determine the revenue for these segments. If certain projects are executed together in a joint venture, the segments only report their own share in the revenue and results recognized, resulting in no material related party transactions that need to be eliminated.

4.2 Geographic segments

	Revenue		Total assets		Capital expenditure	
	2007	2006	**2007**	2006	**2007**	2006
Netherlands	**239,928**	229,647				
Rest of Europe	**340,324**	270,384				
Australia / Asia	**224,156**	173,253				
Middle East	**787,401**	401,677				
Africa	**145,301**	120,306				
North and South America	**131,419**	158,347				
Total allocated	**1,868,529**	1,353,614				
Intangible assets			**3,536**	2,237	**1,530**	2,237
Property, plant and equipment			**857,427**	721,855	**260,215**	184,961
Associated companies			**9,612**	10,106	**3**	6
Other unallocated			**1,329,533**	849,711	**—**	—
Group	**1,868,529**	1,353,614	**2,200,108**	1,583,909	**261,748**	187,204

The property, plant and equipment consist mainly of equipment that is deployed worldwide on a project basis, and cannot be allocated entirely to various geographic segments.

5. Other income

The other income includes book results and currency translation results on transactions in foreign currency. The book results mainly comprise the insurance results and the book profits on the disposal of several items of small equipment. The other income can be specified as follows:

	2007	2006
Gain on disposal of property, plant and equipment	**8,664**	11,277
Currency translation differences on transactions in foreign currency	**- 152**	1,162
	8,512	12,439

6. Operational costs

Because the internal management and reporting structure within the group is mainly project-oriented on the basis of activities/sub-activities, neither a breakdown of operational costs in different cost categories nor a complete registration, aggregation and reporting for all cost categories throughout the group provide any additional insight in the performance and operations of the business.

Operational costs include operational lease expenses amounting to € 7.5 million (2006: € 6.8 million).

7. Personnel expenses

	2007	2006
Wages and salaries	**- 197,348**	- 185,101
Social security costs	**- 21,872**	- 19,999
Pension costs for defined benefit pension schemes	**- 6,247**	- 3,274
Pension costs for defined contribution pension schemes	**- 10,626**	- 7,277
	- 236,093	- 215,651

8. Finance income and expenses

	2007	2006
Interest income on short-term bank deposits	**4,552**	3,327
Finance income	**4,552**	3,327
Interest expenses on financial liabilities	**- 7,177**	- 4,012
Finance expenses	**- 7,177**	- 4,012
Net finance expense recognized in consolidated income statement	**- 2,625**	- 685

9. Taxation

	2007	2006
Current tax expense		
Current year	**- 52,197**	- 25,388
Over / under(-) provided in prior years	**- 16,432**	3,182
Reclassification from current to deferred tax liabilities	**821**	—
	- 67,808	- 22,206
Deferred tax expense		
Origination and reversal of temporary differences	**- 5,446**	- 4,632
Reduction in tax rate	**—**	5,298
Reclassification / utilization deferred tax liabilities previous years	**19,648**	—
Benefit or charge from recognized tax losses carried forward	**- 131**	- 1,215
Origination and reversal of fiscal reserves and foreign branch results	**10,416**	- 12,564
	24,487	- 13,113
Taxation in the consolidated income statement	**- 43,321**	- 35,319

Due to changes in Dutch corporate income tax regulations and the finalization of the foreign tax computation for a number of older years, a reclassification amounting to € 19.6 million was recorded in 2007 from deferred income tax liabilities in non-current liabilities to income tax payable in current liabilities. In the deferred tax expense, this reclassification is included in the item “reclassification / utilization deferred tax liabilities previous years”.

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

	2007	2006
Deferred tax for:		
Actuarial gains and losses and asset limitation on defined benefit pension schemes	**1,035**	- 196
Employee benefits	**- 1,112**	—
Change in fair value of effective cash flow hedges	**- 5,470**	- 2,435
	- 5,547	- 2,631

The operational activities of Royal Boskalis Westminster nv are subject to various tax regimes with tax rates varying from 0% to 55% (2006: 10% to 55%). These different tax rates, together with fiscal facilities in various countries and the treatment of tax losses, results not subject to taxation and non-deductible costs, lead to an effective tax rate in the reporting period of 17.3% (2006: 23.2%). The changing geographic spread of activities affects the weighted effective tax rate as a consequence of the application of different local nominal tax rates. The average effective tax rate is calculated as the taxation charge divided by the profit before taxation, as shown in the consolidated income statement. The reconciliation between the Dutch nominal tax rate and the effective tax rate is as follows:

	2007	2006
Domestic tax rate in the Netherlands	**25.5%**	29.6%
Application of local nominal tax rates	**- 1.8%**	- 4.7%
Non-deductible expenses	**0.4%**	0.3%
Unrecognized tax losses	**2.6%**	7.6%
Effect of tax losses utilized	**- 3.5%**	- 1.4%
Special taxation regimes	**- 5.9%**	- 8.2%
Effective tax rate	**17.3%**	23.2%

10. Income tax receivable and payable

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

11. Deferred income tax assets and liabilities

	As at January 1, 2007		Movement in temporary differences during the year			As at December 31, 2007	
	Asset	Liability	Charged (-) / added to net profit	Charged to equity	Currency translation differences	Asset	Liability
Property, plant and equipment	5,540	- 18,584	10,164	—	32	491	- 3,339
Work in progress	305	- 6,411	5,420	—	22	306	- 970
Trade and other receivables	335	—	- 152	—	- 3	180	—
Hedging reserve	—	- 4,643	1,005	- 5,470	—	—	- 9,108
Actuarial gains and losses and asset limitation on defined benefit pension schemes	4,157	—	—	1,035	—	5,192	—
Employee benefits	347	- 3,812	79	- 1,112	—	764	- 5,262
Provisions	84	—	59	—	- 6	359	- 222
Trade and other payables	2,295	—	- 2,295	—	—	—	—
Other assets and liabilities	- 426	779	- 78	—	- 94	721	- 540
Fiscal reserves	—	- 5,358	5,358	—	—	—	—
Foreign branch results	—	- 29,091	5,058	—	—	—	- 24,033
Tax losses carried forward	1,301	—	- 131	—	- 54	1,116	—
	13,938	- 67,120	24,487	- 5,547	- 103	9,129	- 43,474
Offsetting deferred tax assets and liabilities	- 10,858	10,858				- 7,068	7,068
Net in the consolidated balance sheet	3,080	- 56,262				2,061	- 36,406

	As at January 1, 2006		Movement in temporary differences during the year			As at December 31, 2006	
	Asset	Liability	Charged (-) / added to net profit	Charged to equity	Currency translation differences	Asset	Liability
Property, plant and equipment	15,103	- 23,205	- 4,856	—	- 86	5,540	- 18,584
Work in progress	138	- 8,129	1,939	—	- 54	305	- 6,411
Trade and other receivables	399	- 266	202	—	—	335	—
Hedging reserve	—	- 2,208	—	- 2,435	—	—	- 4,643
Actuarial gains and losses and asset limitation on defined benefit pension schemes	3,812	541	—	- 196	—	4,157	—
Employee benefits	—	- 3,812	347	—	—	347	- 3,812
Provisions	65	—	19	—	—	84	—
Trade and other payables	5,387	—	- 3,092	—	—	2,295	—
Other assets and liabilities	409	- 566	509	—	1	- 426	779
Fiscal reserves	—	- 3,552	- 1,806	—	—	—	- 5,358
Foreign branch results	7,628	- 31,559	- 5,160	—	—	—	- 29,091
Tax losses carried forward	2,516	—	- 1,215			1,301	—
	35,457	- 72,756	- 13,113	- 2,631	- 139	13,938	- 67,120
Offsetting deferred tax assets and liabilities	- 31,012	31,012				- 10,858	10,858
Net in the consolidated balance sheet	4,445	- 41,744				3,080	- 56,262

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

Unrecognized deferred income tax assets

Unrecognized deferred tax assets regarding tax losses carried forward of group companies amount to € 52.1 million (2006: € 63.7 million), of which € 0.5 million (2006: € 0.5 million) expires within one year, € 12.9 million (2006: € 20.4 million) in between one and five years, and € 38.7 million (2006: € 42.8 million) after more than five years. These deferred tax assets are not recognized in the balance sheet as long as recovery through taxable profit or deductible temporary differences before expiration is not probable.

12. Intangible assets

In late 2006 Thermaiki Odos SA, a jointly controlled entity, in which Archirodon Group NV participates for 50%, was awarded the Build-Finance-Operate-Transfer (BFOT) contract for the Thessaloniki Submerged Tunnel (TST).

The duration of the concession period is 30 years of which the construction period is 48 months. Total project capital expenditure is estimated to be € 406 million (100% figures). Thermaiki Odos SA has entered into an Operation and Maintenance Agreement with Thermaikes Diadromes SA, in which Archirodon Group NV has a 50% shareholding, and which undertakes the operation and maintenance of the project from completion of construction to the end of the concession period, as a sub-contractor.

	2007	2006
Balance as at January 1		
Cost	2,237	—
Accumulated depreciation	—	—
Carrying amount	2,237	—
Movements		
Additions	1,530	2,237
Currency translation differences	- 231	—
	1,299	2,237
Balance as at December 31		
Cost	3,536	2,237
Accumulated depreciation	—	—
Carrying amount	3,536	2,237

In connection with the accounting for the concession, Royal Boskalis Westminster nv has early adopted IFRIC 12 'Service Concession Arrangements' from January 1, 2007. In accordance with the concession contractual arrangement, Thermaiki Odos SA will be paid for the construction services partly by a state contribution and partly by the license to charge users during the concession period. Accordingly, and based on the provisions of IFRIC 12, the group accounts for the first part of the consideration (state contribution) through the recognition of a financial asset, while the second part of the consideration is accounted for as an intangible asset. On the basis of the above the group has recognized an intangible asset the cumulative balance of which was € 3.5 million as at December 31, 2007, while a financial asset of € 0.8 million has been recognized in respect of the concession, which is included in Other receivables and prepayments (note 18) as of the above date.

The amortization of the intangible and financial asset will commence upon the completion of the construction and will last till the end of the concession arrangement agreement.

