



Compagnie d'Entreprises CFE SA

**ANNUAL REPORT 2006**

126<sup>th</sup> corporate  
financial year



For over 126 years, CFE has converted architect's drawings, calculations of engineering consultants and wishes of clients into reality. We are giving those who bring all these creations to life their chance to speak.

## **Compagnie d'Entreprises CFE SA**

Founded in Brussels 21<sup>st</sup> June 1880

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# Well-managed growth

With a 19% increase in revenue, a 26% increase in operating profit and a 60% increase in net profit after taxes, not to mention the significant increase in the share price, clearly 2006 has been a satisfying year for the CFE group.

Every operating unit has contributed to this improvement: DEME, in which CFE has a 50% stake, benefited from the healthy conditions in the world dredging market. However, all the other activities of the group also experienced strong growth in volume and profits, all of which has resulted in strong overall results.



In construction, the largest sector from a revenue point of view, CFE teams did well in the Benelux and in Central Europe, while at the same time preparations went on for large-scale civil engineering design & construct projects in Flanders.

In real estate, the sale of the "Dôme" in Luxembourg and older assets in Belgium provided the company with very strong results.

In multitechnics, the performance of the group's companies has reached historic levels.

Taking advantage of strong economic conditions, for the first time in its history CFE called on its shareholders to ensure its future development. The injection of 46.8 million Euro in new capital was a success and allows us to face the future with confidence and renewed ambition.

In 2006, we welcomed 432 new employees. We will continue our recruitment in 2007, as it is essential for our expansion.

The outlook for 2007 is very positive thanks to the high level of the order book. Confident in the future, we will continue to develop CFE by relying on the skills and energy of our growing number of increasingly motivated employees to continue to satisfy our customers.

**Renaud Bentégeat**

Managing Director

**Philippe Delaunois**

President of the Board of Directors

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# Strategy

CFE is a group on the move. Having clearly announced its objectives on the occasion of the capital increase that occurred in autumn 2006, CFE now has the financial means to secure its own development. Its human resource policy must allow it to rely on its primary source of wealth: the men and women who make up the company.

## Clear development objectives...

### ... in construction

#### ● The search for new types of contracts

CFE has responded in 2006, and will respond again in 2007, and in future years, to projects initiated by the Flemish and Dutch authorities concerning major infrastructure projects: the Antwerp Ring road, the Coentunnel, and the Liefkenshoek railway tunnel. In addition to participating in concession projects, the group will also seek to participate in public-private partnership, over the entire Benelux territory, such as the renovation of school buildings and the construction of new prisons.

#### ● Opening up to the world

After being present in Central Europe for more than ten years (in Hungary and Poland), at the end of 2005, CFE created CFE Slovakia with offices in Bratislava. At the beginning of 2007, CFE Contracting and Engineering SRL was created in Romania, which has now become the fourth target country for groups operations in Central Europe.

At the beginning of 2006, CFE also created CFE Qatar to develop business in the Middle East and benefit from the economic boom in that country.

The recently created export department is seeking to obtain major projects in countries where CFE does not have a permanent presence.

### ... in real estate development and management

CFE Immo, BPI and CLi will continue their well-balanced growth in their "home countries": Belgium and Luxembourg. Development activities hitherto concentrated solely on residential and office developments will now be expanded to include retail shopping centres.

The real estate companies will also seek out new opportunities in Central Europe (Poland and Hungary) for residential and office projects.

### ... and in multitechnics

The satisfying results obtained by the existing teams in the multitechnics segment justify a search for external growth. This should begin to take form in 2007 and will be in the field of heating and air conditioning, which are natural complements to electrical contracting. It could also involve activities in the rail segment, where Engema has been able to position itself well, and in multi-services and maintenance.

### ... and providing DEME with the means to create its own growth

DEME has considerably increased its business and had, at the end of the year, an excellent order book. Working in complete cooperation with Ackermans & van Haaren, co-owners of this Antwerp-based company, CFE wanted to allow DEME to become more competitive, by providing it with the means needed for its expansion. Its production capacity has grown through the acquisition of the dredger "Melina" and the commissioning of the dredger "Marieke". In the second half of 2007, the dredger "Reynaert" will be delivered and construction of two other dredgers, "Brabo" and "Breydel", was started in November 2006.

## Appropriate financial resources

By going to the capital markets for the first time since its creation, CFE intended to provide itself with the resources needed for its own growth. The capital increase of 46.8 million Euro was a success.

The sale of the "Dôme" real estate operation in Luxembourg at the end of 2006 further strengthened the financial situation of the group and will allow it to have the resources needed for expansion.

## Men and women serving the group

- **432 new employees and 284 new workers in one year**

The CFE group welcomed 432 new employees, both young and old, to bolster its teams. This unprecedented effort will continue in 2007.

In addition, in 2006 CFE hired 284 workers primarily in Luxembourg where there has been strong business growth.

- **Diversification and integration efforts**

CFE has chosen to seek out employees and workers of all origins, ages, genders and religions to help with its expansion. This diversity does not prevent good team integration thanks to increased training and orientation days to emphasize the group's values.

- **Solidarity and team spirit**

These remain vital to the success of our business. This solidarity manifests itself in each of the entities, and also between the companies and divisions of the group.



# Notable events in 2006



## January

- Re-launching activities in Central Europe:
  - Poland: signing of the contract for the construction of a new commercial centre E. Leclerc in Slupsk,
  - Hungary: first residential project in Budapest (Corvin Palace).

## February

- Re-opening of the Atomium in Brussels with its superb night illumination realized by Nizet Entreprise.



## March

- Signing of the agreements between CFE and CB Richard Ellis: the two companies merged their property management activities within Sogesmaint, which from now on will be called Sogesmaint-CB Richard Ellis.

## April

- Re-launch of the activities of Bageci with the signing of the contract for the first site of the future RER between Ottignies and Louvain-la-Neuve.



## May

- Launch of an internal training session for superintendents.

## June

- Acquisition of the new maintenance contract for the River Scheldt by DEME for a period of seven years.

## July

- Delivery of the renovated boulevards “de Leien” in Antwerp; a site that was realized in association between the companies MBG and Van Wellen.



## September

- Christening of the dredger “Marieke” by its godmother. At this event Marc Stordiau passed the torch to the new C.E.O. Alain Bernard.

## October

- Launch of a capital increase of almost 50 million Euro. Following this announcement, road shows were organized in Brussels, Amsterdam, London and Paris to inform and attract numerous investors.



## November

- Sale of the real estate project of the “Dôme” in Luxembourg.

## December

- The Board of Directors of BAM, a subsidiary company of the Flemish Region, invited the association, which included among others CFE, DEME, Van Wellen and VINCI to participate in the BAFO for the realization of the Antwerp Ring.





# Board of Directors

8



1. Richard Francioli
2. Chevalier van Outryve d'Ydewalle
3. Christian Labeyrie
4. Philippe Delaunois
5. Renaud Bentégeat
6. Baron Philippson
7. Bernard Huvelin
8. Dirk Boogmans



**Philippe Ratynski**

Philippe Ratynski passed away in December 2006. He retired in June from CFE's Board of Directors, feeling that he could no longer fulfill his duties because of the disease that was engulfing his body.

Rarely in CFE's history has a director made such a large contribution to the development of the company over such a short period (he was only appointed to the Board in 2002). Supporting the expansion of the group favoured by the new management team, he systematically listened, supported

and provided encouragement within the Board of Directors with constantly renewed enthusiasm and consistent rigour.

His premature death, at the age of 47, has touched all employees of the CFE group and, of course, all members of the Board of Directors who have lost a colleague and a friend.

Philippe Delaunois  
President of the Board of Directors

# Key figures

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Jacques Ninanne

Fabien De Jonge, Vincent Macharis



Data in millions of EUR	IFRS			Belgian Standards		
	2006	2005	2004	2004	2003	2002
Revenue	1,164.0	975.4	854.1	854.4	793.4	796.9
Operating result	65.9	52.2	38.4	34.7	18.0	28.4
Profit before tax	57.3	39.9	28.5	27.0	28.6	20.1
Net profit of the group	40.7	25.5	21.8	16.1	20.8	10.2
Gross self-financing margin (1)	122.4	85.5	83.3	46.3	71.8	76.5
EBIT (2)	65.9	52.5	38.4	34.7	18.2	28.3
EBITDA (3)	125.5	90.0	89.4	70.5	54.5	60.7
Equity – part of the group (before distribution)	265.5	190.4	170.2	165.2	155.5	140.3

(1) Gross self-financing margin: see consolidated cash flow statement on page 111 of the consolidated financial report.

