Boskalis
Dredging & Marine Experts

HALF YEAR REPORT 2014

HALF YEAR
REPORT 2014

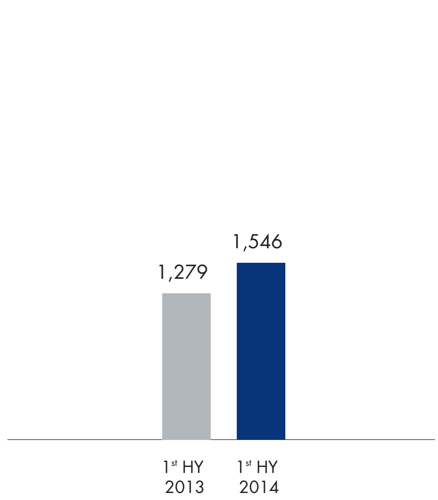


KEY FIGURES

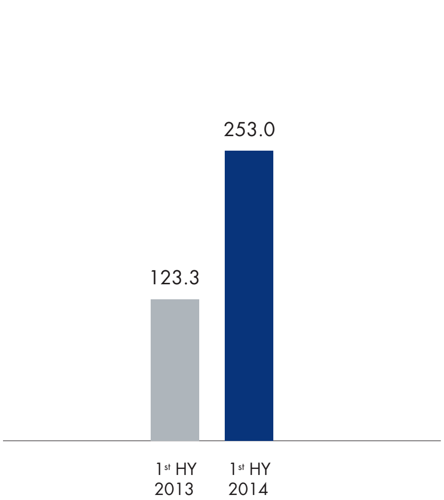
KEY FIGURES	1ST HY 2014	1ST HY 2013*	2013*
(in millions of euros)			
Revenue	**1,546.3**	1,278.5	3,132.4
EBITDA*	**466.4**	280.0	756.5
Net result from strategic JVs and associates*	**19.6**	47.1	62.8
Operating result (EBIT)*	**338.3**	161.8	463.5
Net profit	**253.0**	123.3	365.7
Earnings per share (in EUR)	**2.10**	1.06	3.09
	30 June 2014	30 June 2013*	End 2013*
Order book	**3,145.8**	3,306.6	3,323.4

* As of 1 January 2014 Boskalis applies IFRS11 which impacts the way strategic joint ventures are recognized. Our share in the net result of the strategic joint ventures and associated companies is included in EBIT(DA).

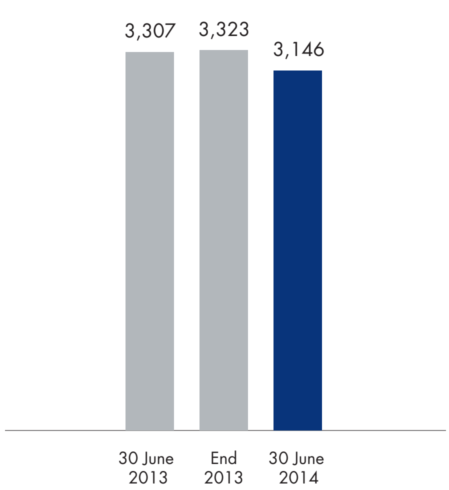
REVENUE (in millions of euros)



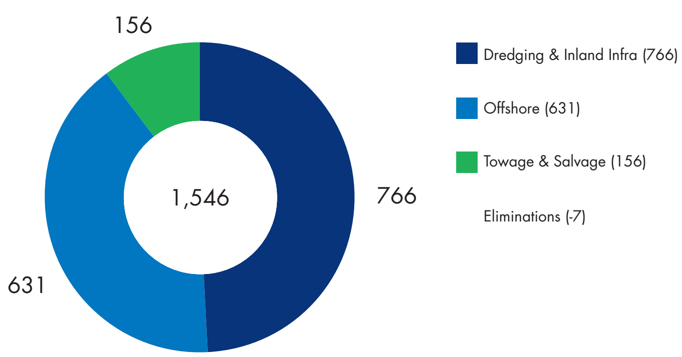
NET PROFIT (in millions of euros)



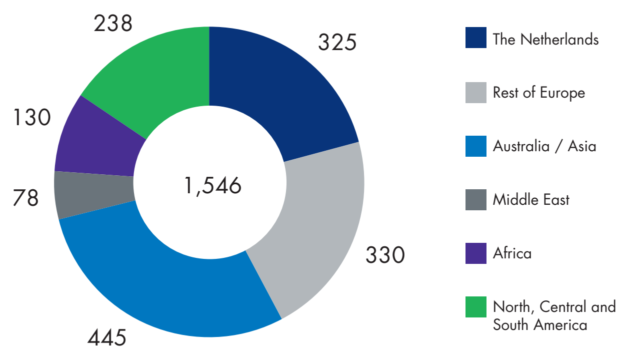
ORDER BOOK (in millions of euros)



REVENUE BY SEGMENT (in millions of euros)



REVENUE BY GEOGRAPHICAL AREA (in millions of euros)



HALF YEAR REPORT 2014

This half year report contains forward-looking statements. These statements are based on current expectations, estimates and projections of Boskalis' management and information currently available to the company. These forecasts are not certain and contain elements of risk that are difficult to predict and therefore Boskalis does not guarantee that its expectations will be realized. Boskalis has no obligation to update the statements contained in this half year report. Unless stated otherwise, all amounts in this half year report are in euros (EUR). Some of the projects referred to in this report were carried out in joint venture or in a subcontractor role. This is an English translation of the Dutch half year report. In the event of any disparity between the Dutch original and this translation, the Dutch text will prevail. This half year report as well as the Annual Report 2013 can be read on www.boskalis.com.

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CHAIRMAN'S STATEMENT

"We have posted a historically high result in the first half of 2014 and the performance across the board of the company has been very good. This result is partly thanks to the strategic choice we made to broaden our focus on offshore. The offshore activities are becoming increasingly important and the contribution of Dockwise forms a key part of this. But the traditional core dredging activities also made an excellent contribution to the results.

In the first half of the year we achieved a high fleet utilization rate and good project results. In addition, a number of exceptional gains made a substantial contribution to the results, including settlement results on old projects in Dredging and Salvage as well as compensation for Dockwise transport contracts that were cancelled. The extremely good results may however not be viewed as a fair reflection of current market conditions which remain very challenging, both in terms of margin and volume."

Peter Berdowski, CEO

The Dockwise Vanguard moored in the center of Rotterdam

RESULTS

Royal Boskalis Westminster N.V. realized a net profit of EUR 253 million in the first half of 2014 (H1 2013: EUR 123 million). Revenue rose 21% in the first half of the year to EUR 1.5 billion (H1 2013: EUR 1.3 billion). Organic revenue growth was 13.4%. EBITDA amounted to EUR 466 million in the first six months and the operating result (EBIT) was EUR 338 million (H1 2013 EBITDA: EUR 280 million and EBIT: EUR 162 million, respectively).

The results in all three segments rose sharply compared to the first half of 2013. Dredging & Inland Infra had a busy first half of the year with a high fleet utilization rate, good project margins and substantial settlement results on old projects. The Offshore Energy segment also had a good first half of the year with a high fleet utilization rate and good project margins. Furthermore, Dockwise contributed an extra quarter to earnings compared to 2013 in addition to a sizable contribution from cancellation and rescheduling fees. The results at Towage & Salvage were higher despite a quiet first half of the year in terms of salvage activities, but with good results from the settlement of older salvage projects.

The order book stood at EUR 3,146 million at the end of the first half of the year (end 2013: EUR 3,323 million).

MARKET DEVELOPMENTS

The markets in which Boskalis operates are driven by growing prosperity and the world's increasing population. This increases global trade and energy consumption, as the irreversible impact of climate change becomes visible. Boskalis responds to these trends. The extent to which these develop positively in the coming years depends largely on geopolitical stability and macro-economic growth. Positive investment decisions for large maritime infrastructure projects, which generate work for Boskalis, are closely linked to this.

Boskalis expects a reasonably stable market environment for Dredging and Towage in the next couple of years. The growth of global trade flows and the need to maintain and expand ports are expected to continue at a moderate rate. The growth opportunities for Boskalis are mainly in the offshore sector in the field of Transport, Logistics and Installation. Despite growing reluctance in the offshore sector to make investment decisions when it comes to large projects, Boskalis remains cautiously positive about its own prospects in this part of the market by using and combining equipment and expertise throughout the group.