13. Property, plant and equipment

	Land and buildings	Floating and other construction equipment	Other fixed assets	Tangible fixed assets under construction	Total
Balance as at January 1, 2007					
Cost	**60,894**	**1,458,919**	**42,725**	**79,018**	**1,641,556**
Accumulated depreciation	**- 28,987**	**- 859,360**	**- 31,354**	**—**	**- 919,701**
Carrying amount	**31,907**	**599,559**	**11,371**	**79,018**	**721,855**
Movements					
Additions	**222**	**68,577**	**18,806**	**172,610**	**260,215**
Disposals	**—**	**- 10,858**	**- 159**	**—**	**- 11,017**
Put into operation	**7,683**	**101,349**	**5,352**	**- 114,384**	**—**
Depreciation	**- 1,514**	**- 86,684**	**- 14,333**	**—**	**- 102,531**
Other movements	**257**	**1,487**	**- 335**	**- 311**	**1,098**
Currency translation differences	**- 205**	**- 8,911**	**- 266**	**- 2,811**	**- 12,193**
	6,443	**64,960**	**9,065**	**55,104**	**135,572**
Balance as at December 31, 2007					
Cost	**64,048**	**1,559,188**	**59,660**	**134,122**	**1,817,018**
Accumulated depreciation	**- 25,698**	**- 894,669**	**- 39,224**	**—**	**- 959,591**
Carrying amount	**38,350**	**664,519**	**20,436**	**134,122**	**857,427**

	Land and buildings	Floating and other construction equipment	Other fixed assets	Tangible fixed assets under construction	Total
Balance as at January 1, 2006					
Cost	64,584	1,394,282	30,988	14,832	1,504,686
Accumulated depreciation	- 33,457	- 793,481	- 24,484	—	- 851,422
Carrying amount	31,127	600,801	6,504	14,832	653,264
Movements					
Additions	1,721	89,595	8,554	85,091	184,961
Disposals	—	- 16,644	- 1,055	—	- 17,699
Put into operation	642	18,284	1,119	- 20,045	—
Depreciation	- 1,346	- 81,400	- 3,836	—	- 86,582
Other movements	- 127	- 1,485	218	- 97	- 1,491
Currency translation differences	- 110	- 9,592	- 133	- 763	- 10,598
	780	- 1,242	4,867	64,186	68,591
Balance as at December 31, 2006					
Cost	60,894	1,458,919	42,725	79,018	1,641,556
Accumulated depreciation	- 28,987	- 859,360	- 31,354	—	- 919,701
Carrying amount	31,907	599,559	11,371	79,018	721,855

Included in the carrying amount of the Floating and other construction equipment is the book value of the trailer suction hopper dredger W.D. Fairway. On March 8, 2007 the W.D. Fairway was hit by a container vessel in China and as a result of the sustained damages the vessel was not deployed afterwards during 2007. As a consequence of the physical damage to the W.D. Fairway an impairment test was performed on the carrying amount as at December 31, 2007. The result of this test did not give any cause for the recognition of an impairment loss.

After its collision the W.D. Fairway was laid up in Thailand, pending the completion of the insurance procedures. At December 31, 2007 discussions with the insurers with regard to the definitive classification of the vessel as a constructive total loss were still in progress. As the financial settlement was contingent at December 31, 2007, no insurance proceeds were recognized in 2007.

The securities provided for financing granted by means of mortgage rights on property, plant and equipment are disclosed in note 28.

14. Associated companies

The key associated companies of Royal Boskalis Westminster nv are:

		Ownership interest	
Company	Country of incorporation	**2007**	2006
Bean Meridian Holding LLC	United States of America	**25%**	25%
Bean Excavation LLC	United States of America	**25%**	25%
Bean Meridian LLC	United States of America	**25%**	25%
Bean Environmental LLC	United States of America	**25%**	25%
IRSHAD	Abu Dhabi, United Arab Emirates	**20%**	20%
RW Aggregates Ltd	United Kingdom	**50%**	50%

Bean Meridian Holding LLC owns 75% of the shares of Bean Excavation LLC, Bean Meridian LLC and Bean Environmental LLC. As a result the direct and indirect share of the group in these three companies amounts in total to 43.75%. The voting rights in associated companies are equal to the ownership interests. The share of the group in assets, liabilities, revenue and result of the aforementioned associated companies is stated below:

	2007	2006
Assets	**20,486**	22,889
Liabilities	**10,874**	12,783
Equity	**9,612**	10,106
Revenues	**12,981**	15,907
Result	**7,490**	2,801

15. Other financial fixed assets

	2007	2006
Balances as at January 1	**7,532**	11,605
Movements	**- 1,061**	- 2,951
Movement in measurement at amortized cost	**183**	101
Currency translation differences	**- 756**	- 1,223
Balance as at December 31	**5,898**	7,532

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

16. Inventories

	2007	2006
Fuel and materials	**20,429**	22,636
Spare parts	**36,509**	28,597
Other inventories	**2,118**	1,515
	59,056	52,748

During 2007 € 59.2 million (2006: € 37.9 million) of inventories was recognized as an expense and € 0.8 million (2006: € 0.4 million) was written down through the income statement.

17. Work in progress

	2007	2006
Contract costs incurred plus recognized project results less provision for future losses	**2,181,381**	1,553,840
Progress billings received	**2,113,646**	1,607,545
Retentions	**17,624**	33,889
Progress billings	**2,131,270**	1,641,434
Advances received	**142,308**	48,383
Progress billings and advances received	**2,273,578**	1,689,817
Work in progress	**- 92,197**	- 135,977
Due from customers for work in progress	**204,372**	87,634
Due to customers for work in progress	**- 296,569**	- 223,611
Work in progress	**- 92,197**	- 135,977

18. Trade and other receivables

	2007	2006
Trade debtors	**384,112**	315,528
Amounts due from associated companies	**2,426**	2,654
Other receivables and prepayments	**292,688**	160,834
	679,226	479,016
Derivatives	**24,786**	3,274
	704,012	482,290

19. Cash and cash equivalents

	Note	2007	2006
Bank balances and cash		**83,422**	87,511
Short-term bank deposits		**268,501**	128,252
Cash and cash equivalents		**351,923**	215,763
Bank overdrafts	[28]	**- 1,569**	- 9,686
Cash and cash equivalents in the consolidated statement of cash flows		**350,354**	206,077

Cash and cash equivalents include € 83.7 million (2006: € 77.6 million) held by project-driven construction consortiums and € 70.0 million (2006: € 28.0 million) held by strategic alliances, which are subject to joint control. The remaining funds were freely disposable at year end 2007.

20. Issued capital

On May 21, 2007 Royal Boskalis Westminster nv effected a share split on a three-for-one basis (three new shares for one old share). This split is applicable to the ordinary shares as well as the cumulative protective preference shares. After this share split the authorized share capital of € 240 million is divided into 150,000,000 ordinary shares and 150,000,000 cumulative protective preference shares of € 0.80 par value each.

In these financial statements the split is considered to be effective as of January 1, 2006. Unless otherwise noted, all relevant per share data in these financial statements are adjusted for comparative purposes in accordance with the share split in 2007.

During the financial years 2007 and 2006 there were no changes in the issued capital. The issued capital as at December 31, 2007 consists of 85,799,361 ordinary shares of € 0.80 par value each and consequently amounts to € 68.6 million. Of the issued capital as at December 31, 2007, no ordinary shares were owned by Royal Boskalis Westminster nv.

21. Share premium

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

22. Legal reserve

For the difference between the cost price and equity value of entities, consolidated either proportionally or on the basis of equity value, a legally required reserve is recognized because of a lack of control over the distribution of profits only to the extent that these differences are not included in the accumulated currency translation differences on foreign operations.

23. Hedging reserve

The hedging reserve comprises the fair value of effective cash flow hedges, not yet realized at balance sheet date, net of taxation, including results realized on the “rolling forward” of existing hedges as a result of differences between the duration of the hedges concerned and the underlying cash flows. Details about the movements in the hedging reserve are disclosed in note 32.2.

24. Currency translation reserve

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

25. Retained earnings

Retained earnings consist of additions and distributions based on profit appropriations, effects of changes in accounting principles, actuarial gains and losses and movements in the legal reserve. The balance is at the disposal of the shareholders.

26. Profit for the year

Profit for the year represents the as yet unappropriated current year profit. A proposal for profit appropriation is included in note 34 relating to subsequent events.

27. Earnings per share

The earnings per share over 2007 amount to € 2.38 (2006: € 1.36). Because there are no dilution effects, the diluted earnings per share also amount to € 2.38 (2006: € 1.36). The calculation of earnings per share is based on the profit attributable to shareholders of € 204.4 million (2006: € 116.6 million). The weighted average number of ordinary shares did not change during the financial years 2007 and 2006 and amounts to 85,799,361.

28. Interest-bearing loans and borrowings

	2007	2006
Non-current liabilities		
Mortgage loans	**31,651**	29,433
Other bank loans	**27,733**	18,091
	59,384	47,524
Current liabilities		
Mortgage loans (current portion)	**10,994**	4,435
Other bank loans (current portion)	**15,134**	9,756
Bank overdrafts	**1,569**	9,686
	27,697	23,877
Total interest-bearing loans and borrowings	**87,081**	71,401

Effective interest rates, remaining terms and currencies of the interest-bearing loans and borrowings are disclosed in the explanatory notes to the financial instruments in the interest rate risk paragraph. As at December 31, 2007, the average interest rate for the non-current portion of mortgage loans and other bank loans was, respectively, 5.39% (2006: 5.63%) and 5.81% (2006: 6.10%). The non-current portions of mortgage loans and other bank loans due over more than five years amount to, respectively, € 2.3 million (2006: € 3.4 million) and € 5.7 million (2006: € 0.1 million).

As security for the mortgage loans, mortgage rights are vested on property, plant and equipment, mainly vessels, with a carrying amount of € 37.9 million (2006: € 48.0 million). For certain loans, additional securities have been provided by means of the assignment of revenues from rental contracts to third parties and insurance policies regarding these property, plant and equipment. If applicable, financial ratio and negative pledge clause requirements are met.