(2) EBIT: operating result + income from non-current financial assets + result from associates.

(3) EBITDA: EBIT + depreciation and impairments + other non-cash items (under IFRS).

## Ratios

Data in millions of EUR	IFRS			Belgian Standards		
	2006	2005	2004	2004	2003	2002
EBIT/ revenue	5.7%	5.4%	4.5%	4.1%	2.3%	3.5%
EBITDA/ revenue	10.8%	9.2%	10.5%	8.3%	6.9%	7.6%
Net profit of the group/ Equity – part of the group	15.3%	13.4%	12.8%	9.8%	13.4%	7.3%
Net profit of the group/ revenue	3.5%	2.6%	2.6%	1.9%	2.6%	1.3%

Data in EUR per share	IFRS			Belgian Standards		
	2006	2005	2004	2004	2003	2002
Number of shares at 31/12	654,613	581,879	581,879	581,879	581,879	581,879
Operating result	100.7	89.7	66.0	59.7	31.0	48.9
Gross self-financing margin	187.0	148.0	143.2	80.0	123.0	131.0
Net profit of the group (situation end 2006)	62.2	43.8	37.5	27.7	35.8	17.6
Gross dividend	16.0	10.5	8.50	8.50	4.30	8.60
Net dividend	12.0	7.87	6.37	6.37	3.22	6.45
Equity – part of the group	405.5	327.3	292.4	283.8	267.3	241.2

### The stock exchange

	2006	2005	2004	2003	2002
Lowest price	EUR 662	268.5	191.0	168.0	181.0
Highest price	EUR 975	735.0	284.0	224.8	300.0
Price at the close of the FY	EUR 967	715.0	269.0	199.6	194.5
Average volume per day	Shares 1,148	634	237	244	231
Market capitalisation at 31/12	Million EUR 633.01	416.04	156.53	116.14	113.17

### Trend comparing the CFE price with the Bel 20 index



### Some information on the share

On 31 December 2005, 581,879 shares were issued. During October 2006, CFE offered a subscription of 72,734 new shares in the framework of a capital increase with priority right, which were subscribed in full. These new shares are ordinary shares without nominal value, granting the same rights and benefits as the existing shares.

On 31 December 2006, 654,613 shares were consequently issued. Each share gives the right to one vote. There was no issue of convertible bonds or warrants. The financial institutions at which the holders of financial instruments may exercise their financial rights are: Banque Degroof, Fortis Banque and ING Belgium.

# Management





from the left to the right:

Patrick Van Craen  
André de Koning  
Jacques Ninanne  
Michel Guillaume  
Gabriel Marijsse  
Luc Vandeputte  
Lode Franken  
Frédéric Claes  
Renaud Bentégeat  
Christian Van Hamme  
Bernard Cols  
Jacques Lefèvre  
Yves Weyts  
Patrick Verswijvel  
Patrick de Caters

# Human Resources

Gabriel Marijsse



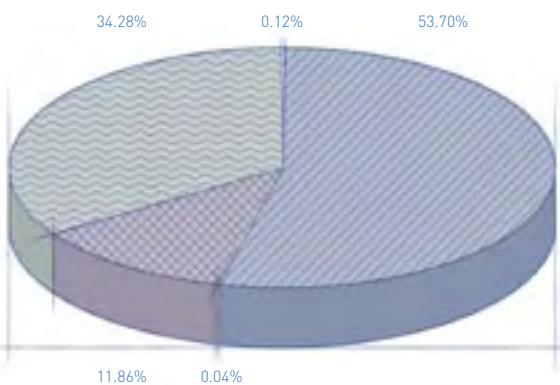
The number of employees within the group has risen from 3,920 at the end of 2005 to 4,119 at the same period in 2006. A significant increase that is noticeable particularly among white-collar employees, where there was an effective increase of 176 people. The number of labourers went up by just 23, whereas there was a net increase of 322 in the previous year.

These new hires occurred in all four divisions, especially in construction (+110), due primarily to the rejuvenation and expansion campaign carried out at Bageci and to the continued development efforts at CLE. Abroad, CFE

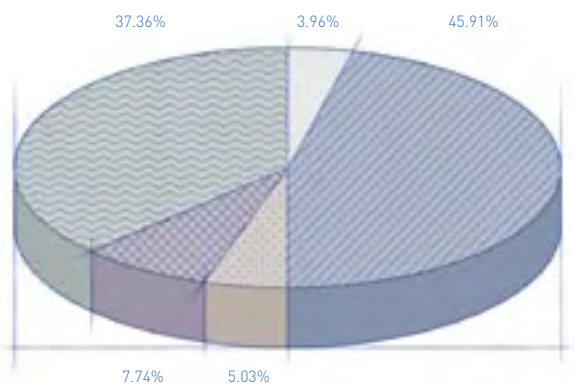
experienced strong growth in countries such as Poland and Hungary, and created the CFE International department. Within the real-estate development and management services division, the merger of the real-estate management activities of Sogesmaint and CBRE can explain this growth.

Today, the multitechnics division has eight new employees and the dredging and environmental division has 33 new employees (CFE's share), which is a slightly smaller increase than in 2005.

**Distribution of workers by division**



**Distribution of employees by division**



Construction
Dredging
Multitechnics
Real estate development and management services
CFE Group Management

## Workforce developments in the Construction division – 2006



Excluding DEME, the group has therefore welcomed 155 new employees over the past year. Three out of four of the new hires are operational: project managers, superintendents, project engineers, estimators, etc. The average age is 33. Data indicates that all age categories are represented, which ensures an ideal mix of juniors and seniors. In the construction division, CFE has hired 284 workers, 40% of whom are less than 30, thereby rejuvenating the average age so that, in the future, focus can be placed on transferring knowledge and experience and on maintaining and developing a solid base of qualified workers.

## Workforce developments in the CFE-group - 2006



At the start of 2006, CFE decentralized the personnel management of its workforce to its business units so that operational employees would be able to follow up more closely. As in 2005, in collaboration with the project managers and superintendents, CFE has been using a “job – career” tool in order to track the strengths and weaknesses of its workers. This effort has enabled the company to discover, develop, advance and improve at the organizational level. Thanks to this initiative, some workers have been promoted to the position of superintendents, which will allow them to continue their development through training. To this end, CFE has set up a special internal training, targeting young superintendents.

## Progression by training

This made-to-measure “intra-group” training brings together 24 Flemish-speaking and 23 French-speaking site-superintendents every three to four weeks. On these occasions, the participants learn together about highly-specific themes, such as concrete, form-setting systems, foundations, the use of prefabricated components, scheduling, project management, meeting skills, etc. External and internal trainers guide these employees and ensure that there is an optimal exchange of experiences, knowledge and skills. Thanks to this working method, solid relationships have developed within the group, allowing employees to go beyond the level of simple colleagues working for

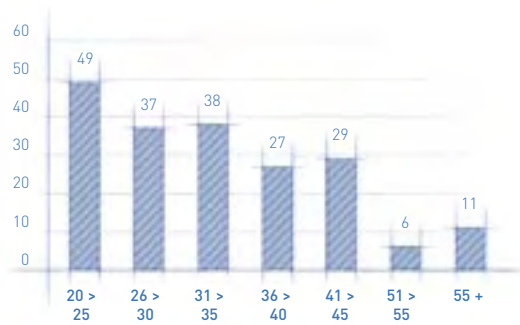


the same company. A similar initiative is currently being prepared for project managers and will be launched at the end of 2007.