OPERATIONAL AND FINANCIAL PERFORMANCE

HIGHLIGHTS FIRST HALF YEAR 2014

- Revenue exceeds EUR 1.5 billion
- EBITDA: EUR 466 million
- Net profit: EUR 253 million
- Order book in excess of EUR 3.1 billion
- First application of IFRS11

OUTLOOK

- Challenging market conditions
- Net profit expected to exceed record 2013 profit (EUR 366 million)

As of 2014 Boskalis is applying the new standard for the financial reporting of joint ventures, IFRS11 Joint Arrangements (IFRS11). The comparative figures for 2013 have been adjusted to reflect this. This adjustment has no impact on the comparative net profit figures.

For Boskalis the application of IFRS11 means that strategic alliances may no longer be consolidated (on a proportional basis), but may only be accounted for using the equity method. The main strategic alliances are Smit Lamnalco, VSMC, the partnerships in Singapore with Keppel (Keppel Smit Towage, Maju Maritime and Asian Lift) and, as of 1 July 2014, the partnerships with SAAM (SAAM Smit Towage). Boskalis' share in the net result of strategic alliances and associated companies is included in Boskalis' consolidated EBIT(DA), as well as in the comparative figures for 2013.

The result of Dockwise was fully consolidated in the first half of 2014. In 2013 the Dockwise result was recognized in the first quarter on a pro rata stake basis as result from associated companies. As of the second quarter of 2013, Dockwise is fully consolidated in the Offshore Energy segment. The operations of Fairmount were taken over in March 2014 and were consolidated from the second quarter, also in the Offshore Energy segment.

REVENUE

In the first half of the year revenue rose 21% to EUR 1,546 million (H1 2013: EUR 1,279 million), including the consolidation effects of Dockwise and Fairmount. Organic revenue growth was 13.4%.

The Dredging & Inland Infra segment had a good first half of the year, due in part to high activity levels and good fleet utilization. The strongest revenue growth was achieved in the Offshore Energy segment. The largest part of this growth was the result of the aforementioned effects of the acquisition of Dockwise and, to a lesser extent, Fairmount. Furthermore this segment also reported strong organic growth with high fleet utilization. Revenue was lower in the Towage & Salvage segment, mainly due to a lower level of activity at Salvage.

BY SEGMENT	1ST HY 2014	1ST HY 2013*	2013*
(in EUR million)			
Dredging & Inland Infra	**766.2**	687.9	1,725.5
Offshore Energy	**631.5**	397.8	1,055.8
Towage & Salvage	**155.6**	201.0	363.0
Eliminations	**-7.0**	-8.2	-11.9
Total	**1,546.3**	1,278.5	3,132.4

* Adjusted for IFRS11

BY GEOGRAPHICAL REGION	1ST HY 2014	1ST HY 2013*	2013*
(in EUR million)			
The Netherlands	**324.5**	283.4	660.8
Rest of Europe	**330.3**	169.2	605.5
Australia / Asia	**445.1**	329.7	730.4
Middle East	**78.1**	72.6	218.1
Africa	**129.9**	156.9	323.5
North, Central and South America	**238.4**	266.7	594.1
Total	**1,546.3**	1,278.5	3,132.4

* Adjusted for IFRS11

RESULT

In the first half of the year the operating result including the contribution from our stake in the net result of strategic alliances and associated companies before interest, taxes, depreciation, amortization and impairments (EBITDA) totaled EUR 466.4 million (H1 2013: EUR 280.0 million).

The operating result (EBIT) was EUR 338.3 million (H1 2013: EUR 161.8 million).

The operating result includes the contribution from our stake in the net result of strategic alliances and associated companies of EUR 19.6 million (H1 2013: EUR 47.1 million). This decline is mainly due to the fact that the result for the first half of 2013 included the contribution of our stake in the result of Archirodon that was divested mid-2013 and a (revaluation) result relating to the acquisition of Dockwise.

All three segments posted sharply higher results than in the first half of 2013.

The Dredging & Inland Infra segment had a busy first half of the year with a high fleet utilization and good project results. Furthermore, there was a substantial contribution from financial settlements on old projects.

Offshore Energy had an operationally strong first half year with a high utilization of the equipment, good project results and a sizable contribution from cancellation and rescheduling fees related to previously contracted transport capacity. Furthermore, Dockwise contributed an extra quarter compared to 2013. As per the second quarter, this segment also includes a contribution from Fairmount that was acquired in March 2014.

The results at Towage & Salvage were higher despite a quiet first half of the year in terms of salvage activities. This was more than compensated for by higher results from harbor towage activities, Smit Lamnalco and the financial settlement from salvage operations performed in previous years.

Non-allocated group expenses amounted to EUR 36.8 million (H1 2013: EUR 7.0 million). This includes a one-off non-cash pension charge of EUR 14.6 million. In 2013 results were positively impacted by a (revaluation) result of EUR 19 million related to the acquisition of Dockwise.

SEGMENT RESULTS	1ST HY 2014	1ST HY 2013*	2013*
(in EUR million)			
Dredging & Inland Infra	**184.0**	97.5	255.1
Offshore Energy	**147.8**	40.1	147.0
Towage & Salvage	**43.3**	31.2	67.2
Non-allocated group costs	**-36.8**	-7.0	-5.8
Total	**338.3**	161.8	463.5

* Adjusted for IFRS11. Our share in the net result of the strategic joint ventures and associated companies is included in EBIT.

NET PROFIT

The operating result (EBIT) was EUR 338.3 million. Net of financing expenses of, on balance, EUR 20.1 million, profit before taxation was EUR 318.2 million. Net profit attributable to shareholders totaled EUR 253.0 million (H1 2013: EUR 123.3 million). Besides the aforementioned high fleet utilization rate, good project results and consolidation effects, this strong increase is also due to sizable financial settlements on both Dredging and Salvage projects that have already been technically completed as well as an important contribution from cancellation and rescheduling fees related to previously contracted transport capacity. The total amount for this exceeds EUR 100 million before taxation.

ORDER BOOK

At the end of the first half of the year the order book excluding our stake in the order book of strategic alliances stood at EUR 3,146 million (end 2013: EUR 3,323 million). In the course of the first half of the year Boskalis acquired, on balance, EUR 1,240 million worth of new contracts.

ORDER BOOK *	30 JUNE 2014	30 JUNE 2013	END 2013
(in EUR million)			
Dredging & Inland Infra	**1,884.5**	2,080.5	2,000.5
Offshore Energy	**1,150.0**	1,226.1	1,322.9
Towage & Salvage	**111.3**	-	-
Total	**3,145.8**	3,306.6	3,323.4

* Excluding our stake in the order book of strategic joint ventures.

DREDGING & INLAND INFRA

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

The Ndurance performing cable-laying activities off the coast of Wales

DREDGING & INLAND INFRA	1ST HY 2014	1ST HY 2013*	2013*
(in EUR million)			
Revenue	**766.2**	687.9	1,725.5
EBITDA*	**228.8**	142.4	358.9
Net result from strategic JVs and associates*	**0.2**	7.2	6.9
Operating result (EBIT)*	**184.0**	97.5	255.1
Order book	**1,884.5**	2,080.5	2,000.5

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

The Dredging and Inland Infra segments, which are jointly managed, have been combined to form a single segment as of 2014. Following the sale of the stake in Archirodon in 2013 nearly all Inland Infra activities take place in the Netherlands.

REVENUE

Revenue in the Dredging & Inland Infra segment amounted to EUR 766.2 million (H1 2013: EUR 687.9 million).

REVENUE BY MARKET	1ST HY 2014	1ST HY 2013*	2013*
(in EUR million)			
The Netherlands	**210.7**	212.0	488.8
Rest of Europe	**143.0**	93.7	264.8
Rest of the world	**412.5**	382.2	971.9
Total	**766.2**	687.9	1,725.5

* Adjusted for IFRS11.

THE NETHERLANDS

Revenue in the Dutch market was EUR 210.7 million, around the same level as a year earlier (H1 2013: EUR 212.0 million). In the first half of the year work commenced on strengthening the Hondsbossche and Pettemer Sea Defence in the Dutch province of Noord-Holland. Other work included a few smaller foreshore replenishments and maintenance work on the Europoort shipping fairway in the port of Rotterdam. A lot of work was also performed at the various Room for the River projects, with operations at the SAAone project (A1-A6 motorway) also in full swing. Furthermore a large number of small and medium-sized infrastructure projects are in progress.

REST OF EUROPE

Revenue in the rest of Europe rose to EUR 143.0 million (H1 2013: EUR 93.7 million). In the main home markets Boskalis was busy working on a large number of maintenance projects in ports and waterways, including the Elbe and Weser in Germany and the deepening of the approach channel to the port of Southampton (United Kingdom). After the winter, operations also recommenced at the Bronka Port project in St. Petersburg (Russia).