29. Employee benefits

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

	Note	**2007**	2006
Defined benefit pension schemes	*[29.1]*	**6,931**	6,979
Other liabilities on account of employee benefits		**3,871**	3,935
Employee benefits		**10,802**	10,914

29.1 Defined benefit pension schemes

	Defined benefit obligation	Fair value plan assets	Surplus / deficit (-)	Unfunded pension liabilities	Total	Charged to consolidated income statement	Recognized directly in equity
Opening balance as at January 1, 2007	**317,821**	**351,183**	**33,362**	**- 6,979**	**26,383**		
Current service cost	**8,249**	**—**	**- 8,249**	**- 548**	**- 8,797**	**8,797**	**—**
Interest cost on obligation	**14,063**	**—**	**- 14,063**	**- 286**	**- 14,349**	**14,349**	**—**
Contributions received	**—**	**7,606**	**7,606**	**—**	**7,606**	**—**	**—**
Expected return on plan assets	**—**	**16,899**	**16,899**	**—**	**16,899**	**- 16,899**	**—**
Net actuarial gains / losses	**- 5,763**	**- 10,165**	**- 4,402**	**49**	**- 4,353**	**—**	**4,353**
Benefits paid	**- 14,710**	**- 14,710**	**—**	**603**	**603**	**—**	**—**
Past service costs	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Other movements	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Foreign currency exchange rate changes	**- 5,474**	**- 5,799**	**- 325**	**230**	**- 95**	**—**	**—**
Total movement	**- 3,635**	**- 6,169**	**- 2,534**	**48**	**- 2,486**	**6,247**	**4,353**
Closing balance as at December 31, 2007	**314,186**	**345,014**	**30,828**	**- 6,931**	**23,897**	**6,247**	**4,353**
Limitation on net plan assets as at January 1					**- 33,362**		
Movement in limit on net plan assets					**2,534**	**—**	**- 2,534**
Limitation on net plan assets as at December 31					**- 30,828**		
Closing balance as at December 31, 2007 after limitation on net plan assets					**- 6,931**		
Total result defined benefit pension schemes					**8,066**	**6,247**	**1,819**

	Defined benefit obligation	Fair value plan assets	Surplus / deficit (-)	Unfunded pension liabilities	Total	Charged to consolidated income statement	Recognized directly in equity
Opening balance as at January 1, 2006	304,511	339,170	34,659	- 5,061	29,598		
Current service cost	7,984	—	- 7,984	- 400	- 8,384	8,384	—
Interest cost on obligation	12,311	—	- 12,311	- 286	- 12,597	12,597	—
Contributions received	—	7,921	7,921	—	7,921	—	—
Expected return on plan assets	—	16,931	16,931	—	16,931	- 16,931	—
Net actuarial gains / losses	7,359	652	- 6,707	202	- 6,505	—	6,505
Benefits paid	- 14,764	- 14,764	—	540	540	—	—
Past service cost	- 776	—	776	—	776	- 776	—
Other movements	—	—	—	- 1,974	- 1,974	—	—
Foreign currency exchange rate changes	1,196	1,273	77	—	77	—	—
Total movement	13,310	12,013	- 1,297	- 1,918	- 3,215	3,274	6,505
Closing balance as at December 31, 2006	317,821	351,183	33,362	- 6,979	26,383	3,274	6,505
Limitation on net plan assets as at January 1					- 34,659		
Movement in limit on net plan assets					1,297	—	- 1,297
Limitation on net plan assets as at December 31					- 33,362		
Closing balance as at December 31, 2006 after limitation on net plan assets					- 6,979		
Total result defined benefit pension schemes					8,482	3,274	5,208

Some of the Dutch staff participate in “Bedrijfstakpensioenfonds voor de Waterbouw” (a multi-employer pension fund for the maritime engineering industry). This pension fund qualifies under IFRS as a defined benefit pension scheme. However, the fund has indicated that it is not able to provide sufficient information for a calculation in accordance with IFRS because there is no reliable and consistent basis to attribute the pension obligations, plan assets, income and expenses to the individual member companies of the pension fund. On the basis of the information that is available, including the 2006 financial statements and the 2007 preliminary financial information of the fund, it is not probable that any pension liabilities or asset to be recognized would arise under IFRS. There is also no reason to expect that the financial position of the fund as at December 31, 2007 will affect the amount of contributions to be charged in the future.
The defined benefit pension schemes that are funded are the company pension funds in the Netherlands and the United Kingdom. The defined benefit pension schemes that are unfunded are small pension schemes for two German group companies and Archirodon. The remaining pension schemes in the group do not qualify as defined benefit pension schemes.

Plan assets consist of the following:

	2007	2006
Equities	**127,692**	138,503
Bonds	**213,367**	222,421
Real estate	**15,934**	—
Cash (non-interest-bearing)	**1,881**	1,883
Other receivables and payables	**- 13,860**	- 11,624
	345,014	351,183

As per December 31, 2007 and December 31, 2006 the plan assets do not include shares which were issued by Royal Boskalis Westminster nv.

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

	2007	2006
Total result defined benefit schemes	**8,066**	8,482
Pension costs for defined benefit pension schemes charged to the consolidated income statement	**- 6,247**	- 3,274
Actuarial gains and losses and asset limitation recognized directly in equity	**1,819**	5,208
Taxation	**77**	196
Actuarial gains and losses and asset limitation recognized directly in equity net of tax	**1,896**	5,404
Actual return on plan assets	**6,734**	16,165

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

	2007	2006
Accumulated actuarial gains and losses as per December 31	**- 3,473**	880
Asset limitation on net plan assets as per December 31	**- 30,828**	- 33,362
	- 34,301	- 32,482

The group expects € 8.2 million in contributions to be paid to the funded defined benefit pension schemes and € 0.6 million in benefits to be paid for the unfunded schemes in 2008.

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

	2007	2006
Discount rate	**5.25% - 5.80%**	4.50% - 5.10%
Expected return on plan assets past year	**5.25% - 5.92%**	4.75% - 6.19%
Expected future salary increases (excluding individual merit)	**1.00% - 2.25%**	1.00% - 1.75%
Expected future inflation	**2.25% - 3.30%**	1.50% - 3.00%
Expected future pension increases active participants	**1.50% - 5.00%**	1.50% - 5.00%
Expected future pension increases inactive participants	**1.50% - 2.75%**	1.40% - 3.00%

Historical information

	2007	2006	2005	2004
Defined benefit obligation	**314,186**	317,821	304,511	291,204
Fair value of plan assets	**345,014**	351,183	339,170	299,973
Surplus / deficit (-)	**30,828**	33,362	34,659	8,769
Unfunded pension liabilities	**- 6,931**	- 6,979	- 5,061	- 4,701
Total surplus / deficit (-)	**23,897**	26,383	29,598	4,068
Experience adjustments arising on plan liabilities	**- 25,747**	- 25,235	11,229	4,014
Experience adjustments arising on plan assets	**- 10,165**	- 908	28,242	8,854

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

30. Provisions

	2007	2006
Balance as at January 1	**2,809**	4,539
Provisions made during the year	**5,503**	406
Provisions used during the year	**- 916**	- 1,789
Provisions reversed during the year	**- 78**	- 12
Exchange rate differences	**- 204**	- 274
Discount to present value	**53**	- 61
Balance as at December 31	**7,167**	2,809
Non-current	**6,054**	2,014
Current	**1,113**	795
Balance as at December 31	**7,167**	2,809

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

31. Trade and other payables

	2007	2006
Trade creditors	**161,736**	145,547
Taxes and social security payables	**45,219**	37,389
Amounts due to associated companies	**952**	1,888
Other creditors and accruals	**672,274**	358,171
	880,181	542,995
Derivatives	**3,182**	606
	883,363	543,601

Trade and other payables are generally not interest-bearing.

32. Financial instruments

General

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

32.1 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk:
    - Currency risk
    - Interest rate risk
    - Commodity price risk

Credit risk

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

Exposure to credit risk

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

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

	Carrying amount	
	2007	2006
Other financial fixed assets	**5,898**	7,532
Due from customers for work in progress	**204,372**	87,634
Trade debtors	**384,112**	315,528
Amounts due from associated companies	**2,426**	2,654
Other receivables and prepayments	**292,688**	160,834
Derivatives (receivable)	**24,786**	3,274
Income tax receivable	**2,211**	664
Cash and cash equivalents	**351,923**	215,763
	1,268,416	793,883

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

	2007		2006	
	Gross	**Impairment**	Gross	Impairment
Not past due	**250,962**	**—**	206,090	—
Past due 0-90 days	**95,623**	**190**	80,068	10
Past due 90-180 days	**9,352**	**25**	9,909	35
Past due 180-360 days	**17,450**	**128**	12,384	27
More than 360 days	**11,813**	**745**	8,974	1,825
	385,200	**1,088**	317,425	1,897
Impairment	**- 1,088**		- 1,897	
Trade debtors at carrying amount	**384,112**		315,528	

With respect to the trade debtors that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations.

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

	2007	2006
Balance at January 1	**1,897**	2,845
Movement in impairment loss recognized	**- 809**	- 948
Balance at December 31	**1,088**	1,897

Liquidity risk

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

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

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

	Carrying amount	Contractual cash flows	One year or less	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years
As at December 31, 2007								
Mortgage loans	**- 42,645**	**- 48,599**	**- 13,314**	**- 11,926**	**- 11,659**	**- 8,062**	**- 1,275**	**- 2,363**
Other bank loans	**- 42,867**	**- 49,768**	**- 17,624**	**- 11,758**	**- 4,792**	**- 3,548**	**- 5,988**	**- 6,058**
Bank overdrafts	**- 1,569**	**- 1,693**	**- 1,693**	—	—	—	—	—
Other liabilities	**- 1,313**	**- 1,313**	**- 108**	**- 109**	**- 105**	**- 100**	**- 100**	**- 791**
Trade and other payables	**- 880,181**	**- 880,181**	**- 880,181**	—	—	—	—	—
Current tax payable	**- 100,671**	**- 100,671**	**- 100,671**	—	—	—	—	—
Derivatives	**- 3,182**	**- 3,182**	**- 1,725**	**- 463**	**- 463**	**- 378**	**- 153**	—
	- 1,072,428	**- 1,085,407**	**- 1,015,316**	**- 24,256**	**- 17,019**	**- 12,088**	**- 7,516**	**- 9,212**

	Carrying amount	Contractual cash flows	One year or less	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years
As at December 31, 2006								
Mortgage loans	- 33,868	- 39,962	- 6,344	- 9,014	- 8,582	- 8,055	- 4,422	- 3,545
Other bank loans	- 27,847	- 31,050	- 11,449	- 13,976	- 4,214	- 1,274	- 128	- 9
Bank overdrafts	- 9,686	- 10,185	- 10,185	—	—	—	—	—
Other liabilities	- 1,393	- 1,393	- 100	- 100	- 100	- 100	- 100	- 893
Trade and other payables	- 542,995	- 542,995	- 542,995	—	—	—	—	—
Current tax payable	- 49,278	- 49,278	- 49,278	—	—	—	—	—
Derivatives	- 606	- 606	- 402	- 68	- 51	- 50	- 35	—
	- 665,673	- 675,469	- 620,753	- 23,158	- 12,947	- 9,479	- 4,685	- 4,447

Currency risk

A significant proportion of the projects are denominated in foreign currencies. The Board of Management has established a detailed currency risk management policy stipulating as main principle that currency risk, arising from transactions, must be hedged as soon as they occur, usually with forward contracts. Financial derivatives are used exclusively insofar as there are underlying real transactions, mainly future cash flows from contracted projects. Hedge accounting is applied to the majority of these cash flow hedges.