### Age of employees - Benelux and Central Europe (without DEME)

Total: 155 - average age: 33.4 years

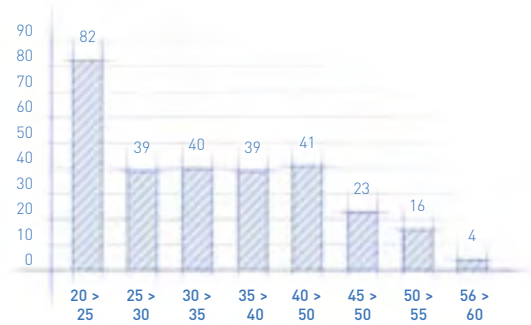


The major challenge for the human resources department in 2006 was recruitment. The recruiters were given the task of attracting and selecting new competent employees and guide them during their integration into the various profit centres so as to sustain the group's growth.

To improve this process, all operational managers received training on the theme of "recruiting more effectively and what questions to ask during the hiring interview". During these sessions, that focused on the recruitment and integration procedure, they were also made more aware of our diversity policy. In fact, CFE has signed the "Charter for Diversity" in the Brussels-Capital Region and is collaborating in the setting up of a similar initiative at the Belgian

### Age of workers - Construction division (without DEME)

Total: 284 - average age: 32.5 years



federal level. CFE has guaranteed that within the group, the principal of equality will be put into actual practice. In 2007, awareness campaigns will be organized at various levels within the group.

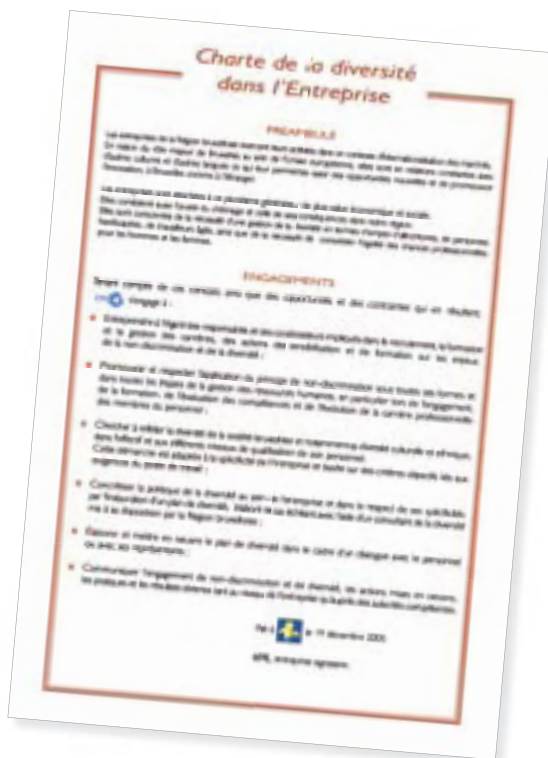
Our world is becoming more and more media aware. As contractors, the companies in the CFE group take part in projects that change our environment, sometimes radically. It therefore has become essential to make all operational managers aware of how the news media function in general, so as to make our communication with the outside world more professional.



Last, but not least, we must emphasize the ongoing efforts being made in the area of safety; in fact, 25% of training hours is spent on this subject. In 2006, emphasis was placed on the assembly of scaffolding. The considerable increase in the number of new and young workers explains the large number of training programs offered: form setting, crane operator, introduction to the job of team leader, LSC safety certification, HSE officer, etc.

In the multitechnics division, the electrical companies held a "safety" day. On that day, all employees met to discuss the theme of safety and worked together interactively on specific sub-themes: first aid in case of accidents, proper use of ladders and scaffolding, ergonomics and work methods. At Engema, special attention was paid to safety during the operation of site machinery, such as lifts, telescopic cranes, conventional cranes, etc.

At DEME, in 2006 special training efforts were done for the training "Officer in charge of navigational watch" and several internal training modules were set up such as Basics4starters, Feedback4starters, and seminars as Gangway, project and area management during which both new and more experienced employees were introduced to DEME's corporate culture and were able to find their place inside the group or be promoted. Special programs were also designed for young project managers and project administrators, as well as for surveyors, superintendents and engineers on actual dredging simulators.



CFE does not forget its loyal employees. In the various business units, more than one hundred employees were honoured for their long years of commitment to the company. The group warmly thanks them for their loyalty. Thanks to them, knowledge and experience are being passed on to future generations.



## The daily struggle for more safety

The construction division was not able to repeat its 2005 feat of reducing its accident rate by half. In 2006, the frequency rate remained constant at 28. Various actions were taken so as not to lower our guard in the area of safety:

- in 2006, special safety bonuses were presented to workers in the different subsidiaries and branches of the group;
- Van Wellen organized a safety seminar in February 2006, which translated subsequently into good results;
- working in collaboration with the operational personnel, human resources set up a policy of clear sanctions in the event of a failure to respect safety rules;
- management committed to making site visits focused exclusively on safety.



### Evolution of the frequency rate - Construction division



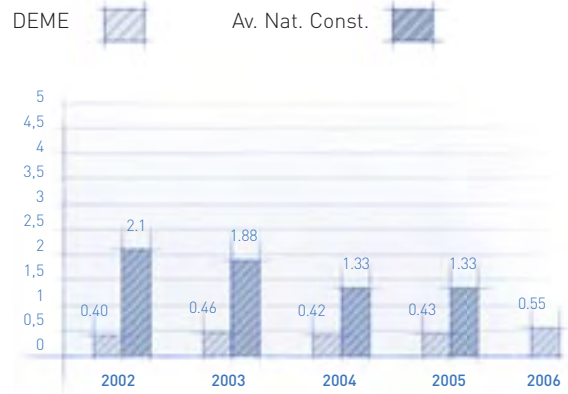
### Evolution of the seriousness rate - Construction division



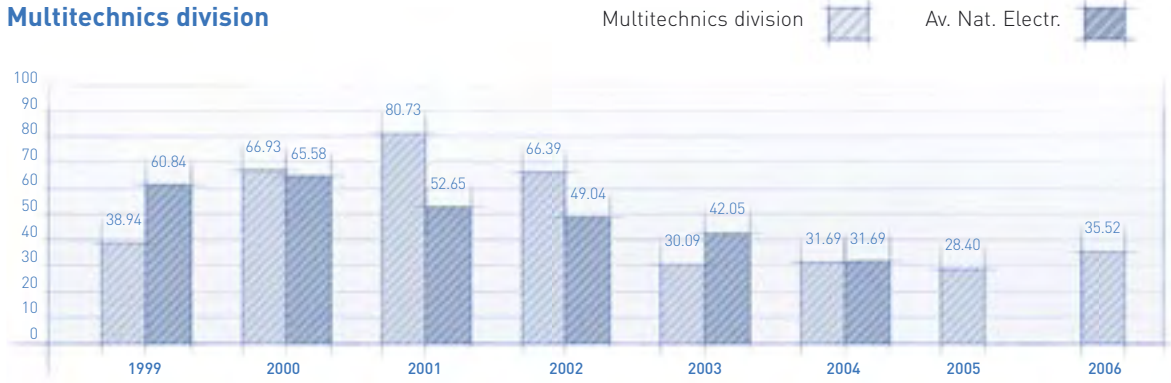
### Evolution of the frequency rate - DEME



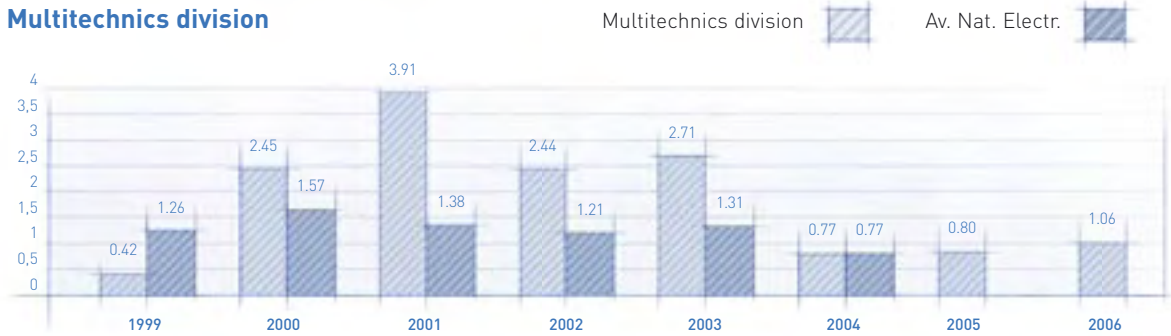
### Evolution of the seriousness rate - DEME



### Evolution of the frequency rate - Multitechnics division



### Evolution of the seriousness rate - Multitechnics division



# Sustainable development, synergy and communication

Yves Weyts

Terry Somers, Ann Vansumere



In 2006, CFE created a new division: sustainable development, synergy and communication. The CFE group and its business units are working on new projects that have an impact on our daily life and the community. On the one hand, because of the very nature of its business, CFE participates in new infrastructure projects, such as the rebuilding of the main boulevards in Antwerp, the first section of the RER to Louvain-la-Neuve, the Museum of Modern Art in Luxembourg or the renovation of the Central Station in Brussels. On the other hand, because of the work it undertakes: road or water works, soil remediation, construction of office and apartment buildings, assembly of high-voltage pylons and overhead wires for rail traffic.