REST OF THE WORLD

Outside of Europe revenue increased to EUR 412.5 million (H1 2013: EUR 382.2 million). The combined region of Southeast Asia and Australia was once again the main contributor to revenue in the first half of the year, with projects in South Korea, Vietnam and Australia. Boskalis was also active on projects including in Qatar (access channel), India (port of Mumbai) and Benin (coastal protection at

The Blue Marlin transporting the Polar Pioneer Platform from Norway to Singapore

Cotonou) in the first half of the year. In Central and South America work was carried out on the Superporto do Açu (Brazil) and Lelydorp I (Suriname) projects.

FLEET DEVELOPMENTS

Utilization of the hopper fleet was high in the first half of the year with an effective annual utilization rate of 42 weeks (H1 2013: 44 weeks). At the start of the second quarter the trailing suction hopper dredger Fairway (35,500 m^3) was taken back into service and in mid-June the new trailing suction hopper dredger Strandway (4,500 m^3) was christened and immediately taken into service. The utilization rate of the cutter fleet rose in the first half of the year and the effective annual utilization rate was 35 weeks (H1 2013: 19 weeks).

SEGMENT RESULT

In the first half of the year this segment achieved an exceptionally high result, with EBITDA at EUR 228.8 million and an operating result of EUR 184.0 million (H1 2013: EUR 142.4 million and EUR 97.5 million, respectively). This result includes our stake in the net result of strategic joint ventures and associated companies of EUR 0.2 million (H1 2013: EUR 7.2 million, mainly from the stake in Archirodon that was sold in mid 2013).

Besides the usual project results, which include good results on several larger projects nearing completion, the absence of significant setbacks, a positive contribution from the Dutch Inland Infra activities and a strong utilization rate of the equipment, there was a significant positive effect on the results stemming from financial settlements on projects that have technically been completed. This relates to projects in the Middle East and Italy as well as to the settlement of a dispute with a large subcontractor for the Gorgon project (Australia).

ORDER BOOK

On 30 June the order book excluding our stake in the order book of strategic joint ventures was EUR 1,885 million (end 2013: EUR 2,001 million). On balance EUR 650 million of new work was acquired in the first half of the year. This included previously announced projects in Singapore (Finger Pier I), the United Kingdom (breakwater in Clacton-on-Sea) and Sweden (Marieholm tunnel), as well as many smaller contracts in the Netherlands and more than EUR 100 million worth of new contracts in the Middle East spread out over various projects.

ORDER BOOK BY GEOGRAPHIC MARKET	**30 JUNE 2014**	30 JUNE 2013*	END 2013*
(in EUR million)			
The Netherlands	**1,017.7**	950.4	1,033.6
Rest of Europe	**284.1**	227.6	303.1
Rest of the world	**582.7**	902.5	663.8
Total	**1,884.5**	2,080.5	2,000.5

* Excluding our stake in the order book of strategic joint ventures

OFFSHORE ENERGY

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

OFFSHORE ENERGY	**1ST HY 2014**	1ST HY 2013*	2013*
(in EUR million)			
Revenue	**631.5**	397.8	1,055.8
EBITDA*	**219.8**	92.4	277.5
Net result from strategic JVs and associates*	**6.7**	10.1	15.0
Operating result (EBIT)*	**147.8**	40.1	147.0
Order book	**1,150.0**	1,226.1	1,322.9

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

REVENUE

Revenue in the Offshore Energy segment rose to EUR 631.5 million (H1 2013: EUR 397.8 million). The increase was largely due to the contribution of Dockwise which had a very strong first half of the year in addition to the consolidation effect of an extra quarter. Dockwise revenue was EUR 264.5 million in the first half of the year (H1 2013: EUR 113.1 million). Fairmount contributed EUR 12.5 million to revenue.

Subsea Contracting had a busy first half of the year, with projects in progress in Australia (Ichthys offshore trenching and shore approach), Indonesia (Java to Bali power cable) and the Philippines (Malampaya transport and installation). The utilization rate of the equipment was good at both Subsea Services and Marine Services, which includes the Fairmount activities. At Marine Contracting the West of Duddon Sands offshore wind project is in its final stage of completion.

Dockwise had a record first half year with good fleet utilization and an exceptionally strong result. Demand for Heavy Marine Transport services picked up well in the course of 2013 and this strong demand, particularly short-term demand, persisted in the first half of the year. Work on the Gorgon project (Australia) was successfully concluded in the first half of the year and the first modules for the extensive Wheatstone LNG project (Australia) were transported and delivered.

FLEET DEVELOPMENTS

The utilization rate of the Dockwise fleet was 90% in the first half of the year (Q2 2013: 83%). At the Offshore Technology Conference in Houston Boskalis announced a study into market opportunities and the technical requirements for a new ultra large V-class heavy transport vessel.

The construction of a new type 1 heavy transport vessel in China, the White Marlin, is steadily progressing and the ship is expected to be ready at the end of 2014.

SEGMENT RESULT

In the first half of the year EBITDA for the Offshore Energy segment amounted to EUR 219.8 million and the operating result was EUR 147.8 million (H1 2013: EUR 92.4 million and EUR 40.1 million, respectively).

The contribution of Dockwise to EBITDA and the operating result was EUR 136.0 million and EUR 88.0 million, respectively (Q2 2013: EUR 48.0 million and EUR 12.8 million, respectively). Compared to 2013 Dockwise contributed an extra quarter. In addition, the first half of the year was busy across the full range of activities, with a sizable contribution from cancellation and rescheduling fees.

The result of Offshore Energy excluding the contribution from Dockwise was also higher than in the same period last year. Besides the contribution of Fairmount which was acquired in March, the increase is explained by a high fleet utilization rate and good margins on projects executed.

The result includes our stake in the net profit of strategic joint ventures and associated companies, mainly VSMC and Asian Lift. The contribution of these activities was EUR 6.7 million (H1 2013: EUR 10.1 million) with the Asian Lift joint venture in Singapore in particular contributing less to results than in the same period in 2013.

ORDER BOOK

At the end of June the order book excluding our stake in the order book of strategic joint ventures stood at EUR 1,150 million (end 2013: EUR 1,323 million). EUR 639.0 million of this related to projects and contracts for Dockwise (end 2013: EUR 686.5 million).

In the first half of the year EUR 459 million of new work was acquired, including a contract to transport two very large new jack-up (drilling) rigs for Statoil.

TOWAGE & SALVAGE

Towage: *towage services and berthing and unberthing of oceangoing vessels in ports and at offshore terminals, management and maintenance both above and below the surface of onshore and offshore oil and gas terminals and associated maritime and management services.*

Salvage: *providing assistance to vessels in distress, wreck clearance, environmental care services and advice.*

TOWAGE & SALVAGE	1ST HY 2014	1ST HY 2013*	2013*
(in EUR million)			
Revenue	**155.6**	201.0	363.0
EBITDA*	**56.4**	51.5	103.9
Net result from strategic JVs and associates*	**12.6**	10.9	21.9
Operating result (EBIT)*	**43.3**	31.2	67.2
Order book	**111.3**	-	-

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

Shortly after the first half of the year was closed Boskalis and Chile's SAAM S.A. formed two joint ventures under the name SAAM Smit Towage to jointly operate the combined harbor towage activities in Brazil, Mexico, Panama and Canada. The respective SMIT Harbour Towage activities are recognized as Assets Held For Sale in the first half of the year. These activities will be deconsolidated in accordance with IFRS11 as of the third quarter.

REVENUE

Revenue in the Towage & Salvage segment fell to EUR 155.6 million in the first half of the year (H1 2013: EUR 201.0 million). Boskalis provides towage services through SMIT Harbour Towage in Rotterdam, Belgium, Liverpool, Brazil, Panama and Canada. The first half of the year was relatively busy from an operational point of view, particularly in Brazil and the Netherlands. Nevertheless revenue fell slightly, due in part to the sale of the Australian harbour towage activities to Smit Lamnalco at the end of 2013.

Revenue at SMIT Salvage was lower as a consequence of limited emergency response contracts. Two large wreck removal projects commenced in the second quarter – removing the sunken car carrier Baltic Ace in the North Sea and a jack-up rig off the coast of Angola.

SEGMENT RESULT

EBITDA in the Towage & Salvage segment totaled EUR 56.4 million and the operating result was EUR 43.3 million (H1 2013: EUR 51.5 million and EUR 31.2 million, respectively). This includes the financial settlement from salvage projects that were successfully carried out in 2011 and early 2013, respectively.