Exposure to currency risk

The group's currency risk management policy was carried out during 2007 and resulted in a non-material group's sensitivity to currency transaction risk.

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

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
Euro	**2007**	2006	**2007**	2006
US$ 1	**0.728**	0.798	**0.680**	0.758

Sensitivity analysis

In managing currency risks the group aims to reduce the impact of short term fluctuations on the group's earnings. On the long term, however, permanent changes in foreign exchange rates will have an impact on profit.

At December 31, 2007, profit before taxation would have been € 0.140 million lower (2006: € 0.372 million higher) if the euro had strengthened by 5% against the US dollar with all other variables, in particular interest rates, held constant. This would have been mainly as a result of foreign exchange gains on translation of (the non-hedged part of) US dollar-denominated interest-bearing loans and borrowings and trade and other payables compensated by foreign exchange losses on (the non-hedged part of) translation of US dollar denominated trade and other receivables and cash and cash equivalents.
Other components of equity would have been € 18.740 million higher (2006: € 6.547 million higher) as a result of an increase in fair value of derivatives designated as cash flow hedges.

A 5% weakening of the euro against the US dollar at December 31 would have had the equal but opposite effect on the basis that all other variables remain constant.

Interest rate risk

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

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

	Effective interest rate	One year or less	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	Over 5 years	Total
As at December 31, 2007								
Cash and cash equivalents	**0.53%**	**83,422**	**—**	**—**	**—**	**—**	**—**	**83,422**
Short-term deposits	**3.15%**	**268,501**	**—**	**—**	**—**	**—**	**—**	**268,501**
Mortgage loans (euro)	**4.13%**	**- 1,134**	**- 1,134**	**- 1,134**	**- 1,134**	**- 1,134**	**- 2,269**	**- 7,939**
Mortgage loans (US$)	**5.74%**	**- 9,860**	**- 9,085**	**- 9,386**	**- 6,375**	**—**	**—**	**- 34,706**
Other bank loans (euro)	**5.44%**	**- 86**	**- 58**	**—**	**—**	**—**	**—**	**- 144**
Other bank loans (US$)	**5.81%**	**- 14,995**	**- 10,089**	**- 3,770**	**- 2,745**	**- 5,345**	**- 5,726**	**- 42,670**
Other bank loans (other)	**5.00%**	**- 53**	**—**	**—**	**—**	**—**	**—**	**- 53**
Bank overdrafts (US$)	**6.60%**	**- 800**	**—**	**—**	**—**	**—**	**—**	**- 800**
Bank overdrafts (other)	**9.30%**	**- 769**	**—**	**—**	**—**	**—**	**—**	**- 769**
		324,226	**- 20,366**	**- 14,290**	**- 10,254**	**- 6,479**	**- 7,995**	**264,842**

	Effective interest rate	One year or less	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	Over 5 years	Total
As at December 31, 2006								
Cash and cash equivalents	0.57%	87,511	—	—	—	—	—	87,511
Short-term deposits	2.88%	128,252	—	—	—	—	—	128,252
Mortgage loans (euro)	4.10%	- 1,134	- 1,134	- 1,134	- 1,134	- 1,134	- 3,405	- 9,075
Mortgage loans (US$)	6.20%	- 3,301	- 6,222	- 6,222	- 6,127	- 2,921	—	- 24,793
Other bank loans (euro)	4.50%	- 267	- 9	—	—	—	—	- 276
Other bank loans (US$)	6.10%	- 9,389	- 12,782	- 3,896	- 1,193	- 120	- 9	- 27,389
Other bank loans (other)	5.50%	- 100	- 82	—	—	—	—	- 182
Bank overdrafts (euro)	4.50%	- 6,384	—	—	—	—	—	- 6,384
Bank overdrafts (US$)	6.60%	- 1,966	—	—	—	—	—	- 1,966
Bank overdrafts (other)	6.10%	- 1,336	—	—	—	—	—	- 1,336
		191,886	- 20,229	- 11,252	- 8,454	- 4,175	- 3,414	144,362

The US$-loans are mainly used for financing property, plant and equipment in proportionally consolidated strategic alliances. The other bank loans expressed in US$ have no fixed interest rates. The effective interest rate of these loans does not differ materially from the actual market rates. The interest rate renewal dates of the loans are mainly due within three months after year end 2007.

Sensitivity analysis

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

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

	2007	2006
Fixed rate instruments		
Financial assets	**78,347**	71,783
Financial liabilities	**- 57,213**	- 54,759
	21,134	17,024
Variable rate instruments		
Financial assets	**273,576**	143,980
Financial liabilities	**- 29,868**	- 16,642
	243,708	127,338

At December 31, 2007 it is estimated that a general decrease of 75 basis points in interest rates with all other variables, in particular currency exchange rates, held constant would decrease the group's profit before income tax by approximately € 0.8 million (2006: € 0.6 million).

Commodity price risks

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

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

32.2 On-balance financial instruments and fair value

Financial instruments accounted for under assets and liabilities are financial fixed assets, cash and cash equivalents, receivables, and current and non-current liabilities. The estimated fair values of these financial instruments are close to the nominal value. Derivatives are mainly future cash flows hedged by forward contracts to which hedge accounting is applied. Furthermore, strategic alliances currently hold a number of interest rate swaps and a foreign currency option. These are recognized under other financial instruments. Movements in the fair value of non-effective cash flow hedges are recognized directly or, under specific conditions, deferred in the consolidated income statement. Movements in the fair value of effective cash flow hedges are recognized directly in the hedging reserve in group equity, taking taxation into account. The fair value of derivatives is derived from the forward rates at settlement date as at year end. The fair value of other financial instruments is based on current interest rates, taking duration and conditions into account. The fair value of non-interest-bearing financial instruments due within one year is equal to the nominal value.

	2007		2006	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Other financial fixed assets	**5,898**	**5,898**	7,532	7,532
Trade and other receivables (excluding derivatives)	**679,226**	**679,226**	479,016	479,016
Derivatives (receivable)	**24,786**	**24,786**	3,274	3,274
Income tax receivable	**2,211**	**2,211**	664	664
Cash and cash equivalents	**351,923**	**351,923**	215,763	215,763
Interest-bearing loans and borrowings (non-current)	**- 59,384**	**- 59,384**	- 47,524	- 47,524
Repayments and other bank debts	**- 27,697**	**- 27,697**	- 23,877	- 23,877
Other liabilities (non-current)	**- 1,313**	**- 1,313**	- 1,393	- 1,393
Trade and other payables (excluding derivatives)	**- 880,181**	**- 880,181**	- 542,995	- 542,995
Derivatives (payable)	**- 3,182**	**- 3,182**	- 606	- 606
Income tax payable	**- 100,671**	**- 100,671**	- 49,278	- 49,278
	- 8,384	**- 8,384**	40,576	40,576

The composition of outstanding financial instruments at year end is presented below. The remaining duration of these derivatives has a direct relation to the remaining duration of the relating underlying contracts in the orderbook.

	2007	2006
US$ forward selling (in US$)	**846,436**	202,745
US$ forward buying (in US$)	**58,678**	45,690
Forward selling of other currencies (average contract rates in euro)	**78,976**	124,986
Forward buying of other currencies (average contract rates in euro)	**26,880**	20,954
Fuel hedges (in US$)	**47,760**	27,588
Other financial instruments (in US$)	**50,154**	30,447

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

2007	**Within one year**	**After one year**	**Total**
US$ forward selling (in US$)	**429,440**	**416,996**	**846,436**
US$ forward buying (in US$)	**58,678**	**—**	**58,678**
Forward selling of other currencies (average contract rates in euro)	**47,452**	**31,524**	**78,976**
Forward buying of other currencies (average contract rates in euro)	**26,880**	**—**	**26,880**
Fuel hedges (in US$)	**22,383**	**25,377**	**47,760**
Other financial instruments (in US$)	**15,226**	**34,928**	**50,154**

2006	Within one year	After one year	Total
US$ forward selling (in US$)	198,439	4,306	202,745
US$ forward buying (in US$)	45,690	—	45,690
Forward selling of other currencies (average contract rates in euro)	124,986	—	124,986
Forward buying of other currencies (average contract rates in euro)	20,954	—	20,954
Fuel hedges (in US$)	20,122	7,466	27,588
Other financial instruments (in US$)	10,196	20,251	30,447

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

	2007	2006
Opening balance Hedging reserve as at January 1	**18,196**	8,302
Movement in fair value of effective cash flow hedges recognized in group equity	**25,842**	4,230
Transferred to the profit and loss account	**- 2,299**	8,099
Total directly recognized in group equity	**23,543**	12,329
Taxation	**- 5,470**	- 2,435
Directly charged to the hedging reserve (net of taxes)	**18,073**	9,894
Closing balance Hedging reserve as at December 31	**36,269**	18,196

32.3 Capital management

The Board of Management's policy is to maintain a strong capital base so as to maintain customer, investor, creditor and market confidence and to support future development of the business. The Board of Management monitors the return on capital, which the group defines as net operating income divided by total shareholders' equity, excluding minority interests. The Board of Management also monitors the level of dividend to ordinary shares. The dividend policy is to maintain a pay-out ratio of 40 to 50%. The proposed dividend from the 2007 result is based on a pay-out ratio of 50% (2006: 50%)

The Board of Management seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the benefits of a sound capital position. The group's target is to achieve a long-term return on equity of at least 12%; in 2007 the return was 29,5 % (2006: 20,1%).

Royal Boskalis Westminster nv does not have a defined share buy-back plan.
There were no changes in the group's approach to capital management during the year.
Neither Royal Boskalis Westminster nv nor any of its subsidiaries are subject to externally imposed capital requirements.

32.4 Other financial instruments

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

33. Commitments and contingent liabilities

Operational lease obligations

The operational lease obligations relate primarily to the operational lease of a trailing suction hopper dredger, cars and offices. Additional clauses are not taken into account presuming that these are not unconditional.