The CFE group plans projects, builds them and hopes to maintain them throughout their existence. The role of this division is focused primarily on the coordination, supervision, training and awareness-raising of the different management teams inside the group, within the framework of their different fields of activity related to sustainable development.

Communication is the basic instrument for giving life to and achieving all these objectives within the group. The employees of the communication department are therefore part of the engine that is driving these changes. Through the company magazine, the organization of events and other activities, they are translating CFE's commitment into a practical reality.

In the years to come, CFE wishes to give greater form and structure to this vision of a responsible company. During the last meeting of the group of fifteen managers, CFE's action plan concerning sustainable development was debated and defined.

For 2007, the various objectives and actions planned have been divided into five major themes:

- the group's social responsibility;
- environmental responsibility;
- relationships with customers and suppliers;
- corporate governance;
- human and social commitment.

## This translates for 2007, in practice, to:

### 1. Social responsibility

Theme	Commitments	Initiatives
Safety	Prevention of all accidents.	Greater awareness campaigns with all operational employees in the construction division emphasizing the 10 non-negotiable points.
	Top priority for safety.	At each meeting, make safety the first item on the agenda.

Theme	Commitments	Initiatives
Human Resources	Equal opportunity.	Awareness campaigns aimed at all recruiters and the various management teams on the theme of diversity, in its broadest sense.
	Open communications.	Ensure that each employee is trained in individual interviews.
	Sustainable development.	Explain to all employees of the group what sustainable development is, and associate them with this effort.

## 2. Environmental responsibility

Theme	Commitments	Initiatives
Limit the impact of the group's activities on the environment.	On-site waste sorting.	In the construction and multitechnics divisions, organize pilot on-site projects within the different entities.
	Define environmental indicators.	Define, together with the operational groups, how to measure progress.

## 3. Relationships with customers and suppliers

Theme	Commitments	Initiatives
Associate customers and suppliers with our efforts to define sustainable relationships.	Associate partners at each opportunity.	Create a sustainable development working group within the real estate development and management-services division.
	Purchasing policy	Revise subcontracts to take sustainable development into account.

## 4. Corporate governance

Theme	Commitment	Initiatives
Aim for transparency.	Provide shareholders with correct and up-to-date information.	Apply the Belgian corporate governance code described in the corporate governance charter on <a href="http://www.cfe.be">www.cfe.be</a> .

## 5. Human and social commitment

Theme	Commitment	Initiatives
Support social involvement by the group's employees.	Make employees aware of and associate them with the projects undertaken by the group.	Seek out and support initiatives such as the training of those who are excluded from work in the group's areas of activities.

Through these initiatives, the CFE group wishes to associate all its employees with its commitment to being a responsible employer.

# Activity

## **Construction division**

- ABEB
- CFE EcoTech
- Bageci
- MBG
- Van Wellen
- CFE Brabant
- BPC
- CLE
- CFE Nederland
- GEKA
- CFE Polska
- CFE Hungary
- CFE Slovakia
- CFE International

## **Real estate development and management services**

- Construction Management
- BPI - CFE Immo
- Sogesmaint - CB Richard Ellis
- CLi

## **Multitechnics division**

- Vanderhoydoncks
- Nizet
- Engema

## **Dredging and environmental division**





RIVER WOOD





# Construction division

25



# Construction division

## The committee

A committee consisting of the principal executives of the construction division meets every three weeks:

- Renaud Bentégeat
- Lode Franken, Deputy General Manager Construction Division
- Bernard Cols, General Manager CFE Brabant and Central Europe
- Frédéric Claes, Managing Director of BPC
- Patrick Verswijvel, General Manager MBG and ABEB
- Patrick de Caters, General Manager Bageci
- Patrick Van Craen, Managing Director of CLE

(in millions of EUR)

2006

2005

<b>Order book</b> as of December 31	<b>572.6</b>	<b>529.3</b>
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<b>Activity</b>	<b>537.2</b>	<b>489.6</b>
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- André de Koning, General Manager, the Netherlands
- Luc Vandeputte, General Manager, International
- Jacques Ninanne, Chief Financial Officer
- Gabriel Marijsse, Human Resources Manager
- Yves Weyts, Manager Sustainable Development, Synergy and Communication

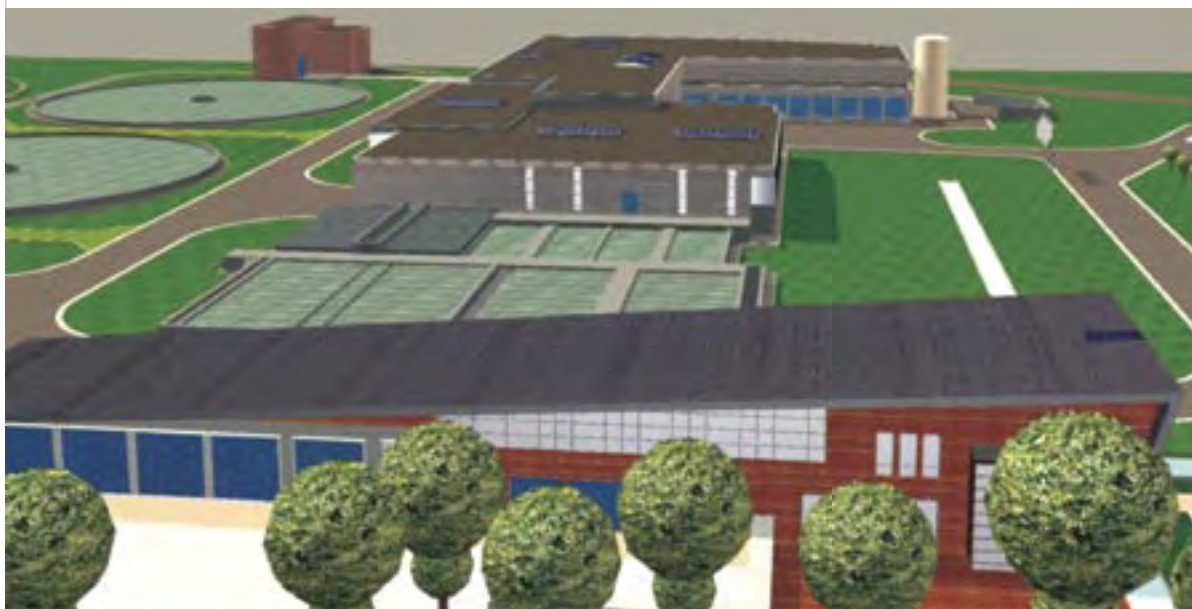
The order book of the construction division totalled 573 million Euro on January 1, 2007, as compared with 529 million Euro a year earlier. It consists essentially of building projects, given the absence in Belgium of large civil engineering orders.

Activity is structured essentially according to geographic location:

- three profit centres in the north of Belgium: MBG, Van Wellen and ABEB;
- in the Brussels region and Brabant: CFE Brabant and BPC;
- in Wallonia: Bageci;

- in Luxembourg: CLE;
- in the Netherlands: CFE Nederland and Geka;
- in Central Europe: CFE Polska, CFE Hungary and CFE Slovakia;
- export: CFE International.