The result includes our stake in the net result of strategic joint ventures and associated companies, particularly Keppel Smit Towage (KST) and Smit Lamnalco. The contribution of these activities was EUR 12.6 million in the first half of the year (H1 2013: EUR 10.9 million).

ORDER BOOK

The order book, excluding our stake in the order book of strategic joint ventures, was EUR 111.3 million on 30 June (end 2013: EUR 0). At the start of 2014 we acquired two large wreck removal contracts: for the Baltic Ace car carrier in the North Sea and a jack-up rig off the coast of Angola.

HOLDING AND ELIMINATIONS

Non-allocated head office activities.

HOLDING AND ELIMINATIONS	1ST HY 2014	1ST HY 2013*	2013*
(in EUR million)			
Revenue eliminations	**-7.0**	-8.2	-11.9
EBITDA*	**-38.6**	-6.3	16.2
Net result from strategic JVs and associates*	**0.1**	18.9	19.0
Operating result (EBIT)*	**-36.8**	-7.0	-5.8

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

SEGMENT RESULT

The operating result mainly includes the usual non-allocated head office costs as well as various non-allocated (often non-recurring) expenses.

A non-recurring non-cash pension charge was recognized in the first half of the year 2014. As of 1 July 2014 the pension scheme for a large part of the Dutch employees and staff members has changed and been transferred to an external pension provider. In accordance with the applicable IFRS rules this change has resulted in a non-recurring charge of EUR 14.6 million.

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

Maintenance work at a single point mooring buoy in Qatar

OTHER FINANCIAL INFORMATION

Depreciation, amortization and impairments totaled EUR 128.1 million in the first half of the year (H1 2013: EUR 118.2 million). This increase relates to the full half year consolidation of Dockwise.

Our stake in the net result from strategic alliances and associated companies was EUR 19.6 million (H1 2013: EUR 47.1 million). This result relates mainly to our stake in the results of Smit Lamnalco, VSMC and the Singapore partnerships with Keppel (Keppel Smit Towage, Maju Maritime and Asian Lift). The higher result for the first half of 2013 also included our stake in the result of Archirodon as well as a revaluation result on the minority stake in Dockwise, prior to the full acquisition.

The tax burden was EUR 64.4 million in the first half of the year (H1 2013: EUR 16.5 million). This increase can be explained by both the higher result before taxation and the relatively high tax burden. The tax burden rose to 20.2% (H1 2013: 11.9%), mainly due to the fact that the higher results at Dredging & Inland Infra and Towage & Salvage were achieved in countries with relatively high tax rates, while the revaluation result in 2013 on the minority stake in Dockwise was untaxed.

CAPITAL EXPENDITURE AND BALANCE SHEET

In the first half of the year a total amount of EUR 122.7 million was invested in property, plant and equipment. Important investments in the Dredging segment related to reconstruction work on the 35,500 m^3 Fairway mega hopper, two 4,500 m^3 hoppers and the construction of a new mega cutter. The Fairway was brought into service at the start of second quarter, followed by the Strandway (4,500 m^3 hopper) at the end of June.

Investments made in the Offshore Energy segment included the construction of two new Giant transport barges and the White Marlin (Dockwise type I transport vessel), with delivery expected at the end of 2014. The newly built multifunctional cable laying/offshore vessels Ndurance and Ndeavor came into service at the start of the year. Various smaller investments were made in the Towage & Salvage segment, including the six tugs currently under construction for SMIT Brasil. Capital expenditure commitments at the end of June fell to EUR 223 million (end 2013: EUR 266 million). These commitments relate to the aforementioned investments, particularly the mega cutter.

The cash flow amounted to EUR 381.9 million for the first half (H1 2013: EUR 240.7 million). The cash position at end-June was EUR 391.9 million (end 2013: EUR 325.6 million). The solvency ratio rose to 49.9% (end 2013: 47.5%).

The interest-bearing debt totaled EUR 1,029.5 million on 30 June, of which EUR 62.1 million is recognized as Assets Held For Sale. The net debt position stood at EUR 575.5 million. At the end of 2013 the debt position was EUR 970.2 million and the net debt position was EUR 644.6 million.

The largest component of the debt position relates to the long-term US Private Placements and borrowing under the three and five-year credit facility. Boskalis has agreed with the syndicate of banks to replace this facility, consisting of a USD 525 million term loan and a EUR 500 million revolving credit facility with one revolving multi-currency credit facility. This amended EUR 600 million credit facility has a five-year tenor, with an option to extend to seven years. A EUR 4.5 million non-recurring charge is included in the financing expenses relating to write-offs of the costs of the original facility that had not yet been amortized. The amended facility was taken out at improved conditions and the amount of the facility is a better fit for Boskalis' financing needs.

Boskalis has agreed a number covenants with the syndicate of banks and the USPP investors with which it must comply. These covenants were comfortably met as at 30 June 2014. The main covenants relate to the net debt : EBITDA ratio, with a limit of 3, and the EBITDA : net interest ratio, with a minimum of 4. At 30 June the net debt : EBITDA ratio stood at 0.7 and the EBITDA : net interest ratio at 22,2.

Activities for the Room for the River project
IJssel flood plains Olst in the Netherlands

PRINCIPAL RISKS AND UNCERTAINTIES

The 2013 Annual Report of Royal Boskalis Westminster N.V. provides an overview of Boskalis' risk management and describes the four main risk categories: strategic and market risks, operational risks, financial risks and risks related to financial reporting, as well as internal risk management and control systems. More information can be found on pages 48-52 of the 2013 Annual Report and in the online annual report at www.boskalis.com/annualreport.

The principal risks also apply to the current financial year. In the second half of 2014 the extent to which new projects are acquired and the associated commercial conditions will largely be determined by the prevailing economic circumstances. It is expected that the continued uncertain economic prospects, difficult financing markets as well as cautious government spending will persist in a large number of countries in which Boskalis operates.

OTHER DEVELOPMENTS

SAAM SMIT TOWAGE

Early July, Boskalis and SAAM announced that they have successfully created a joint harbor towage operation in Brazil, Mexico, Canada and Panama. The combined companies will operate under the name SAAM Smit Towage (SST). The partnership consists of two underlying joint ventures, with a combined EBITDA of USD 100 million in 2013. The geographic scope of the first joint venture covers the Brazilian towage market. Both Boskalis and SAAM operate in Brazil and each holds a 50% share in this new joint venture. With a total of more than 40 tugboats, the combination is an important player in the growing market of Brazil, operating in major ports such as Rio Grande, Itajai, Santos and Salvador. The other joint venture, in which SAAM holds a 51% majority stake, relates to the towage activities in Panama and Canada (SMIT) and Mexico (SAAM). With a fleet of nearly 60 tugboats, this joint venture will be present in main ports of Canada (Prince Rupert and Vancouver), Panama (Manzanillo, Balboa, Colon Container Terminal) and Mexico (Veracruz, Lázaro Cárdenas, Altamira, Tuxpan).

FINANCIAL AGENDA

14 August 2014	Publication of 2014 half-year results
14 November 2014	Trading update on third quarter of 2014
12 March 2015	Publication of 2014 annual results
12 May 2015	Trading update on first quarter of 2015
12 May 2015	Annual General Meeting of Shareholders
20 August 2015	Publication of 2015 half-year results
13 November 2015	Trading update on third quarter of 2015

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

OUTLOOK

Current insights suggest that the market picture is not expected to change significantly in the second half of the year compared to the first half of the year. With the projects in the order book a healthy fleet utilization is expected at Dredging and Offshore Energy in the second half of the year, although the utilization rate will be lower than in the first half of the year. After a very strong first half of the year for Dredging the absence of comparable substantial settlement results will result in a lower operating margin in the second half of the year. Similarly, the outlook for Offshore Energy is that the absence of comparable compensation for cancellations and delays will result in a lower operating margin in the second half of the year. The outlook for Towage & Salvage is stable compared to the first half of the year.

Assuming the positive settlement of several old projects in 2014 the Board of Management expects that, barring unforeseen circumstances, net profit for the 2014 financial year will exceed the record profit achieved in 2013 (EUR 366 million).

Capital expenditure is expected to be around EUR 300 million in 2014 and will be financed from the company's own cash flow.