Non-redeemable operating lease contracts are recognized at nominal amounts and are due as follows:

	2007	2006
Within one year	**7,102**	5,454
Between one and five years	**13,367**	11,844
After more than five years	**874**	1,484
	21,343	18,782

Guarantees

The guarantee commitments as at December 31, 2007 amount to € 747 million (2006: € 635 million) and can be specified as follows:

	2007	2006
Guarantees provided by third parties with respect to:		
• associated companies	**1,000**	21,000
• contracts and joint ventures	**734,000**	599,000
• lease obligations and other financial obligations	**12,000**	15,000
	747,000	635,000

For the above guarantees outstanding as at December 31, 2007, counter-guarantees have been provided to financial institutions for approximately € 746 million (2006: approximately € 633 million). Three key group companies are jointly and severally liable in respect of credit facilities and guarantees provided to several group companies. In respect of these credit facilities, it has been agreed to limit the provision of further securities on existing property, plant and equipment.

Group companies are jointly and severally liable for the non-consolidated part of the liabilities of their joint ventures: in total € 331 million (2006: € 184 million). Group companies are also jointly and severally liable for performance obligations for contracts with third parties in project-driven construction consortiums.

In addition, certain recourse obligations exist in respect of project financiers. Where deemed necessary, provisions have been made.

Capital commitments

At year end 2007, capital commitments amount to € 360 million (2006: € 127 million).

Other

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

34. Subsequent events

Proposed profit appropriation 2007

A proposal will be submitted to the Annual General Meeting of Shareholders to appropriate € 102.2 million for a cash dividend payment of € 1.19 per share. The remainder of € 102.2 million will be added to the retained earnings.

Other

In february 2008 Royal Boskalis Westminster nv and the Saudi Rezayat Group, as shareholders of Lamnalco, issued a bid of US$ 300 million for the Terminals division of Smit Internationale nv. Smit has rejected this bid. The shareholders of Lamnalco remain convinced of the advantages of a merger of the mutual terminals businesses.

On March 10, 2008 Royal Boskalis Westminster nv reached agreement with all insurers involved on the compensation concerning the trailer suction hopper dredger W.D. Fairway, that collided with a container vessel in China on March 8, 2007. The insurers decided that there is a constructive total loss and to subsequently compensate Royal Boskalis Westminster nv for a total amount of € 167 million, of which € 40 million was already received in 2007.
The financial settlement will lead to a positive result for Royal Boskalis Westminster nv of approximately € 100 million before taxation, that wil be recognized in the 2008 consolidated income statement.

35. Related parties

35.1 Identity of related parties

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

Group companies

The following are the most relevant active group companies.

Company	City and country of incorporation	Ownership interest 2007	Ownership interest 2006
Aannemingsmaatschappij Markus bv	Halfweg, The Netherlands	**100%**	100%
Baggermaatschappij Boskalis bv	Papendrecht, The Netherlands	**100%**	100%
Baggermaatschappij Holland bv	Papendrecht, The Netherlands	**100%**	100%
Boskalis Cofra Holding bv	Amsterdam, The Netherlands	**100%**	100%
Cofra bv	Amsterdam, The Netherlands	**100%**	100%
Boskalis Dolman bv	Dordrecht, The Netherlands	**100%**	100%
Boskalis International bv	Sliedrecht, The Netherlands	**100%**	100%
Boskalis Markus bv	Papendrecht, The Netherlands	**100%**	100%
Boskalis Offshore bv	Papendrecht, The Netherlands	**100%**	100%
Boskalis bv	Rotterdam, The Netherlands	**100%**	100%
Boskalis Westminster Dredging bv	Papendrecht, The Netherlands	**100%**	100%
Boskalis Westminster International bv	Papendrecht, The Netherlands	**100%**	100%
Boskalis Westminster Shipping bv	Papendrecht, The Netherlands	**100%**	100%
Boskalis Finance bv	Papendrecht, The Netherlands	**100%**	100%
Boskalis Finance Ireland Ltd	Papendrecht, The Netherlands	**100%**	100%
Boskalis Shipping Ireland Ltd	Papendrecht, The Netherlands	**100%**	100%
BW Soco bv	Sliedrecht, The Netherlands	**100%**	100%
Boskalis Infra bv	Rotterdam, The Netherlands	**100%**	100%
A.H. Breijs & Zonen bv	Rotterdam, The Netherlands	**100%**	100%
J. van Vliet bv	Wormerveer, The Netherlands	**100%**	100%
Hydronamic bv	Sliedrecht, The Netherlands	**100%**	100%
Westminster Dredging Company Ltd	Papendrecht, The Netherlands	**100%**	100%
Boskalis Westminster Ltd	Fareham, United Kingdom	**100%**	100%
Rock Fall Company Ltd	Ayrshire, United Kingdom	**100%**	100%
Boskalis Zinkcon Ltd	Fareham, United Kingdom	**100%**	100%
Boskalis Sweden AB	Gothenburg, Sweden	**100%**	100%
Boskalis Offshore A/S	Randaberg, Norway	**100%**	100%
Terramare Oy	Helsinki, Finland	**100%**	100%
Atlantique Dragage SARL	Nanterre, France	**100%**	100%
Sociedad Española de Dragados SA	Madrid, Spain	**100%**	100%
Dragapor Dragagens de Portugal SA	Alcochete, Portugal	**100%**	100%
Bagger- und Bauunternehmung Delta GmbH	Bremen, Germany	**100%**	100%
Heinrich Hirdes GmbH	Hamburg, Germany	**100%**	100%
Heinrich Hirdes Kampfmittelräumung GmbH	Duisburg, Germany	**100%**	100%
Boskalis Westminster Middle East Ltd	Nicosia, Cyprus	**100%**	100%
Boskalis Westminster (Oman) LLC	Seeb, Oman	**49%**	49%
Boskalis Westminster Al Rushaid Ltd	Dhahran, Saudi-Arabia	**49%**	49%
Boskalis Westminster Dredging and Contracting Ltd	Nicosia, Cyprus	**100%**	100%
Nigerian Westminster Dredging and Marine Ltd	Lagos, Nigeria	**60%**	60%
Beaver Dredging Company Ltd	Toronto, Canada	**100%**	100%
Boskalis Westminster Inc.	Wilmington, United States of America	**100%**	100%
Coastal and Inland Marine Services Inc.	Ancon, Panama	**100%**	100%
Boskalis Taiwan Ltd	Taipei, Taiwan	**100%**	100%
Boskalis International (S.) Pte Ltd	Singapore	**100%**	100%
Riovia SA	Montevideo, Uruguay	**100%**	100%
Zinkcon Marine Singapore Pte Ltd	Singapore	**100%**	100%
Koon Zinkcon Pte Ltd	Singapore	**50%**	50%
Boskalis Australia Pty Ltd	Chatswood, Australia	**100%**	100%

Joint ventures

The following are the most relevant active joint ventures.

Strategic alliances:

		Ownership interest	
Company	Country of incorporation	**2007**	2006
Archirodon Group NV	The Netherlands	**40%**	40%
Lamnalco Ltd	Sharjah, United Arab Emirates	**50%**	50%
Deeprock CV	The Netherlands	**50%**	50%
Dragamex SA de CV	Mexico	**50%**	50%
Bean Stuyvesant LLC	United States of America	**50%**	50%

Project-driven construction consortiums:

		Joint venture interest	
Entity	Country of incorporation	**2007**	2006
Combinatie BNSG/Boskalis	The Netherlands	**n.a.**	50%
Boskalis bv / M.N.O. Vervat bv	The Netherlands	**70%**	70%
Combinatie A2	The Netherlands	**n.a.**	33%
Combinatie “Duizend Zestien” vof	The Netherlands	**n.a.**	n.a.
Combinatie Zeeuwse Stromen	The Netherlands	**n.a.**	33%
Combinatie Haarrijnse Plas	The Netherlands	**25%**	25%
Combinatie Onderhoud Waterweg	The Netherlands	**50%**	n.a.
Combinatie Tubecon I vof	The Netherlands	**n.a.**	10%
Combinatie Nederwaert	The Netherlands	**17%**	18%
NOBM Hedel	The Netherlands	**50%**	50%
Combinatie Bowegro vof	The Netherlands	**50%**	50%
Boskalis/Rijnland vof	The Netherlands	**n.a.**	50%
Consortium N11	The Netherlands	**17%**	17%
Bouwcombinatie Hollandse Meren	The Netherlands	**9%**	6%
Bouwcombinatie Brabant Noord	The Netherlands	**9%**	6%
Combinatie Achtkamp / Zevenhuizerplas	The Netherlands	**50%**	50%
Zandexploitatie Zevenhuizerplas vof	The Netherlands	**50%**	50%
Combinatie Nesselande	The Netherlands	**33%**	33%
Combinatie HSL 1 Grond & Wegen	The Netherlands	**20%**	20%
Combinatie HSL 5 Noord Grond & Wegen	The Netherlands	**15%**	10%
Combinatie Smink BKD vof	The Netherlands	**50%**	50%
Combinatie BVNN Boskalis Dolman vof	The Netherlands	**50%**	50%
Oosterhof Holman Boskalis	The Netherlands	**50%**	50%
Combinatie Boskalis KWS N470	The Netherlands	**50%**	50%
KWS-Boskalis (Sloelijn)	The Netherlands	**50%**	50%
Combinatie Boskalis/Oskam / HOV de Uithof	The Netherlands	**50%**	50%
Sassenplaat	The Netherlands	**50%**	50%
Volker Wessels-Boskalis (Sloelijn koepel)	The Netherlands	**33%**	33%
N201 Aalsmeer - Uithoorn	The Netherlands	**15%**	15%
Combinatie Ameland	The Netherlands	**n.a.**	50%
Combinatie Boskalis-VON-Katwijkskanaal	The Netherlands	**n.a.**	50%
Stemat/Boskalis v.o.f.	The Netherlands	**n.a.**	50%
Puma	The Netherlands	**50%**	50%