Finally, CFE EcoTech, whose teams are based in Brussels, performs electromechanical work on water treatment and smoke processing stations independently of geographic location.



Overall view of the water-treatment plant at Liège - Sclessin. Architect: Daniel Lesage.

# Technical services



Lode Franken

Thierry Preudhomme, Carsten Bennetsen,  
Michel Denayer, Marc Dekeyser

## Technical services of the construction division

### Benelmat, serving its customers

Under the leadership of its new management team, Benelmat, the equipment company of the group, is emphasizing its quality initiatives for the benefit of its customers, both external and internal within the CFE group. Bearing in mind the information presented during the seminar in Ostend that brought together the site superintendents, project engineers and project managers of the CFE group, Benelmat has enhanced its formwork service and published a catalogue of equipment that it offers for rental. Relationships have also strengthened with the "equipment" departments of the other subsidiaries of the group, including Van Wellen, BPC, DEME and Geka.

### Safety and quality at all times

The quality system of the CFE group was reorganized in 2006, not according to a centralized approach, but rather at the level of each regional entity and in relation to the needs of each subsidiary or branch. The goal is to have a quality engineer in each regional structure who will be a liaison with the central quality department and who will then be able to dedicate his or her focus to the checks and audits of the locally implemented quality strategy.

Experience gained by the central quality department in the past, primarily in the Netherlands, through major "design

and construct" projects, has been of benefit when bidding on major civil engineering projects in Flanders and the Netherlands. This experience is needed for projects of this type and is a real advantage to the company in obtaining contracts.

### The engineering department in Brussels... and elsewhere

In 2006, the "design and construct" formula was the central theme of the activities of the engineering department.

Working together with MBG, the department prepared the preliminary design for all the major infrastructure projects undertaken in Flanders, as well as researching promising alternatives and efficient construction techniques for the Oosterweel link (THV Noriant) in Antwerp, the Zaventem rail tunnel (Diabolo project) and the Liefkenshoektunnel in Antwerp. At the same time, work has begun on the concrete engineering for the unloading pier for the gas terminal tank in Zeebrugge for Fluxys, and several engineering designs were carried out for smaller scale projects.

In the area of industrial construction, the Philips expansion project at Turnhout and the engineering and construction design for a Scanner building in Kallo should be mentioned.

In the Netherlands, the work done on the tender for the Houten rail tunnels led to the award of the project, which has now entered its construction design phase.

In addition, working together with colleagues from Dredging International and VINCI Construction Grands Projets, consulting work has been done for the preliminary design for a DBFM (Design-Build-Finance-Maintenance) type contract for the second "Coentunnel" in Amsterdam and construction design has continued on the mixed-use bridge in Utrecht.

In Luxembourg, the European Investment Bank (EIB) benefited from the department's technical assistance during the construction of the building's complex concrete structure. For this reason, one of the engineers joined the site team on a full-time basis to manage the technical challenges.

The increase in business at Bageci has also had an impact on the design department. The start upon the Sclessin water treatment station and work for the RER (commuter train network) at Ottignies have led to a series of activities in the area of preparing construction methods and means of execution. During project bidding, the Vortex sewer project required the most attention.

The Sclessin water treatment station also required considerable design work for CFE EcoTech to devise processes and coordinate the various technologies.

At CFE Brabant, it was the office project for AXA, at Place Schuman in Brussels that required the most design work. Both during the bidding on the second contract at the beginning of the year and at the time of the start-up of the Bouwteam-type partnership after the order was awarded, the department worked together with our partners on optimizing the foundations and the concrete structure. Among the numerous projects carried out in Brussels, most noteworthy are the collaborative effort with the traffic management unit of the SNCB at the South station, and the construction works at the Central Station and at the Sand Court buildings.

In addition to our major customers, all other departments and branches were able to use our services over the past year. Whether in Poland, Hungary or Slovakia, the engineering department of the construction division was asked on numerous occasions to provide assistance either from Brussels or on site. Through CFE International, the first international tenders were made in Africa and the Middle East.



**Christophe Giannone, 26 years**  
Engineer Design Department

As the structural engineer on the European Investment Bank (EIB) project in Luxembourg, I am responsible for coordinating soil stability studies and, during construction I develop technical solutions with the site team.

Working on a complex "design and construct" project with numerous participants from different nationalities and cultures, my greatest challenge is to be able to juggle priorities while communicating efficiently and effectively with all players (general contractor, design offices, technical inspection services, site team and construction workers) to find solutions and answers that will meet everybody's requirements and expectations.



This project is very enriching for me as I am at the heart of the action. I discovered techniques with which I was not very familiar and I have the opportunity to work with people from various professional backgrounds and different cultures.

(in millions of EUR)

	2006	2005
<b>Order book</b> as of December 31	<b>22.3</b>	<b>19.4</b>
<b>Activity</b>	<b>15.2</b>	<b>12.4</b>



Patrick Verswijvel,  
Marc De Winter

During the last exercise, ABEB has succeeded to realize a sensitive increase of its activity and manpower.

In the residential sector, the apartment complex for DCB: 'De Platanen' in Vilvoorde has been completed. In Antwerp, both projects: 'De Burbure' and 'Opera Lofts' continued their course as well as the construction of two apartment buildings in Brussels, named 'Jacqmain' and 'Pelikaan'.

An important construction and renovation project in Antwerp: 'Stadsfeestzaal' is progressing on schedule. Located on a prime location in the city centre, this complex consists of a large shopping centre with underground car park. Additional orders, including the construction of 20 exclusive apartments for BPI-Vooruitzicht, extended the original contract. The works started in 2005 and the shopping centre is due to open in the autumn of 2007.

In Vilvoorde, ABEB is renovating on behalf of Watersteen, the former penitentiary complex that is given a new destination. Started in Brussels, in collaboration with CFE Brabant, the construction of three apartment buildings with retail area and underground car park.

The Province of Antwerp trusted the complete modernization of the former city library to ABEB. This building will accommodate the students of the Plantijn Hogeschool in 2008. For the account of VESPA (independent municipal company for real estate and city projects in Antwerp), ABEB started the construction of a residential project in the city center.

2007 should allow ABEB to increase its revenue and insure a better coverage of general expense, which have weighed considerably on its results the past years.



Apartment complex  
'de Platanen'  
at Vilvoorde.  
Architect: Stijfhals  
and Partners.



## ABEB

**Koen Vande Voorde**, 37 years  
Site Superintendent

I started with ABEB as a skilled carpenter. Over time, I was promoted to qualified foreman and now, for the past two and a half years, I am a works superintendent.

The "Stadsfeestzaal" project, on which I am responsible for the conversion works on the "Meir" building, is a challenge, because the conversions are exceptional in every sense. When completed, we will have created three new floors under the four existing floors. Everyone has to be extra careful and alert at all times to guarantee the safety that is challenged by the short construction period and the level of difficulty.

A second challenge is coordinating the different construction methods that are being applied simultaneously in different areas of the building, given that the building is the only access point to the large festival hall which is in its finishing stage. Strict engagements have to be respected conscientiously given the variety of subcontractors working together side-by-side.

For years, my motivation has remained the same: to create a building that every one can be proud of, whilst ensuring as few accidents as possible. I hope that in the years to come I will be able to build other projects with my friends and colleagues, and meet new challenges.



**Pierre Dulière**, 58 years  
Engineering Manager

By early 2009, all wastewater produced in the Liège urban area will be treated. In fact, we are building the last wastewater treatment plant, but definitely not the least as it is the second largest in the Liège urban area (200.000 P.E.). This is the Liège-Sclessin station. It is the result of fruitful internal collaboration during bidding between CFE EcoTech and Bageci in a joint venture with other partners.

This wastewater treatment plant, which we can all be proud of, has allowed me to meet three personal challenges as a responsible of "process" engineering within CFE EcoTech. Firstly, prepare and successfully complete the building permit application dossier. Secondly, manage the "process" design of the wastewater treatment plant and the compact integration of the main equipment in a closed, highly complex building. And finally, create a quality dossier within the limits of the budget allocated for "process" design and in the global interest of the association.