The financial position of Boskalis is very solid and the solvency ratio has increased to 50%. Due to the high result in the first half of 2014 and a lower debt position, the net debt: EBITDA ratio declined to 0.7. With this strong financial departure point and within the framework and principles of the business plan 2014-2016, Boskalis intends to launch a share buyback program of up to 10 million shares. This program will be executed in the next two and a half years, subject to the development of results and maintaining the desired balance sheet ratios. The launch of the share buyback program was announced today in a separate press release.

INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR FIRST HALF YEAR 2014

CONDENSED CONSOLIDATED INCOME STATEMENT

(in millions of EUR)	Note	1ST HALF YEAR 2014	1ST HALF YEAR 2013 REVISED*)
OPERATING INCOME			
Revenue	[7]	**1,546.3**	1,278.5
Other income		**7.0**	28.3
		1,553.3	1,306.8
OPERATING EXPENSES			
Raw materials, consumables, personnel expenses, services and subcontracted work		**-1,106.4**	-1,073.9
Depreciation, amortization and impairment losses		**-128.1**	-118.2
Other expenses		**-0.1**	-
		-1,234.6	-1,192.1
Share in result of strategic joint ventures and associated companies		**19.6**	24.4
Revaluation of stake in associated company prior to business combination		**-**	22.7
OPERATING RESULT		**338.3**	161.8
Finance income and costs		**-20.1**	-22.8
PROFIT BEFORE TAXATION		**318.2**	139.0
Income tax expense	[14]	**-64.4**	-16.5
NET GROUP PROFIT FOR THE REPORTING PERIOD		**253.8**	122.5
NET GROUP PROFIT FOR THE REPORTING PERIOD ATTRIBUTABLE TO:			
Shareholders		**253.0**	123.3
Non-controlling interests		**0.8**	-0.8
		253.8	122.5
Average number of shares (x 1,000)		**120,664**	116,667
Number of shares at the end of the reporting period (x 1,000)		**122,938**	120,265
Earnings per share		**EUR 2.10**	EUR 1.06
Diluted earnings per share		**EUR 2.10**	EUR 1.06
EBITDA		**466.4**	280.0

* Refer to note 3 and 12 of the notes for the revisions in the accounting policies.

The notes on pages 23 to 30 are an integral part of these condensed consolidated interim financial statements for the first half year 2014.

CONDENSED CONSOLIDATED STATEMENT OF RECOGNIZED AND UNRECOGNIZED INCOME AND EXPENSES

(in millions of EUR)	1ST HALF YEAR 2014	1ST HALF YEAR 2013 REVISED*)
NET GROUP PROFIT FOR THE REPORTING PERIOD	**253.8**	122.5
ITEMS THAT WILL NEVER BE RECLASSIFIED TO THE PROFIT OR LOSS		
Acturial gains (losses) and asset limitation on defined benefit pension schemes, after taxation	**2.5**	-0.5
	2.5	-0.5
ITEMS THAT ARE OR MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFT OR LOSS		
Currency translation differences on foreign operations, after taxation	**20.2**	-22.8
Effective cash hedges, after taxation	**-11.6**	-2.6
	8.6	-25.4
UNRECOGNISED INCOME AND EXPENSES FOR THE REPORTING PERIOD, AFTER TAXATION	**11.1**	-25.9
TOTAL RECOGNIZED AND UNRECOGNIZED INCOME AND EXPENSES FOR THE REPORTING PERIOD	**264.9**	96.6
ATTRIBUTABLE TO:		
Shareholders	**262.5**	98.4
Non-controlling interests	**2.4**	-1.8
TOTAL RECOGNIZED AND UNRECOGNIZED INCOME AND EXPENSES FOR THE REPORTING PERIOD	**264.9**	96.6

* Refer to note 3 and 12 of the notes for the revisions in the accounting policies.

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CONDENSED CONSOLIDATED BALANCE SHEET

(in millions of EUR)	Note	END 1ST HALF YEAR 2014	31 DECEMBER 2013 REVISED*)
NON-CURRENT ASSETS			
Intangible assets		**565.0**	573.3
Property, plant and equipment	[9]	**2,702.3**	2,628.1
Investments in strategic joint ventures and associated companies		**448.8**	444.5
Other non-current assets		**37.5**	19.2
		3,753.6	3,665.1
CURRENT ASSETS			
Inventories and receivables		**1,070.6**	1,052.3
Cash and cash equivalents		**421.0**	331.3
Assets disposal group	[6]	**286.8**	280.4
		1,778.4	1,664.0
TOTAL ASSETS		**5,532.0**	5,329.1
GROUP EQUITY			
Shareholders' equity	[10]	**2,750.6**	2,525.2
Non-controlling interests		**7.8**	6.9
		2,758.4	2,532.1
NON-CURRENT LIABILITIES			
Interest-bearing borrowings		**963.9**	965.0
Provisions		**54.1**	40.0
Other liabilities and borrowings		**82.8**	87.6
		1,100.8	1,092.6
CURRENT LIABILITIES			
Interest-bearing borrowings		**3.5**	5.2
Bank overdrafts		**2.2**	5.7
Provisions		**5.0**	4.7
Other liabilities and borrowings		**1,547.2**	1,570.4
Liabilities disposal group	[6]	**114.9**	118.4
		1,672.8	1,704.4
TOTAL GROUP EQUITY AND LIABILITIES		**5,532.0**	5,329.1
Solvency		**49.9%**	47.5%

* Refer to note 3 and 12 of the notes for the revisions in the accounting policies.

The notes on pages 23 to 30 are an integral part of these condensed consolidated interim financial statements for the first half year 2014.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of EUR)	Note	1ST HALF YEAR 2014	1ST HALF YEAR 2013 REVISED*)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net group profit		**253.8**	122.5
Depreciation, amortization and impairment losses		**128.1**	118.2
Cash flow		**381.9**	240.7
Adjustments for:			
Finance income and expenses, taxation, results from disposals		**77.6**	10.9
Movement other non-current assets, excluding deferred taxes		**-7.0**	9.2
Movement non-current liabilities, excluding deferred taxes		**-7.9**	-15.7
Movement in working capital (including inventories, excluding taxation and interest)		**-14.1**	-60.6
Share in result of strategic joint ventures and associated companies, including revaluation result		**-19.6**	-47.1
Cash generated from operating activities		**410.9**	137.4
Dividends received		**7.4**	10.5
Interest paid and received		**-13.9**	-19.5
Income taxes paid		**-65.3**	-7.9
Net cash from operating activities		**339.1**	120.5
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in intangible assets and property, plant and equipment		**-111.8**	-43.1
Investment in group company, net of cash acquired	*[5]*	**-44.0**	-465.4
Net investments in associated companies		**-1.4**	0.1
Net cash used in investing activities		**-157.2**	-508.4
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of loans (after deduction of borrowing costs)		**0.3**	1,330.3
Repayment of loans		**-51.5**	-1,205.5
Proceeds from issue of share capital		**-**	317.2
Acquisition of non-controlling interests		**-**	-4.5
Dividends paid		**-38.6**	-43.9
Net cash used in / from financing activities		**-89.8**	393.6
NET INCREASE IN CASH AND CASH EQUIVALENTS		**92.1**	5.7
Net cash and cash equivalents as at 1 January		**325.6**	313.3
Net increase in cash and cash equivalents		**92.1**	5.7
Currency translation differences		**1.1**	-8.2
Movement in net cash and cash equivalents		**93.2**	-2.5
NET CASH AND CASH EQUIVALENTS AS AT REPORTING DATE		**418.8**	310.8

* Refer to note 3 and 12 of the notes for the revisions in the accounting policies.

The notes on pages 23 to 30 are an integral part of these condensed consolidated interim financial statements for the first half year 2014.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN GROUP EQUITY

	1ST HALF YEAR 2014			1ST HALF YEAR 2013 REVISED*)		
(in millions of EUR)	SHARE-HOLDERS' EQUITY	NON-CONTROLLING INTERESTS	GROUP EQUITY	SHARE-HOLDERS' EQUITY	NON-CONTROLLING INTERESTS	GROUP EQUITY
Balance as at 1 January	**2,525.2**	**6.9**	**2,532.1**	1,898.0	9.3	1,907.3
TOTAL RECOGNIZED AND UNRECOGNIZED INCOME AND EXPENSE FOR THE REPORTING PERIOD						
Net group profit for the reporting period	**253.0**	**0.8**	**253.8**	123.3	-0.8	122.5
Unrecognized income and expenses for the reporting period	**9.5**	**1.6**	**11.1**	-24.9	-1.0	-25.9
Total recognized and unrecognized income and expenses for the reporting period	**262.5**	**2.4**	**264.9**	98.4	-1.8	96.6
TRANSACTIONS WITH SHAREHOLDERS						
Issue of ordinary shares	**-**	**-**	**-**	317.9	-	317.9
Distributions to shareholders						
Cash dividend	**-37.1**	**-1.5**	**-38.6**	-43.2	-0.7	-43.9
Total transactions with shareholders	**-37.1**	**-1.5**	**-38.6**	274.7	-0.7	274.0
Balance as at end of the reporting period	**2,750.6**	**7.8**	**2,758.4**	2,271.1	6.8	2,277.9

* Refer to note 3 and 12 of the notes for the revisions in the accounting policies.