Combinatie BHHZ	The Netherlands	**50%**	50%
Combinatie Grond & Wegen N201	The Netherlands	**50%**	n.a.
Combinatie KWS - Markus	The Netherlands	**50%**	n.a.
BouwCombinatie Volgermeer	The Netherlands	**50%**	n.a.
Combinatie A2 HoMa	The Netherlands	**38%**	n.a.
Nassbaggerung Stralsund	Germany	**n.a.**	50%
Skandinavienkai Anleger 5a, Kiel	Germany	**50%**	50%
Wendestelle Bremerhaven	Germany	**n.a.**	50%
Peenebaggerung, Wolgast	Germany	**n.a.**	35%
Ufersicherung Boltenhagen	Germany	**50%**	n.a.
Weserunterhaltungsbaggerung Bremerhaven	Germany	**50%**	n.a.
Norwegenkai Kiel	Germany	**50%**	n.a.
Binnenhafenkaje Kiel	Germany	**50%**	n.a.
Molenbau Boltenhagen	Germany	**50%**	n.a.
Unterhaltung Aussenems	Germany	**100%**	100%
Britannia Satellites	United Kingdom	**50%**	50%
Barcelona Relleno Prat 1	Spain	**32%**	32%
Boskalis-Hyundai-DI vof, Korea Branch	South Korea	**n.a.**	59%
Jurong and Tuas Rock Contractors JV	Singapore	**75%**	75%
Penta-Ocean Koon Ham DI Boskalis JV (Jurong 3B)	Singapore	**22%**	22%
Penta-Ocean Koon DI Boskalis Ham JV (Jurong 4)	Singapore	**17%**	17%
TOC	Thailand	**50%**	n.a.
Parker Point	Australia	**50%**	50%
Port Kembla Boskalis - Dredeco	Australia	**50%**	n.a.
New Doha International Airport JV	Qatar	**29%**	29%
Ras Laffan Port Expansion	Qatar	**50%**	50%
Ras Laffan Northern Breakwaters Contractors	Qatar	**50%**	50%
North Bahrain New Town	Bahrain	**50%**	50%
KOC	Kuwait	**50%**	50%
Khalifa Port Marine Consortium	Abu Dhabi, United Arab Emirates	**37%**	n.a.
Dhirubai 1&3 Gas Fields Development	India	**50%**	n.a.
Boscampo G.I.E.	Cameroon	**n.a.**	50%
Dragages Tanger Mediterranee	Morocco	**50%**	50%
Boskalis Jan de Nul Lda	Angola	**50%**	50%
Bahia Blanca	Argentina	**50%**	50%
Quequen	Argentina	**50%**	n.a.
Joint venture Sepetiba	Brazil	**50%**	50%

Associated companies

The following are the most relevant active associated companies.

		Ownership interest	
Company	Country of incorporation	**2007**	2006
		25%	25%
Bean Meridian Holding LLC	United States of America	**25%**	25%
Bean Excavation LLC	United States of America	**25%**	25%
Bean Meridian LLC	United States of America	**25%**	25%
Bean Environmental LLC	United States of America	**20%**	20%
IRSHAD	Abu Dhabi, United Arab Emirates	**50%**	50%
RW Aggregates Ltd	United Kingdom		

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

Information on pension funds that are classified as funded defined benefit pension plans in accordance with IAS 19 can be found in note 29.1. There were no further material transactions with these pension funds.

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

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

35.2 Related party transactions

Group companies

Transactions between group companies are eliminated in the consolidation process and are not disclosed further in these explanatory notes.

Joint ventures

During the financial years 2007 and 2006, there were no material transactions with strategic alliances other than in joint control. Those material transactions were mainly in proportion to the percentage of participation in the activities in project-driven construction consortiums. Transactions with project-driven construction consortiums take place on a large scale because of the nature of the business activities. In respective joint venture agreements, equivalence between individual partners is achieved by means of, inter alia, agreed rates for personnel and equipment.

The joint group companies have, at year end 2007, amounts receivable from and payable to project-driven construction consortiums amounting to € 152 million and € 110 million respectively (2006: € 134 million and € 126 million respectively).

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

	2007	2006
Non-current assets	**167,717**	157,800
Current assets	**660,866**	196,904
Total assets	**828,583**	354,704
Non-current liabilities	**65,768**	61,235
Current liabilities	**649,502**	178,756
Total liabilities	**715,270**	239,991
Net assets	**113,313**	114,713
Contract revenue	**1,077,866**	548,444
Expenses	**- 948,329**	- 532,759
Net profit	**129,537**	15,685

Associated companies

Transactions with associated companies are not material, except the rental of equipment in the United States of America from the associated equipment companies to the strategic alliance Bean Stuyvesant LLC. The proportional share of the rent of this equipment in the expenses of Bean Stuyvesant LLC amounts to US$ 1.5 million (2006: US$ 7.3 million).

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

The emoluments for members of the Board of Management and Supervisory Board of the company over 2007 and 2006 were as follows:

	Annual salaries and remuneration	Pension costs paid	Short- and long-term bonuses paid	Total	2006
Members of the Board of Management					
dr. P.A.M. Berdowski	**465**	**84**	**765**	**1,314**	1,002
T.L. Baartmans (from 5.9.2007)	**208**	**35**	**—**	**243**	—
J.H. Kamps	**322**	**58**	**193**	**573**	488
R. van Gelder (up to 11.1.2006)	**—**	**—**	**766**	**766**	2,207
	995	**177**	**1,724**	**2,896**	3,697
Members of the Supervisory Board					
R.M.F. van Loon	**53**	**—**	**—**	**53**	36
H. Heemskerk (from 7.1.2006)	**31**	**—**	**—**	**31**	12
M. Niggebrugge (from 8.30.2006)	**37**	**—**	**—**	**37**	10
M. van der Vorm	**31**	**—**	**—**	**31**	24
C. van Woudenberg (from 5.9.2007)	**24**	**—**	**—**	**24**	—
H. Benjamins (up to 3.13.2006)	**—**	**—**	**—**	**—**	6
M. Minderhoud (up to 3.13.2006)	**—**	**—**	**—**	**—**	9
A.A. Westerlaken (up to 3.13.2006)	**—**	**—**	**—**	**—**	5
	176	**—**	**—**	**176**	102
Total 2007	**1,171**	**177**	**1,724**	**3,072**	
Total 2006	1,190	971	1,638		3,799

The variable remuneration paid in 2007 is related to the achievement of certain targets during the 2006 financial year (short-term bonuses) and the achievement of certain targets during the 2004-2006 period (long-term bonuses). Given the termination of his employment with effect from November 1, 2006 as a result of early retirement, part of the variable component of Mr R. van Gelder's remuneration for 2006 was already stated in the 2006 figures. These 2006 figures also included the payment of an additional single premium with regard to Mr Van Gelder into the pension fund to finance accrued pension entitlements. The remaining part of the variable long-term remuneration for Mr Van Gelder has been paid in 2007. No loans or guarantees have been provided to, or on behalf of, members of the Board of Management or members of the Supervisory Board. The members of the Supervisory Board receive, in addition to their remuneration, a yearly allowance for out-of-pocket expenses of € 2,368 each.

Long-term incentive plan

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

As at December 31, 2007 an accrual with regard to the above mentioned long-term incentive plan amounting to € 1.8 million is recognized under Other creditors and accruals.

Company income statement

(in € 1,000)	*Note*	**2007**	2006
Company result		**- 640**	- 13
Result of group company	*[3]*	**205,016**	116,590
Net profit		**204,376**	116,577

Company balance sheet before profit appropriation

(in € 1,000)	*Note*	**2007**	2006
Assets			
Non-current assets			
Investment in group company	*[3]*	**768,571**	618,173
		768,571	618,173
Current assets			
Amounts due from group companies		**—**	463
		—	463
Total assets		**768,571**	618,636
Equity and liabilities			
Shareholders' equity			
Issued capital	*[4]*	**68,639**	68,639
Share premium	*[5]*	**13,261**	13,261
Legal reserve	*[6]*	**97,204**	81,499
Hedging reserve	*[6]*	**36,269**	18,196
Currency translation reserve	*[6]*	**- 24,004**	- 11,209
Retained earnings	*[6]*	**372,305**	331,673
Profit for the year	*[7]*	**204,376**	116,577
		768,050	618,636
Current liabilities			
Amounts due to group companies		**521**	—
		521	—
Total equity and liabilities		**768,571**	618,636

Statement of changes in equity

(in € 1,000)	Note	Issued capital	Share premium	Legal reserve	Hedging reserve	Currency translation reserve	Retained earnings	Profit for the year	Total capital and reserves
Balance as at January 1, 2007		**68,639**	**13,261**	**81,499**	**18,196**	**- 11,209**	**331,673**	**116,577**	**618,636**
Profit appropriation 2006									
Cash dividend		**—**	**—**	**—**	**—**	**—**	**—**	**- 58,344**	**- 58,344**
Addition to retained earnings		**—**	**—**	**—**	**—**	**—**	**58,233**	**- 58,233**	**—**
		—	**—**	**—**	**—**	**—**	**58,233**	**- 116,577**	**- 58,344**
Movement legal reserve	[6]	**—**	**—**	**15,705**	**—**	**—**	**- 15,705**	**—**	**—**
Total recognized income and expense									
Net group profit		**—**	**—**	**—**	**—**	**—**	**—**	**204,376**	**204,376**
Currency translation differences		**—**	**—**	**—**	**—**	**- 12,795**	**—**	**—**	**- 12,795**
Actuarial gains and losses and asset limitation on defined benefit pension schemes	[6]	**—**	**—**	**—**	**—**	**—**	**- 1,896**	**—**	**- 1,896**
Movement in fair value of cash flow hedges	[6]	**—**	**—**	**—**	**18,073**	**—**	**—**	**—**	**18,073**
		—	**—**	**—**	**18,073**	**- 12,795**	**- 1,896**	**204,376**	**207,758**
Balance as at December 31, 2007		**68,639**	**13,261**	**97,204**	**36,269**	**- 24,004**	**372,305**	**204,376**	**768,050**

(in € 1,000)	Note	Issued capital	Share premium	Legal reserve	Hedging reserve	Currency translation reserve	Retained earnings	Profit for the year	Total capital and reserves
Balance as at January 1, 2006		68,639	13,473	63,469	8,302	2,613	323,608	62,747	542,851
Profit appropriation 2005									
Cash dividend		—	—	—	—	—	—	- 31,460	- 31,460
Adjustment prior years stock dividend distribution		—	- 212	—	—	—	212	—	—
Addition to retained earnings		—	—	—	—	—	31,287	- 31,287	—
		—	- 212	—	—	—	31,499	- 62,747	- 31,460
Movement legal reserve	[6]	—	—	18,030	—	—	- 18,030	—	—
Total recognized income and expense									
Net group profit		—	—	—	—	—	—	116,577	116,577
Currency translation differences		—	—	—	—	- 13,822	—	—	- 13,822
Actuarial gains and losses and asset limitation on defined benefit pension schemes	[6]	—	—	—	—	—	- 5,404	—	- 5,404
Movement in fair value of cash flow hedges	[6]	—	—	—	9,894	—	—	—	9,894
		—	—	—	9,894	- 13,822	- 5,404	116,577	107,245
Balance as at December 31, 2006		68,639	13,261	81,499	18,196	- 11,209	331,673	116,577	618,636

Explanatory notes to the company financial statements

1. General

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

2. Principles of financial reporting

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

3. Investment in group company

Investment in group company consists solely of the 100% investment in Boskalis Westminster Dredging bv, Papendrecht. The subsidiary is stated at equity value in accordance with IFRS, as described in the accounting principles relating to associated companies in the consolidated financial statements. The movements are shown below:

	2007	2006
Balance as at January 1	**618,173**	541,915
Dividends received	**- 58,000**	- 31,000
Profit for the year	**205,016**	116,590
Currency translation differences	**- 12,795**	- 13,822
Actuarial gains and losses and asset limitation on defined benefit pension schemes	**- 1,896**	- 5,404
Change in fair value of effective cash flow hedges	**18,073**	9,894
Balance as at December 31	**768,571**	618,173

4. Issued capital

On May 21, 2007 Royal Boskalis Westminster nv effected a share split on a three-for-one basis (three new shares for one old share). This split is applicable to the ordinary shares as well as the cumulative protective preference shares. After this share split the autorized share capital of € 240 million is divided into 150,000,000 ordinary shares and 150,000,000 cumulative protective preference shares of € 0.80 par value each.