More than 28 years of experience in the wastewater treatment business, including 8 at CFE, don't allow me to hide my so-called "respectable" age of 58, which in no way lessens my enthusiasm and motivation for other major projects in the future.



(in millions of EUR)

	2006	2005
<b>Order book</b> as of December 31	<b>15.0</b>	<b>13.0</b>
<b>Activity</b>	<b>1.0</b>	<b>0.7</b>



**Bernard Cols**

Erik Desmet, Pierre Dulière,  
Gerald Boswell

With activities throughout Belgium and a focus on quality of life and the environment, CFE EcoTech commissioned several wastewater treatment and sludge treatment plants in 2006.

In Wallonia, the wastewater plant in Tubize, designed to treat wastewater from 25,000 P.E. (population equivalents) received final acceptance from IBW, after two years of operation. In Limburg, additional work was completed for Aquafin on the continuous backwash sand filter treatment facility at the Genk wastewater treatment plant (capacity of 80,000 P.E.).

Process and detailed-engineering design were completed for AIDE on the major Liège-Sclessin wastewater treatment plant (200,000 P.E.). This station, on which work started in September 2006, will treat the wastewater from Flémalle, Grâce-Hollogne, Saint-Nicolas, Seraing and some districts of the city of Liège. CFE EcoTech also completed small jobs on the Nivelles wastewater treatment plant for IBW and work on the sludge dewatering equipment for IPALLE in Froyennes.

Electromechanical work was performed for Aquafin on the Mariakerke pumping station and the electromechanical work for Koersel is almost completed. With the aim of improving the water quality in the Meuse River in the Namur region, CFE EcoTech obtained at the beginning of 2007, as part of a joint venture with Bageci and Nizet Entreprise, an order for the Namur collector project and the construction of 37 pumping stations equipped with a Vortex treatment system. These large-scale works will be carried out for INASEP over a period of three years.

To ensure continued growth, in 2007, CFE EcoTech plans to maintain its strong position in the Belgian wastewater treatment market, and also to continue actively prospecting in new markets, particularly in Central Europe and in certain North African countries.



The water-treatment plant at Liège - Sclessin. Architect: Daniel Lesage.



(in millions of EUR) 2006 2005

<b>Order book</b> <small>as of December 31</small>	<b>57.1</b>	<b>29.3</b>
<b>Activity</b>	<b>27.8</b>	<b>33.2</b>

**Patrick de Caters**

Isabelle Liart, Etienne Colmant



In 2006, under the leadership of its new management team, Bageci revised its development policy in order to achieve greater presence on the Walloon market. The increase in the order book and the recruitment of new employees are the results of this effort. The excellent brand image enjoyed by Bageci, together with the recognized professionalism of its employees, has convinced numerous customers to entrust Bageci with their projects.

One such case is the construction of new offices at Bierset airport in Liège for TNT. Other examples include the numerous projects carried out for Total Fina, Carinox, HMS, and Fluxys in Jemappes, the construction of apartments in Dinant and the maintenance and renovation of more than 850 residential units at Shape in Mons.

The expansion of the Columbus Food factory for the Vandemoortele Group in Seneffe was completed during the year. The first phase of the "Résidence Theys" in Gosselies was accepted; renovation of the old wing and additional work will be delivered in the course of the year.

The conversion of the Salzinnes maternity clinic into a printing and cartographic centre for the Walloon Ministry of Equipment and Transportation is also in the process of being accepted. Other renovation works are underway at the Ath sugar refinery, the Frandoux Chateau, the Val Benoît Abbey and the "Réduit des Dominicains" in Tournai where 19 luxury apartments will be built for BPI.

Façade of "Résidence Theys" at Gosselies. Architect: Office Arcadus.



New printing and cartographic centre at Salzinnes. Architects: A.M. Piron Etudes en Construction - Thierry Lanotte.



In the area of civil engineering, the bridge over the Orneau riverbed for Infrabel was completed and delivered to the customer's satisfaction under a tight schedule and despite a complex environment. A retaining wall at Houffalize and other walls in the Dria district in Farciennes were also completed, while the installation of collectors is continuing in Coo.

After completion of design work and meticulous preparation, construction work on the new Sclessin water treatment plant started quickly and is continuing at a steady pace.

Bageci has also been awarded the first section of RER construction work near Brussels. Work started on this section, located between Ottignies and Louvain-la-Neuve, in September, 2006.

So, after several difficult years, including 2006, Bageci is repositioning itself on its home territory. Current work underway, together with numerous deals in final negotiations, will ensure increased activity in 2007. The RER works around Brussels and the remediation and renovation works in schools and other public buildings will provide Bageci with new opportunities for growth and allow it to look forward to the future with confidence.



**Bernard Couttenier**, 44 years  
Site Superintendent

Knowing that the "RER" Ottignies-Sud project, which consists of several building sites stretching over 2 km, is a national (and even an international) first, my personal challenge is to complete this ambitious project without accident, while maintaining quality, meeting the customer's requirements, and promoting collaboration at all levels so as to have a good working environment.

My motivation on this project is to do everything possible to meet this difficult challenge! My daily motivation, for as long as I have been in civil engineering, is to work as part of a team with our rod workers, our form setters, our engineers and, of course, our administrative staff.



(in millions of EUR) 2006 2005

<b>Order book</b> as of December 31	<b>41.1</b>	<b>47.2</b>
<b>Activity</b>	<b>83.1</b>	<b>91.5</b>

Patrick Verswijvel

Jean-Pierre De Bock, Antoine Merckaert,  
Jean-Pierre Dewulf



In 2006, MBG has once again proved itself to be a "made-to-measure construction partner". This is due to the continuing trust of her loyal customers and to the new direction it has taken, which is more focused on new challenges in the construction field.

Due to the continuous efforts and the attention from all MBG employees, MBG again succeeded in obtaining far better safety results compared to the average results of the construction industry.

The building department received orders from Philips Lighting in Turnhout, Air Liquid in Antwerp, VINCI Park in Mechelen, Corus in Duffel, Hanssen Transmission in Lommel and Edegem. MBG with Van Wellen, have built the "Topsportal" next to the Antwerp Sports Arena.

"The Kievitplein project" (Alcatel-offices) built on behalf of Robelco is currently in its final phase. The extension of the offices of Dredging International in Zwijndrecht was completed. The construction works of the "Molenheiken" residential area in Essen, the drinking water centre in Kluizen for the Flemish Water Distribution Company (VMW) and the industrial constructions for the Interconnector and Fluxys LNG in Zeebrugge are all continuing on track.

The projects "CRI" in Ghent, on behalf of Technip and the second phase for the offices, on behalf of Elia in Merksem, were started in 2006.



Extension of Dredging International's offices at Zwijndrecht. Architect: ANTE-architects.

The civil engineering department ended in June the project "rehabilitation of the Leien" in Antwerp in a joint venture with Van Wellen and Frateur de Pourcq. This project gave the "Leien" boulevards a major face-lift. To ease traffic near the National Bank, three tunnels and an underground car park for 650 cars, were built.

MBG and the partners of the former joint venture obtained an additional contract "the demolition of the Iron Bridge". This work, including the rehabilitation of the "Leien-Kipdorprug" intersection, was completed on time under a tight schedule.

MBG and Dredging International have started the construction of the "Discharge sluice" in Kruibeke, while the renovation works on the Asper dam is ongoing.

The construction works of the fourth tank of the gas terminal on behalf of Fluxys LNG is progressing according to schedule. On behalf of the Flemish Region, MBG in close collaboration with Geka, have built a jetty on the Scheldt River in Lillo.

Due to a lack of major new projects, the revenue from civil engineering activities dropped significantly. Therefore MBG has taken this opportunity to considerably invest in the study of future major infrastructural projects initiated by the Flemish Region and Infrabel.



For the Oosterweel link in Antwerp, the THV Noriant consortium, of which MBG is part of, was chosen as the only remaining candidate to, introduce a Best and Final Offer (BAFO) that, if successful, should allow the group to be chosen as a "preferred bidder"

Fourth reservoir at the gas terminal for Fluxys LNG at Zeebrugge. Engineering: Tractebel Engineering.