The notes on pages 23 to 30 are an integral part of these condensed consolidated interim financial statements for the first half year 2014.

EXPLANATORY NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL

Royal Boskalis Westminster N.V. (the "Company") is a leading global services provider in the dredging, inland and maritime infrastructure and maritime services sectors. Royal Boskalis Westminster N.V. has its statutory residence in Sliedrecht, the Netherlands, and its head office in Papendrecht, the Netherlands. The Interim Consolidated Financial Information for the first half year of 2014 of Royal Boskalis Westminster N.V. includes the Company and its group companies (together referred to as the "Group") and the interests of the Group in associated companies and the interests of the Group in strategic joint-ventures. In IFRS, these strategic joint ventures are mainly classified as joint ventures or as associated companies.

The Interim Consolidated Financial Information is prepared by the Board of Management and has been cleared for publication on 13 Augustus 2014.

The Interim Consolidated Financial Information for the first half year of 2014 has not been audited by the independent auditor.

The Group's audited consolidated financial statements for 2013 are available at www.boskalis.com.

2. STATEMENT OF COMPLIANCE

The Interim Consolidated Financial Information is prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting. This Interim Consolidated Financial Information does not include all the information required for full financial statements and are to be read in combination with the audited 2013 consolidated financial statements of the Group.

3. ACCOUNTING PRINCIPLES APPLIED FOR THE PREPARATION OF THE INTERIM CONSOLIDATED FINANCIAL INFORMATION

The accounting principles applied to the valuation of assets and liabilities and the determination of results are the same as the valuation principles applied to the 2013 consolidated financial statements except for the relevant changes mentioned in the section 'Changes in principles of financial reporting'.

Unless stated otherwise, all amounts are reported in millions of euros.

CHANGES IN PRINCIPLES OF FINANCIAL REPORTING

The Group applies certain new standards for the first time mandatorily, which require a revision of the previous financial statements, and has adjusted the presentation of the consolidated income statement, consolidated balance sheet and consolidated statement of cash flows.

(a) IFRS 10 Consolidated Financial Statements

IFRS10 Consolidated financial statements replaces all the guidance on control and consolidation in IAS27 Consolidated and Separate Financial Statements. IFRS10 introduces a single consolidation model based on control, irrespective the type of entity to be consolidated. The application of IFRS10 has no material impact on the Group.

(b) IFRS 11 Joint Arrangements

IFRS11 Joint arrangements revises the accounting for joint ventures (in the new standard called "joint arrangements"). Most important change is that for joint arrangements the option of applying the "equity" method or proportional consolidation is removed; only the equity method can be applied for strategic joint ventures. Starting from 2014 the Group measures its strategic joint ventures at the equity method instead of proportional consolidation, which was, previously used. The main strategic joint ventures are:

Entity	SHARE
Visser & Smit Marine Contracting Holding B.V., Netherlands	50%
Smit Lamnalco Ltd, Sharjah, United Arab Emirates	50%
Asian Lift Pte. Ltd, Singapore	50%
Keppel Smit Towage Pte Ltd, Singapore	49%
Maju Maritime Pte Ltd, Singapore	49%
Archirodon Group N.V., Netherlands (till 11 July 2013, 40%)	-

The Group includes the revenues, costs, assets and liabilities of joint operations, mostly projectdriven construction consortiums, attributable to Boskalis in its financial statements (comparable with proportional consolidation).

The application of this standard has no effect on the equity attributable to the shareholders. The solvability of the Group increases with 3.2% due to the reduction of the balance sheet total. The statement of cash flows is drawn up using the indirect method and is accordingly adjusted to this new standard. In the first half of 2013 the revenue is EUR 287.2 lower and the net result attributable to shareholders is unchanged. The share of the Group in the strategic joint ventures is mainly the share in the operating result. The presentation of the share in the result of the strategic joint ventures is changed accordingly, where the share in the result of strategic joint ventures and associated companies, after financial income and expenses and taxes is reported in the operational result. In note 12 the key figures of the consolidated income statement for the first half year 2013 and the consolidated balance sheet as at 31 December 2013 are included, both before and after the changed presentation of the consolidated income statement and the mandatory application of IFRS 10, IFRS 11 and IFRS 28R. The changes in IAS 28R mainly relate to the mandatory application of the equity method for joint ventures. As at 1 January 2014 the changed standard IAS 28R has been mandatorily applied retrospectively and has no impact on the equity attributable to shareholders.

(c) IFRS 12 Disclore of Interest in other Entities
IFRS 12 Disclosure of Interest in other Entities includes consistent requirements for disclosures of subsidiaries, associated companies and joint arrangements as well as structured entities which are not consolidated. The disclosures will be, according to the first application of IFRS 10, IFRS 11 and the amendments in IAS 28R, included in the consolidated financial statements 2014. This standard has no impact on the Interim Consolidated Financial Information.

4. ESTIMATES

The preparation of Interim Consolidated Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting principles and the recognized amounts under assets, liabilities, revenue and costs. Actual results may differ from these estimates. Judgements made by management in applying the Group's accounting principles and the key sources for making estimates were the same as the judgements and sources applied when preparing the consolidated financial statements for the financial year 2013, with the exception of:

TAXATION

Tax expense is accounted for based on the weighted average rate that would apply to expected pre-tax profit for the full year multiplied by the pre-tax profit for the reporting period, taking into account recognized deviations.

IMPAIRMENT LOSS ON GOODWILL AND OTHER INTANGIBLE ASSETS

The Group makes an annual judgement of impairment losses on goodwill and other intangible assets with an indefinite useful life in the fourth quarter.

BUSINESS COMBINATION

A provisional purchase price allocation was performed with respect to the business combination Fairmount realized in the first half year of 2014. For this purpose all identified assets and liabilities were recognized at estimated fair value.

5. ACQUISITION OF GROUP COMPANY

In the first half year the composition of the consolidated Group changed. On 3 March 2014 the Group gained control over Fairmount by acquiring all of the outstanding shares and voting rights. As a result a business combination was realized and reported accordingly with the consolidated Group.

The addition of five 205 ton bollard pull Anchor Handling Tugs (AHT's) of Fairmount means for the Group a further strengthening of its market position and services in both offshore energy and salvage. Furthermore the Group expects by means of synergy to realize cost efficiency.

After gaining control Fairmount contributed EUR 12.5 million to Group revenue and EUR 3.1 million to the net group profit in the first half year of 2014. This does not include costs related to the acquisition. Management believes that if the acquisition had taken place at the start of 2014, revenue for the reporting period would have totaled EUR 1,560.0 million and consolidated net group profit would have been EUR 254.81 million. In determining these amounts Management assumed the same fair value adjustments as at the date of acquisition.

CONSIDERATIONS PAID

The consideration paid for acquiring all of the outstanding shares and voting rights of Fairmount on 3 March 2014 amounts to USD 88.9 million.

IDENTIFIABLE ASSETS AND LIABILITIES ACQUIRED

Resulting from the acquisition, the following identifiable assets and liabilities have been acquired:

(in millions of euros)	
Property, plant and equipment	79.0
Inventories	5.2
Current receivables and other current assets	8.6
Cash, cash equivalents and bank overdrafts	20.6
Interest bearing loans	-43.2
Provisions	-
Current liabilities	-8.7
Net amount of identified assets	**61.5**

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

In view of the short period of time between the date of acquisition and the reporting date, certain fair values were determined on a provisional basis when assessing the value of (all categories of) identifiable assets and liabilities acquired. Review in the twelve months following the date of acquisition may lead to an adjustment of the fair value applied and the goodwill referred to below.

GOODWILL

Goodwill arising from the acquisition:

(in millions of euros)	
Consideration paid at 3 March 2014	64.6
Less: Net amount of identified assets	-61.5
Goodwill (as at 3 March 2014)	**3.1**

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

TRANSACTIONS RELATED TO THE ACQUISITION

The Group incurred acquisition-related expenses of EUR 0.2 million in connection with the costs of external advisors, due diligence and fees paid to the institutions involved. These costs are recognized in the condensed consolidated income statement in the line Raw materials, consumables, personnel expenses, services and subcontracted work. This item is included in 'Holding & eliminations' in the table 'Information on operational segments and reconciliation to Group results' in note 7.