In these financial statements the split is considered to be effective as of January 1, 2006. Unless otherwise noted, all relevant per share data in these financial statements are presented in accordance with the number of shares outstanding after the share split.

During the financial years 2007 and 2006 there were no changes in the issued capital. The issued capital as at December 31, 2007 consists of 85,799,361 ordinary shares of € 0.80 par value each and consequently amounts to € 68.6 million. Of the issued capital as at December 31, 2007, no ordinary shares were owned by Royal Boskalis Westminster nv.

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

5. Share premium

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

6. Other reserves

The legal reserve for non-distributed profits of group and/or associated companies amounted to € 97.2 million at the end of 2007 (2006: € 81.5 million). The other reserves recognized in the company balance sheet are disclosed in the notes to the consolidated financial statements (note 22-25).

7. Profit for the year

A proposal will be submitted to the Annual General Meeting of Shareholders to appropriate € 102.2 million for a cash dividend payment of € 1.19 per share. The remainder of € 102.2 million will be added to the retained earnings.

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

The remuneration of members of the Board of Management and Supervisory Board is disclosed in the consolidated financial statements under related party transactions (note 35.2).

9. Commitments and contingent liabilities

Royal Boskalis Westminster nv heads a fiscal entity which includes almost all the Dutch 100% group companies. The company is therefore liable for the tax obligations of the fiscal entity as a whole.
The company has issued guarantees on behalf of project-driven contruction consortiums, and group companies' own contracts. These amounted to € 6 million as at December 31, 2007 (2006: € 9 million).
In addition, certain recourse obligations exist in respect of project financiers. Where deemed necessary, provisions have been made. Some legal proceedings and investigations have been instituted against entities of Royal Boskalis Westminster nv. Where deemed necessary, provisions have been made.

Papendrecht / Sliedrecht, March 18, 2008

Supervisory Board
R.M.F. van Loon, Chairman
H. Heemskerk
M. Niggebrugge
M. van der Vorm
C. van Woudenberg

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

Other information

Provisions in the Articles of Association relating to profit appropriation

Article 28.

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

Article 29.

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

Proposed profit appropriation

A proposal will be submitted to the Annual General Meeting of Shareholders to appropriate € 102.2 million for a cash dividend payment of € 1.19 per share. The remainder of € 102.2 million will be added to the retained earnings.

To: Annual General Meeting of Shareholders of Royal Boskalis Westminster nv

Auditor's report

Report on the financial statements

We have audited the financial statements 2007 of Royal Boskalis Westminster nv, Sliedrecht, as set out on pages 75 to 124. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at December 31, 2007, the consolidated income statement, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements. The company financial statements comprise the company balance sheet as at December 31, 2007, the company income statement for the year then ended and the notes.

Management's responsibility

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

Auditor's responsibility

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

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

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

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Royal Boskalis Westminster nv as at December 31, 2007, and of its result and its cash flow for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Royal Boskalis Westminster nv as at December 31, 2007, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report as set out on pages 49 to 74 is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Rotterdam, March 18, 2008

KPMG Accountants N.V.

D.J. Randeraad RA

Ten years Boskalis[1] [13]

(amounts x € 1 million, unless stated otherwise)		2007	2006	2005	2004	2003[2]	2002	2001	2000	1999	1998
Turnover (work done)		**1,869**	1,354	1,156	1,020	1,046	1,035	1,083	960	851	801
Order book (work to be done)	(3)	**3,562**	2,543	2,427	1,244	1,202	1,273	1,224	1,214	820	785
EBIT	(4)	**245.5**	150.3	82.3	47.5	69.6	99.6	97.7	84.4	73.9	56.8
EBITDA	(5)	**348.1**	236.8	162.5	136.5	148.9	166.2	159.9	139.6	127.9	102.3
Net result		**204.4**	116.6	62.7	33.9	70.9	82.1	77.7	67.2	57.5	47.1
Net group profit	(6)	**207.1**	117.0	63.3	34.1	70.9	82.1	77.7	67.2	57.5	47.1
Depreciation and amortization		**102.5**	86.6	80.2	89.0	79.3	66.6	62.2	55.2	54.0	45.5
Cash flow		**309.6**	203.6	143.5	123.1	150.2	148.7	139.9	122.4	111.5	92.6
Shareholders' equity	(3)	**768.1**	618.6	542.9	467.9	455.2	413.0	376.0	327.4	288.8	253.5
Average number of outstanding shares (x 1,000)	(7)	**85,799**	85,799	85,254	83,307	79,890	77,847	77,700	77,352	77,706	77,823
Number of outstanding shares (x 1,000)	(8)	**85,799**	85,799	85,800	84,522	81,768	77,910	77,751	77,643	77,706	77,823
Personnel (number of persons)	(3)	**8,577**	8,151	7,029	7,033	3,186	3,285	3,119	3,295	3,186	3,115
Ratios (percentages)											
Operating result as % of the turnover		**13.1**	11.1	7.1	4.7	6.7	8.9	9.0	9.6	9.4	7.3
Return on capital employed	(9)	**27.7**	19.1	12.0	7.0	16.0	20.3	21.4	21.0	20.8	18.3
Return on equity	(10)	**29.5**	20.1	12.4	7.2	16.3	20.8	22.1	21.8	21.2	19.7
Solvency	(3/11)	**35.3**	39.4	41.3	38.1	42.5	41.6	38.4	37.5	39.6	18.7
Figures per share (x € 1.00)											
Profit	(7/12)	**2.38**	1.36	0.74	0.41	0.89	1.05	1.00	0.87	0.74	0.61
Cash flow	(7)	**3.61**	2.37	1.68	1.48	1.88	1.91	1.80	1.58	1.43	1.19
Dividend		**1.19**	0.68	0.37	0.25	0.35	0.42	0.40	0.35	0.30	0.24
Share price range (x € 1.00)											
(Depositary receipts of) ordinary shares		**21.06**	14.67	8.58	6.02	5.50	5.93	8.38	5.50	3.50	2.95
		46.25	25.48	18.75	8.33	7.72	11.85	12.38	10.17	6.13	6.13

(1) Figures taken from the financial statements. As from 2004 all amounts are in accordance with IFRS.

(2) Results on work in progress from 2003 onwards based on work done and up to and including 2002 based on completed contracts.

(3) As at December 31, 2003 amended for IFRS (number of personnel: December 31, 2004).

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

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

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

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

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

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

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

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

(12) The dilution effect was practically nil up to the financial year 2007.

(13) On May 21, 2007 Royal Boskalis Westminster nv effected a share split on a three-for-one basis (three new shares for one old share) in order to increase the liquidity of the Boskalis share. For comparative purposes the data regarding the number of shares and figures per share of all the periods has been recalculated to the situation after the split of the ordinary Boskalis shares in 2007.

Legal structure

Royal Boskalis Westminster nv

Boskalis Westminster Dredging bv

Holding and service companies

A selection of operating companies and participating interests

Baggermaatschappij Boskalis bv

Aannemersbedrijf M. de Haan bv
Aannemingsmaatschappij Markus bv
A.H. Breijs & Zonen bv
Baggermaatschappij Holland bv
Boskalis bv
Boskalis Dolman bv
Boskalis Infra bv
Cofra bv
Hydronamic bv
J. van Vliet bv
Zinkcon Dekker bv

Boskalis Westminster Ltd.

Boskalis Zinkcon Ltd
Irish Dredging Company Ltd
PVW Int. Dredging & Harbour Works Ltd
Rock Fall Company Ltd
RW Aggregates Ltd (50%)
Westminster Gravels Ltd
Zanen Dredging & Contracting Co. Ltd

Boskalis Westminster International bv

Archirodon Group nv (40%)
Atlantique Dragage SARL
Beaver Dredging Company Ltd
Beijing Boskalis Dredging Technology Ltd
BKI Gabon SARL
BKW Dredging and Contracting Ltd
Boskalis Australia Pty Ltd
Boskalis Dredging India Pvt Ltd
Boskalis International bv
Boskalis International Egypt SAE
Boskalis International (M) Sdn Bhd (30%)
Boskalis International (S) Pte Ltd
Boskalis International Uruguay SA
Boskalis Italia s.r.l.
Boskalis Guyana Inc.
Boskalis Polska Sp. z o.o.
Boskalis South Africa (Pty) Ltd
Boskalis Taiwan Ltd
Boskalis Westminster Aannemers nv
Boskalis Westminster Cameroun SARL
Boskalis Westminster (Oman) LLC (49%)
Boskalis Zinkcon bv
Coastal and Inland Marine Services Inc.
Delta GmbH
Dragamex SA de CV (50%)
Dragapor Dragagens de Portugal SA
Dravensa CA
Dredging & Contracting Belgium nv
Heinrich Hirdes GmbH
Heinrich Hirdes Kampfmittelräumung GmbH
Koon Zinkcon Pte Ltd (50%)
OOO Mortekhnika (51%)
OOO Bolmorstroy
Nigerian Westminster Dredging & Marine Ltd (60%)
Paragon International Engineers & Consultants bv
P.T. Boskalis International Indonesia
Riovia SA
Soc. Española de Dragados SA
Stuyvesant Dredging Company
Terramare Oy
Zinkcon Contractors bv
Zinkcon Dekker Wasserbau GmbH
Zinkcon International bv
Zinkcon Marine Singapore Pte Ltd

Boskalis Offshore bv

Sandpiper AS
Boskalis Offshore AS

Boskalis Westminster Middle East Ltd

Lamnalco Ltd (50%)
Lamnalco (Malaysia) Sdn Bhd (24.5%)
Lamnalco Namibia Pty Ltd (35%)
Lamnalco (Nigeria) Ltd (50%)
Lamnalco (Sharjah) Ltd (35%)
Boskalis Westminster Al-Rushaid Ltd (49%)