MBG, as partner in joint ventures, is a candidate for the construction of the "Diabolo" project (rail link to Zaventem Airport) and the Liefkenshoek rail link.

As a result of this, MBG hopes that its order book will grow significantly in 2007 and the civil engineering activities will be guaranteed for the next years. Emphasis will then be placed on "construction-team" projects, industrial investments and public-private partnership projects.



**Jef Ven**, 45 years  
Foreman Carpenter

From the beginning of my career I have worked for MBG, a company where I feel comfortable. The project "de Leien" was my largest project. Working on a project from start to finish is much more pleasant and satisfying than to arrive in the middle and have to leave before it is finished. Given the size of the project and the time required to complete it, I had the opportunity of meeting many colleagues. Some of them even retired during this project. There were also many new faces among the employees. Although the team was very young, my colleague, team leader Marcel De Sutter and myself have enough experience to correct and guide them during the execution phase.



I started with the "Amam" tunnel part, which is located beneath the Courthouse. My next mission was to build the underground car park located beneath the National Bank. I inherited this mission from my colleague, Julien Van den Heede, who had worked on the tunnel from the beginning and who is now enjoying a well-deserved retirement. This was a very difficult project because vehicle and bus traffic could not be interrupted, and the tram rails could not be moved easily. We weren't able to see much daylight, which made some observers, particularly in the media, say that no work was occurring on the "de Leien" project. However, contrary to what was said, we were working very hard underground in order to meet the very strict schedule imposed on us.



Van Wellen

(in millions of EUR)

2006

2005

Order book

63.7

75.7

as of December 31

Activity

83.6

49.0

Jos Van Wellen,  
Roger Van Wellen

Frans Vandermeersch, Raymond Van Riel,  
Antoon Van de Vel, Jos Van Wijnendaele



The good activity and profit figures obtained in 2005 continued in 2006.

The first phases of the "Deurganckdok" container terminal in Doel were delivered and commissioned. Thanks to the major investments made by BASF in the Antwerp harbour area, the activities of this project have increased significantly.

Two additional related challenges, to the Leien rehabilitation project, were given and successfully completed: one was the complete reconstruction of "Place Bolivar" for the inauguration of the Courthouse by His Majesty King Albert II and the other was the dismantling of the "iron bridge"

while rebuilding a major intersection. At the same time, Van Wellen succeeded in obtaining maintenance contracts for the next three to four years for the city of Antwerp, the harbour authority and the Flemish Region, among others.

The building division had a good year in 2006. Structural work for the "Finis Terrae" residence in Knokke is almost complete, and work has started on installing the mechanical systems and utilities and on finishing the apartments. More than 20 housing units were delivered in the "Dennenburg" project, with the remainder scheduled for delivery at the beginning of 2007.



New all-purpose sports centre "Lotto Arena" in Antwerp. Architect: J. Seliarts - F. Liguori.

The "Agora" project, a public-private partnership, is progressing well and should be completed by the end of 2007. This project, located in the centre of Kapellen, consists of 38 apartments, retail space, a library and underground car park. In association with MBG, Van Wellen is building a new sports facility called "Lotto Arena", for Sportpaleis, which will open its doors in spring of this year.

Safety has also been the subject of a number of initiatives taken by staff. The efforts made in this area have already borne fruit as the number of accidents has dropped once again and the severity rate has been halved. Van Wellen has never had such good safety statistics.

Supported on the one hand by being part of the CFE group and, on the other, by the retention of its own corporate culture, Van Wellen looks forward to 2007 with confidence, in both the road and construction market segments.



**Kristof Aernouts**, 33 years  
Road Works Project Manager

The "Pelican" road project includes the complete rebuilding of "Pelican" street and "Simons" street in Antwerp. The difficulty of this project lies in the fact that these two streets are located in the very centre of Antwerp beside the Central Station, which means a very dense working environment and a very short completion period.

The challenges related to the execution of this project are numerous: allowing safe passage to pedestrians entering and leaving the station without having them disturb the works; providing access to the retail shops at all times; monitoring the work schedule and coordinating our different subcontractors and suppliers. For example, the tiling and the kerbstones come from China (delivery time of  $\pm 3$  months).

My ambition is always to have a good working environment, both with the client and with my colleagues, so as to bring the project to a successful conclusion. I consider this to be one of my main tasks, as people work better in an atmosphere of mutual trust.

It is enormously satisfying to end a project on time and to the satisfaction of the management. But it is the positive reactions of the neighbours that give you the greatest satisfaction.



(in millions of EUR)                      2006                      2005

**Order book**                      120.2                      121.3  
as of December 31

**Activity**                      82.3                      57.3

**Bernard Cols**

Roland Derome, André Kawkabani,  
Gerald Boswell, Jacques Labruyère,  
Xavier Behets



For CFE Brabant, 2006 was marked by the start up of several building projects in the Brussels area and by the hiring of many new employees. A significant 45% increase in revenue allowed the company to recover its financial equilibrium.

2006 was also a year in which several major orders were obtained, including the construction, as part of a joint venture, of an office complex of 70,000 m<sup>2</sup> for AXA, the construction of three new wings for the Brugmann University Hospital and the construction of three additional mixed residential/office buildings as part of the "Sand Court" project, located on rue des Sables.

At the end of the year, the new head office of the private television network RTL-TVI, "Media Corner", which was built in partnership with BPC, was delivered and inaugurated by His Majesty King Albert II. Several other building projects were delivered throughout the year to the satisfaction of the respective customers, including the new tram depot at Ixelles for STIB, new housing project phases in the "Espace Rolin" and "Jardins de Jette" neighbourhoods, the construction of a storm basin under Place Flagey in Brussels and, in Auderghem, the three "Omega Court" residential buildings.



Construction of an office building on the Arsenal site in Brussels. Architect: Archi 2000.



Work continued on the construction of an office building, developed by Fortis Real Estate, on the site of l'Arsenal in Brussels, as did renovation of the platforms and mezzanine of the Central Station in Brussels. Also underway are new housing phases for "Espace Rolin" and "Jardins de Jette", the "D4-D5" office complex for the European Parliament and the construction of the "Omega Court" office building.

Through the creation of a site preparation team and investment in the training of managers and workers, CFE Brabant is strengthening its operational workforce to better satisfy its customers and to meet the challenge of maintaining a high level of activity.

New RTL-TVI headquarters in Brussels.  
Architect: Archi 2000 - Philippe Verdussen and Marion Christophe.



**André Wiard**, 61 years  
Senior Site Superintendent

In 1969, I joined François et Fils and in 1975 I worked on my first building site as a superintendent. Since then, the company has allowed me to progress through different projects such as the renovation of the fire station at the "marché aux puces", the Van Maerlant convent on rue Belliard, senior citizen centres, various office buildings, the Andenne and Ittre prisons, tower B of the Porte de l'Europe in Luxembourg and the new RTL studios in Schaerbeek.

The STIB Canone project, with its intermediate deadlines, was particularly challenging. The primary difficulties resulted from a very tight schedule near an active tram depot (near high voltage overhead wires) and the need to handle objects weighing more than 11 tonnes in a very narrow space.

All these projects allowed me to find satisfaction and to work with experienced and valued teams.