6. COOPERATION WITH SAAM

After balance sheet date at 1 July 2014 Boskalis and SAAM S.A. (SAAM) entered into two agreements to merge their harbor towage activities in Brazil, Mexico, Canada and Panama. The activities will use the name SAAM Smit Towage (SST). The geographic scope of the first cooperation relates to harbor towage services in Brazil, in which both partners have a share of 50%. The second cooperation, in which the share of SAAM is 51% and the Group 49%, is related to harbor towage services in Panama, Canada (Boskalis) and in Mexico (SAAM). Besides the operational synergy benefits, additional value will be created due to the exchange of best practices and market synergy effects, after further integration. It is expected that the assets and activities attributed by Boskalis and SAAM in SST have a comparable enterprise value.

IFRS requires to recognize the attribution of the Group to SST as a sale of these subsidiaries and subsequently investments in strategic joint ventures. Due to the short time between the transaction date, 1 July 2014, and the reporting date no sufficient time was available to measure the fair value of the subsidiaries sold, to determine the bookresults and investments in strategic joint ventures and also the goodwill included in these investments. These values, which need to be estimated and are therefore surrounded by estimation uncertainties, will be included in the statements on the next reporting date. Additionally, the cumulative unrealized currency translation results on foreign operations of these subsidiaries will be reported in the income statement.

Similar to in the fourth quarter 2013, the attributable assets and liabilities to SST are classified as an asset and liability group held for sale for which, net, no depreciation and amortization are recognized.

7. OPERATIONAL SEGMENTS

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

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

DREDGING & INLAND INFRA

Dredging & Inland Infra include all activities required to remove silt, sand and other layers from the water bed and in some cases utilizing them elsewhere, for example for land reclamation. The services we provide also include the construction and maintenance of ports, and waterways and coastal defense and riverbank protection, as well as associated specialist services such as underwater rock fragmentation. Boskalis is also performing extraction activities for third parties of minerals using dredging technologies. Thiese activities are conducted around the world and can be divided for its markets in The Netherlands, Rest of Europe and Rest of the World. Boskalis is also active as a contractor of dry infrastructure projects. Dry infrastructure projects include activities like the preparation (by means of dry earthmoving) and the execution of large civil projects, like the construction of roads and railroads, bridges, dams, overpasses and tunnels including earthmoving, soil improvement and remediation. These activities are mainly executed in The Netherlands.

OFFSHORE ENERGY

In this operational segment offshore services are provided to the international energy sector, including oil and gas companies and providers of renewable energy, such as wind power. The Group uses its expertise and equipment in the area of dredging, offshore pipeline, cable and rock installation, heavy transport, lifting and installation work, as well as diving and ROV services in support of the development, construction, maintenance and dismantling of oil and LNG import/export facilities, offshore platforms, pipelines and cables and offshore wind farms.

TOWAGE & SALVAGE

In the world's biggest ports Boskalis provides assistance to incoming and outgoing oceangoing vessels. With a versatile fleet of tugs Boskalis assists vessels including Ro-Ro ships, oil and chemical tankers, container ships, reefers and mixed cargo ships. In Southeast Asia these activities are conducted through the joint venture Keppel Smit Towage. In the second half of the year the harbor towage services in Canada, Panama and Brazil will be merged with SAAM S.A. (refer to note 6). In addition, a full range of services for the operation and management of onshore and offshore terminals is offered through Smit Lamnalco, which is 50% owned by Boskalis. These include assistance with the berthing and unberthing of tankers at oil and LNG terminals and additional support services such as pilotage, subsea inspection and maintenance, firefighting, and the coupling and uncoupling of terminal connections. Through SMIT Salvage services are provided relating to the salvage of ships and wreck removal. SMIT Salvage provides worldwide assistance to vessels in distress by operating out of four locations which are strategically situated in relation to the main international shipping routes: Houston, Cape Town, Rotterdam and Singapore. Removal of wrecks of sunken ships almost always takes place at locations where the wreck forms an obstruction to traffic or presents an environmental hazard.

SEGMENTS

The operational segments are monitored based on the segment result and EBITDA. The segment result and EBITDA are used for performance measurement of operational segments, both between segments and compared to other companies in the same industries. Inter-operational segment services, if any, take place at arm's length basis. In the reporting period there were no material inter-operational segment services. EBITDA is defined as segment result before depreciations, amortisations and impairments. During the reporting period no material transactions occurred between the segments. The sale of Archirodon in 2013, resulted in a substantial decrease in the Inland Infra activities. Starting from 2014 the Dredging and Inland Infra activities, which are under common control, are reported in a combined internal report. Due to this change, the external segmented information is adjusted, as disclosed hereafter. The segment information for the first half year 2013 is adjusted for comparison of figures.

INFORMATION ON OPERATIONAL SEGMENTS AND RECONCILIATION TO GROUP RESULTS

(in millions of EUR)	DREDGING & INLAND INFRA	OFFSHORE ENERGY	TOWAGE & SALVAGE	HOLDING & ELIMINATIONS	GROUP
1st half year 2014					
Revenue	766.2	631.5	155.6	-7.0	1,546.3
EBITDA	228.8	219.8	56.4	-38.6	466.4
Share in result of strategic joint ventures and associated companies	0.2	6.7	12.6	0.1	19.6
Segment result / operating result	184.0	147.8	43.3	-36.8	338.3
Non-allocated finance income and expenses					-20.1
Non-allocated taxation					-64.4
Net group profit					253.8
Investments in property, plant and equipment	80.7	34.5	0.7	6.8	122.7
Depreciation on property, plant and equipment	44.8	72.0	13.1	-1.8	128.1

(in millions of EUR)	DREDGING & INLAND INFRA	OFFSHORE ENERGY	TOWAGE & SALVAGE	HOLDING & ELIMINATIONS	GROUP
1st half year 2013					
Revenue	687.9	397.8	201.0	-8.2	1,278.5
EBITDA	142.4	92.4	51.5	-6.3	280.0
Share in result of strategic joint ventures and associated companies	7.2	10.1	10.9	-3.8	24.4
Revaluation share in associated company prior to business combination	-	-	-	22.7	22.7
Segment result / operating result	97.5	40.1	31.2	-7.0	161.8
Non-allocated finance income and expenses					-22.8
Non-allocated taxation					-16.5
Net group profit					122.5
Investments in property, plant and equipment	25.8	38.1	6.8	2.2	72.9
Depreciation on property, plant and equipment	44.9	52.3	20.3	0.7	118.2

A large part of the Group's projects that have been executed or are currently in progress within the operational segments Dredging & Inland Infra and Offshore Energy is directly or indirectly conducted for state controlled authorities and (contractors of) oil and gas producers in various countries and geographical areas. Because of the spread of the contracts none of these clients qualifies as a material client in relation to total Group revenue.

8. SEASONAL OPERATIONS

The Group's operations are mainly project-based and therefore influenced by the timing of commencement and completion of these projects. Projects are executed and services are provided all over the world. There is no clear seasonal influence on operations.

9. PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment in the reporting period can be explained as follows:

(in millions of euros)	TOTAL
Book value at the beginning of 2014	**2,628.1**
Investments, including capitalized borrowing cost	122.7
Acquired through business combinations	79.0
Depreciation and impairment losses	-114.0
Disposals	-3.7
Currency translation differences and other movements	-9.8
Book value at the end of the first half year 2014	**2,702.3**

10. DIVIDEND PAYMENTS TO SHAREHOLDERS OF ROYAL BOSKALIS WESTMINSTER N.V.

In the first half year of 2014 a total dividend of EUR 149.1 million was distributed with regard to the 2013 financial year (EUR 1.24 per ordinary share).

75% of the shareholders opted for a stock dividend in the form of ordinary shares. In view of this 2,672,757 new ordinary shares were issued and the number of outstanding shares was 122,937,820 at the end of the first half year of 2014.

The remaining shareholders (25%) opted for a cash dividend. An amount of EUR 37.1 million was distributed and the associated tax on dividend was paid in July 2014.

11. EMPLOYEE BENEFITS

In the first half of 2014 the Group announced to change its pension scheme for a large number of its Dutch (staff) employees as from 1 July 2014. This change resulted in an one off pension amendment charge of EUR 14.6 million in the first half year 2014. On 11 April 2014 the Board of the Pension fund Boskalis has decided to liquidate the fund. The rights of the participants will be transferred to PGB.