Boskalis Finance bv

Westminster Dredging Company Ltd
Boskalis Westminster Shipping bv

Organization

Group management

dr. P.A.M. Berdowski, chairman Board of Management
J.H. Kamps, member Board of Management, chief financial officer
T.L. Baartmans, member Board of Management, group director International
F.A. Verhoeven, group director Europe

International projects market

Area Europe	F.A. Verhoeven, C. van den Heuvel, G. Turkstra MBA, J.M.L.D. Dieteren
Area Middle	B.J.H. Pröpper, L. Slinger, J.H. Wiersma
Area Middle East	J. Boender, K.A. Vakanas, T.J. Blüm, C.N.A.M. Kootstra, J.R. Hommes
Area East	L. Slinger, M. Siebinga
Area West	H.P.M. Sanders

Home markets

The Netherlands	
Boskalis bv	P. van der Linde, P. van der Knaap
United Kingdom	
Westminster Dredging Company Ltd	N.A. Haworth, A. van de Adel
Germany	
Heinrich Hirdes GmbH	H.G. Peistrup
Nordic (Finland and Sweden)	
Terramare Oy and Boskalis Sweden AB	J.K. Yletyinen, H. Lindström
Mexico	
Dragamex SA de CV	P.M. de Jong, C.D. Versteeg Z.
Nigeria	
Nigerian Westminster Dredging & Marine Ltd	P.G.R. Devinck
United States of America	
Stuyvesant Dredging Company	H.P.M. Sanders, J. Bogaards

Specialist niche markets

Offshore services	
Boskalis Offshore bv	J.F.A. de Blaeij, W.B. Vogelaar
Underwater rock fragmentation	
Rock Fall Company Ltd	G. Steel
Environmental activities	
Boskalis Dolman bv	J.A. Dolman
Soil improvement techniques	
Cofra bv	J.K. van Eijk

Corporate staff

Investor Relations & Corporate Relations	R.T. Berends
Group Controlling	C. Wielaart
Fiscal Affairs	R.J. Selij
Treasury & Insurance	F.A.J. Rousseau
Legal Affairs	K. Duppen
Information & Communications Technology	J.A. Stam
Quality Assurance & HS&E	W. Haaijer
Business Development	T.R. Bennema

Operational staff

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

Works Council

T.A. Scheurwater, chairman
M.A. Aalfs
C.A. Appelo
F.J. Buitenhuis
F. Dekker
S. van der Land
A.C.M. Oosterbaan jr.
G. Prins
W. Th. La Rivière
W.J. de Rover
C.G.A. Tonnaer, vice-chairman
M. Treffers
D.A. van Uitert
H. Vroegh
M.F. van Wijk
P.E. den Otter, secretary

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The jumbo hopper Queen of the Netherlands at work in Melbourne, Australia.

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Glossary

Acquired orders
The contract value of acquired assignments.

Backhoe
A large hydraulic excavating machine positioned on the end of a pontoon. The pontoon is held firmly in place using spuds. Backhoes can dredge in a range of soil types with extreme precision.

Barge unloading dredger
A ship for discharging and pumping dredged material from barges lying alongside.

Booster station
Pumping station for the transportation of sediment through pipelines over longer distances.

Bucket dredger
The standard, anchored dredger with a revolving chain and buckets that dig into the bed and are discharged. This type of equipment is now mainly used for environmental dredging and other jobs requiring extreme precision, such as dredging tunnel trenches.

CALM - Cantenary Anchor Leg Mooring
A floating structure that performs the dual function of keeping a tanker moored on a single point and transferring fluids (generally oil, gas or by-products) while allowing the ship to weathervane.

Competence management program
Program targeting the systematic development of the workforce in accordance with their talents and competences.

Completed contracts
Contract value of completed work.

Cost leadership
Achieving lowest cost price.

Cutter/cutter dredger
See cutter suction dredger.

Cutter suction dredger
A vessel that dredges while being held into place using spuds and anchors. This technique combines powerful cutting with suction dredging. Cutter suction dredgers are mainly used where the bed is hard and compact. The dredged material is loaded into hoppers but is generally pumped to land through a pressure pipeline.

Dynamic positioning system
System for keeping a vessel in place in which the propellers and rudders are controlled by an automatic system.

EBIT
Earnings before share in result of associated companies, finance income and expenses and taxation.

EBITDA
Earnings before share in result of associated companies, finance income and expenses, taxation, depreciation and amortization.

Environmental disc cutter
The environmental disc cutter is a cutter suction dredger with an enclosed cutter head, an adjustable vizor and controllable suction flow. A process control system controls the various parameters so that high-density mixture concentrations can be achieved without turbidity and with high levels of precision. This type of cutter suction dredger is pre-eminently suited for environmental projects.

EU-IFRS
International Financial Reporting Standards: rules for financial reporting drafted and promulgated by the IASB (International Accounting Standards Board). They are compulsory in the European Union from 2005 onwards for all listed companies.

Fallpipe vessel
Vessel that moves over the area to be covered, while dumping the stone on board through a fallpipe. The end of the pipe is located just a few meters above the level of the surface to be covered. The fallpipe is controlled using a precise positioning system. The fallpipe vessel Seahorse can also be equipped with an A-frame on the aftship and a grab controlled by an ROV (Remotely Operated Vehicle). This makes it possible to dredge down to depths of 1,000 meters.

FPSO/FSO
Floating Production Storage and Offloading system/Floating Storage and Offloading system.
Floating production, storage and transshipment systems that often operate a long way offshore.
The systems separate the incoming liquids into oil, gas and water and temporarily store the crude oil.
Tankers are used to transport the oil.

Grab crane
A stationary pontoon with a crane that uses a crane shovel or grab. Dredged material is deposited in barges that operate independently. Grabs can manage both sludge and hard objects and this makes them suitable for, among other things, clearing up waters that are difficult to access, for gravel winning and maintenance dredging on uneven beds.

Home market
Boskalis distinguishes itself from its competitors by the use of a home market strategy. The home market organizations have local marketing profiles, as well as their own fleets and infrastructures. They can rely on the support of the financial and technical resources of the global Boskalis organization.
Home markets provide a stable flow of assignments and opportunities to generate additional margins through associated activities.

Hopper/hopper dredger
See trailing suction hopper dredger.

International projects market

Market that focuses primarily on larger capital expenditure projects for new buildings and/or extensions. In addition, there are projects that regularly involve cooperation with third parties. This makes it possible to provide clients with optimal services and to share risks.

ISM code

International Safety Management Code for the Safe Operation of Ships and for Pollution Prevention: an international standard for compliance with safety regulations and the prevention of pollution on sea-going vessels. The ISM-code requires ship managers to implement and maintain a safety management system for both office and individual vessels.
This code is applicable to seagoing, self-propelled vessels larger than 500 GT and involved in international trade.

ISO standards

Standards of the International Organization for Standardization; the global federation of national normalization organizations that issues standard requirements for, among other things, quality management systems (ISO-9001) and environmental management systems (ISO-14001).

ISPS code

International Ship & Port Facility Security Code of the International Maritime Organization regulating precautions relating to security threats to shipping (e.g. terrorist attacks and piracy). This code is applicable to seagoing, self-propelled vessels larger than 500 GT and involved in international trade.

Order book

The turnover accounted for by parts of orders as yet uncompleted.

OSHAS-18001

Occupational Health & Safety Management System Specification. Standard for a safety management system drawn up by, among others, the classification society Bureau Veritas.

Stone-dumping vessel

A stone-dumping vessel is a ship with a deck on which stone can be loaded. Using a dynamic positioning system and slides, the stones are pushed over the edge of the ship into the right position in the water.

Suction dredger

Stationary, hydraulic vessel that sucks up the sediment/water mixture through a suction pipe.
Suction dredgers are generally used for sand winning.

Trailing suction hopper dredger

A self-propelled unit that loads its well or hopper using centrifugal pumps and pipes that trail over the bed as the ship sails. Trailing suction hopper dredgers can operate independently of other equipment and can transport material over long distances. The dredged material is dumped through flaps or bottom doors, by rainbowing, or pumped onto land using a pipeline.

Turnover work done

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

Work in progress

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

The backhoe Colbart at work in Bahrain.

Equipment

7 + 1* Trailing suction hopper dredgers
Hopper capacity >6,000 m^3
Queen of the Netherlands to be extended to 35,500 m^3
Under construction 2 x 12,000 m^3

12 + 8* Trailing suction hopper dredgers
Hopper capacity <6,000 m^3
Under construction 2 x 5,600 m^3

4 (Self-propelled) seagoing cutter suction dredgers
Total installed power from 12,904 to 15,871 kW

22 + 10* Cutter suction and bucket-wheel dredgers
Total installed power from 257 to 9,262 kW

6 + 27* Floating hoisting pontoons
Hoisting capacities from 10 to 270 t

1 Bucket dredger
Bucket capacity 900 liters

22 + 3* Booster stations
Total installed power from 390 to 6,150 kW

5 + 1* Screeder pontoons
For waterbed protection (clay and stone)

1 Environmental disc cutter

6 + 38* Stone transportation barges
Capacity from 120 to 2,000 t

91 + 30* Hopper and transportation barges
Hopper capacity from 300 to 2,336 m^3

22 + 2* Backhoes
bucket capacity from 1.4 to 22 m^3

79 + 186* Launches, tugs, supply and crew boats
Propulsion power from 30 to 4,412 kW

16 + 4* Floating grab cranes ('grab dredgers')
Grab capacities from 1.2 to 9.2 m^3

3 Barge unloading dredgers
Total installed power from 1,650 to 4,300 kW

6 Suction dredgers
Total installed power from 656 to 4,050 kW

2 Stone dumping vessels
Capacity from 700 to 1,400 t
Under construction 1

21 + 38* Work boats
Propulsion power from 133 to 918 kW

5 + 3* Drill Barges

1 + 1* Dynamically positioned fallpipe vessel
Capacity from 17,000 to 18,500 t
Under construction 1 x 21,500 t

** Owned by (non-controlled) associated companies. In addition to the equipment shown here, the group also owns a range of auxiliary equipment such as floating pipelines, winches, pumps, draglines, hydraulic excavators, wheel loaders, dumpers, bulldozers, mobile cranes, crawler drill rigs, sand pillers, filling installations for shore protection mattresses, fixed land pipelines, various pontoons and houseboats.*

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