12. CHANGES IN ACCOUNTING POLICIES

Starting from 1 January 2014 the Group applies IFRS 10, IFRS 11 and IFRS 12. Changes resulting from the application of these standards are included in the financials statements 2014 and the Interim Consolided Financial Information for the first half year 2014 for the first time. These changes are included retrospectively and previous year's figures have been adjusted for this purpose. The effect of these adjustments on the condensed consolidated income statement for the 1st Half year 2013 and the condensed consolidated balance sheet as per 31 December 2013 are disclosed below.

Condensed consolidated income statement for the period ended as per first half year 2013:

	ACCOUNTING PRINCIPLES	
(in millions of euros)	CURRENT	PREVIOUS
Operating income	**1,306.8**	1,594.0
Operating expenses	**-1,192.1**	-1,438.7
Share in result of strategic joint ventures and associated companies	**47.1**	-
Operating result	**161.8**	155.3
Finance income and costs	**-22.8**	-28.3
Income tax expense	**-16.5**	-23.5
Share in result of associated companies	**-**	19.6
NET GROUP PROFIT	**122.5**	123.1
Non-controlling interests	**-0.8**	-0.2
Net group profit attributible to shareholders	**123.3**	123.3
EBITDA	**280.0**	296.6

Condensed consolidated balance sheet as per 31 December 2013:

	ACCOUNTING PRINCIPLES	
(in millions of EUR)	CURRENT	PREVIOUS
NON-CURRENT ASSETS		
Intangible assets	**573.3**	748.1
Property, plant and equipment	**2,628.1**	3,034.9
Investments in strategic joint ventures and associated companies	**444.5**	11.9
Other non-current assets	**19.2**	56.8
	3,665.1	3,851.7
CURRENT ASSETS		
Inventories	**1,052.3**	1,213.6
Cash and cash equivalents	**331.3**	386.9
Assets disposal group	**280.4**	280.4
	1,664.0	1,880.9
Total assets	**5,329.1**	5,732.6
GROUP EQUITY		
Shareholders' equity	**2,525.2**	2,525.2
Non-controlling interests	**6.9**	14.7
	2,532.1	2,539.9
NON-CURRENT LIABILITIES		
Interest-bearing borrowings	**965.0**	1,168.1
Other	**127.6**	146.0
	1,092.6	1,314.1
CURRENT LIABILITIES		
Interest-bearing borrowings	**5.2**	26.4
Bank overdrafts	**5.7**	5.8
Provisions	**4.7**	4.7
Other	**1,570.4**	1,723.3
Liabilities disposal group	**118.4**	118.4
	1,704.4	1,878.6
Total group equity and liabilities	**5,329.1**	5,732.6
Solvency	**47.5%**	44.3%

1ST HALF YEAR 2014 FOR PROPORTIONAL CONSOLIDATION FIGURES

The key figures hereafter over the 1st half year 2014 are based on the unchanged accounting policies of 2013:

(in millions of euros)	**1ST HALF YEAR 2014**	1ST HALF YEAR 2013
Revenue	**1,703.0**	1,566.3
EBITDA	**493.3**	296.6
EBIT	**348.9**	155.3
Net group profit	**253.0**	123.1
Order book	**3,826**	4,525

13. RELATED PARTIES

The parties related to the Group are its strategic joint ventures, its associated companies, its projectdriven construction consortiums, its shareholders with significant influence and its pension funds that are classified as funded defined benefit pension schemes in accordance with IAS 19 (2011), and the members of the Supervisory Board and Board of Management. There were no significant changes to the companies and people related to the Group other than the following:

- On 3 March 2014 Boskalis acquired control over Fairmount Marine B.V., Fairmount Ocean Towage Company B.V. and her subsidiaries.
- On 30 June 2014 Boskalis entered into an agreement of voluntary association for a group of employees with PGB (see note 11).

Transactions with Group companies are eliminated in the consolidation. Transactions with project-driven construction consortiums (joint operations) take place at a large scale due to the nature of the activities. These transactions which take place at arm's length basis and mainly in the same proportions as the participation in the activities of the project-driven construction consortiums. At the end of the first half year of 2014 the Group's receivables from and liabilities to project-driven construction consortiums amount to EUR 49.3 million and EUR 189.1 million (at year-end 2013: EUR 89.0 million and EUR 237.0 million respectively). Also, transactions with strategic joint ventures en associated companies take place in the course of normal business activities. In the first half year sales and purchases amount to EUR 2.8 million and EUR 1.5 million respectively (first half year 2013: EUR 5.2 million and EUR 1.3 million). Receivables from and liabilities to strategic joint ventures and associated companies amount to EUR 4.5 million and EUR 0.8 million respectively (at year-end 2013: EUR 6.6 million and EUR 1.8 million). Transactions with members of the Board of Management and Supervisory Board comprise only regular remuneration. During the first half year there were no other material transactions with related parties that could influence, on a reasonably basis, any decision taken by users of these interim financial statements.

14. TAXATION

In respect of the profit realized in the first half year of 2014 an amount of EUR 64.4 million is recognized as taxation (first half year of 2013: EUR 16.5 million).

The applicable tax rate in the Netherlands is 25.0%. Different rates, non-deductable costs, the treatment of fiscal losses and special taxation regimes in different countries, adjustments in respect of prior years and the effects of results exempted from tax resulted in a weighted average tax rate of 20.2%% for the reporting period (first half year 2013: 11.8%).

15. COMMITMENTS AND CONTINGENT LIABILITIES

The total of outstanding guarantees, mainly relating to projects in progress amounts to EUR 0.7 billion. Compared to 31 December 2013 there were no material changes to the other commitments, including operational lease commitments and investment commitments, and contingent liabilities were not recognized in the balance sheet. Some legal proceedings and investigations have been inititated against (entities of) the Group. Where deemed necessary and if a reliable estimate of the future cash flows can be made, provisions have been made.

16. FINANCIAL INSTRUMENTS

FAIR VALUE

The fair value of most of the financial instruments does not differ materially from the book value, with the exception of, long term and short term, loans and other payables with a fixed rate. The fair value of these items exceeds the book value by EUR 48.8 million (31 December 2013: EUR 51.6 million). In the balance sheet the following financial instruments have been recognized at fair value:

(in million EUR)	**END OF FIRST HALF YEAR 2014**	31 DECEMBER 2013
ASSETS		
Derivatives non-current	-	0.6
Derivatives current	**7.3**	22.4
	7.3	23.0
LIABILITIES		
Derivatives non-current	**35.1**	22.8
Derivatives current	**32.0**	30.4
	67.1	53.2

The fair value is determined based on the present value of future cash flows. The future cash flows are based on independently observable forward rates of relevant interest, currencies and commodities on balance sheet date, and the forward exchange rates of contracts. The discount rate used is derived from the relevant interest curves.

FAIR VALUE HIERARCHY

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

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

The level of valuation for the financial instruments, which are recognized at fair value on balance sheet date (i.e. the derivatives) is determined at level 2 (31 December 2012: level 2).

17. SUBSEQUENT EVENTS

MERGING OF HARBOR TOWAGE SERVICE IN THE AMERICAS WITH SAAM

At 1 July 2014, after balance sheet date, Boskalis and SAAM S.A. agree a partnership to provide harbor towage services in Brazil, Mexico, Canada and Panama. Reference is made to note 6 for further disclosures.

FINANCING AGREEMENTS

Boskalis agreed with its banks amendments and an extension for its financing agreements. The original facility was a Term Loan of USD 525 million with a remaining duration of 18 months and an EUR 500 million revolving credit facility with a remaining duration of 42 months. The amended credit facility comprises a 5 year revolving multicurrency credit facility of EUR 600 million, of which the duration can be extended to 7 year.

18. BOARD OF MANAGEMENT DECLARATION

The Board of Management of Royal Boskalis Westminster N.V. hereby declares that, to the best of its knowledge, the Interim Consolidated Financial Information for the first half year of 2014 as prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting gives a true and fair view of the assets, liabilities, financial position and the profit or loss of Royal Boskalis Westminster N.V. and its jointly consolidated companies included in the consolidation as a whole, and that the semiannual report gives a fair view of the information required in accordance with Section 5:25d subsections 8 and 9 of the Dutch Financial Supervision Act (Wet op het financieel toezicht).

Papendrecht / Sliedrecht, The Netherlands,
13 August 2014

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

Maintenance work at Maasvlakte 2
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SMIT tugs towing and mooring an FPSO
in the Port of Rotterdam

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