(in millions of EUR)

2006

2005

**Order book**

as of December 31

45.3

74.2

**Activity**

88.5

129.3

**Frédéric Claes**

Albert Boisdenghien, Pierre Thys,  
Alain Hemstedt, André Wezel



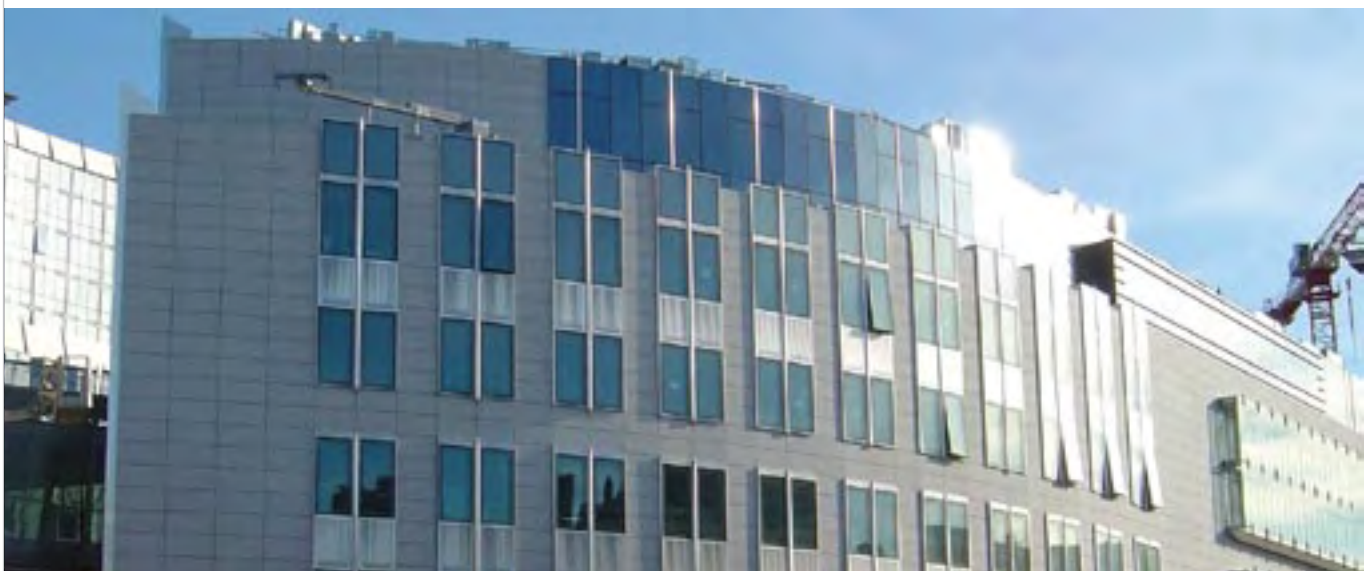
With revenues of over 90 million Euro and a significant profit level, Bâtiments & Ponts Construction has consolidated its position among the Belgian leaders in the large-scale building market.

Several major projects were delivered successfully during the financial year. One of these was the "Dexia Tower" which is now a new landmark on the Brussels skyline. With a height of 145 metres spread over 37 floors and a weight of 180,000 tons, the "Dexia Tower" is the third highest building in Belgium.

In 2006, BPC also completed 110,000 m<sup>2</sup> of structural work for GlaxoSmithKline Biologicals in Wavre, renovation of the underground parking at Louvain-la-Neuve and the new headquarters of RTL-TVI in Brussels. Several building projects scheduled for completion in 2007, were underway

in 2006: "Point Break" in Auderghem, the "Archives du Royaume" in Louvain-La-Neuve and the "Hirondelles" project in Brussels. Work on the "D4-D5" project for the European Parliament in Brussels is also continuing: "D4" is due for delivery in spring 2007 and "D5" in 2008.

BPC has also started several new building projects: 7,500 m<sup>2</sup> of modifications to the "De Brouckère" tower in Brussels; 4,500 m<sup>2</sup> of renovations to the old IBM building in La Hulpe; 3,000 m<sup>2</sup> of modifications to transform the old "Royal Stables" into offices; the construction of the "Corner Building"; 11,500 m<sup>2</sup> of offices in Berchem. BPC also has booked orders and prepared projects that, beginning in 2007, will considerably strengthen its presence on the Brussels and Liège landscapes.



Suite of offices for the European Parliament in Brussels. Architect: Atelier Espace Leopold.

In fact, the "Médiacité" project in Liège to build a 140,000 m<sup>2</sup> retail and entertainment complex, will itself be a new challenge for BPC. Site preparation began in September 2006.

Other projects will also see the daylight in 2007. In particular, the project to improve wheelchair access to two buildings of the European Parliament; leasehold improvements to offices at the "Jardins de la Couronne" for the Federal Police; the "Brugmann Court" project on the former site of the Red Cross at Ixelles; and the "Sablière" project beside Calevoet station in Uccle.



**Marc Bodart**, 44 years  
Manager of Building  
Techniques Department

The Dexia Tower Project allowed us to meet several challenges, principal examples of which are:

- Integration, including technical and budgetary validation of the main special technical contracts designated by the client within the framework of the general contracting contract within a deadline of a few days. This was required from the start of the structural work. The initial contracts amounted to a budgetary envelope of around 40 million Euro.
- Simultaneous start of construction engineering, with priority given to the definition of the drilling through and synthesis of the Building Services equipment drawings.
- Integration, from the beginning, of scope changes (such as, for example, the addition of two levels, one podium and one standard floor) and the resulting additional clauses, for a final budgetary envelope on the order of 60 million Euro of additional work.
- Continuous responses to requests from the customer's team, which was constantly looking for greater flexibility in the facilities and optimisation of usable surface area.

These projects, together with other prospective orders, should provide BPC with sufficient business in 2007 and, more importantly, enable it to maintain profitability at a level that positions it among the best performing companies of this segment.



- Supervision of designated sub-contractors, with constant worries about meeting deadlines and making sure that no unjustifiable claims are made.
- The phasing of work specific to the tower: the lower floors were being finished while the structure of the upper part was still under construction.
- Managing a particularly dedicated site team.
- Finally, the satisfaction of having participated in a complex project that was unique, both for its originality and its size.

Dexia Tower  
Architect:  
Philippe Samyn -  
M. & J.M. Jaspers -  
J. Eyers and  
Partners.

(in millions of EUR) 2006 2005

<b>Order book</b> as of December 31	<b>119.7</b>	<b>91.3</b>
<b>Activity</b>	<b>52.7</b>	<b>44.6</b>

**Patrick Van Craen**

Jean-Paul Baleux, Olivier Vanderdeelen,  
Patrick Mausen



CLE has continued to meet its growth objectives, as demonstrated by a 20% increase in revenues and a consolidated order book that is now at more than 100 million Euro, all of which has made Luxembourg one of the most important profit centres of the group.

In June 2006, CLE moved to new offices in Strassen. These new premises are better able to accommodate its workforce, which has increased by fifteen employees and by more than fifty workers.

The year was marked by the completion of two projects: the "Tri Postal" in Bettembourg and the "Museum of Modern Art" in Luxembourg, which was inaugurated in July by the Grand Duke Henri of Luxembourg.

The first phase of the "Drosbach" complex at the Cloche d'Or, consisting of 34,000 m<sup>2</sup>, was delivered in time for its occupation by the European Commission; work on the 26,000 m<sup>2</sup> second phase was started at the end of the year.

The "Dôme" project, which found a buyer at the end of 2006, is in the process of being delivered, with the last finishing work being scheduled within the contractual completion date of February 2007. The first tenants took possession in May 2006.

Work on the new head office of the EIB, awarded to the joint venture CFE-VINCI Construction Grands Projets, on the Kirchberg plateau in Luxembourg experienced major delays due to design and engineering difficulties related to the complexity of the building. The structural work was



Museum of Modern Art in Luxembourg.  
Architect:  
Leoh Ming Pei.

completed, with the topping out ceremony taking place in December, in compliance with the modified schedule. As a result of the difficulties encountered in the past, an agreement was reached with the customer to postpone the construction schedule.

2006 saw orders taken for five significant new projects: in Bissen, a centre for people with special needs; renovation of the conference centre on the Kirchberg plateau; an office and parking project, as part of the renovation of the old Mousel Brewery in the historic centre of Luxembourg; and, again on the Kirchberg plateau, a 26-unit apartment building and 15,000 m<sup>2</sup> office building.



In terms of orders executed, 2007 could well see revenues exceed 100 million Euro in the Grand Duchy, which would place CLE among the biggest players in the construction industry in Luxembourg.



**Gilles Zimmer**, 42 years  
Senior Form Fitter

**Jorge Camilo Teotonio**, 37 years  
Foreman

I arrived on the EIB site in Kirchberg in September 2005. From day one, the project grabbed my interest because of its design, which, it must be said, is special and original, because of the constraints of architectural concrete. My challenge was to supervise several teams so as to achieve optimal results in terms of both time and quality.

Today, this has become a reality thanks to the efforts made by both workers and management.

I started on the EIB project in March 2005 as Form Fitter and was promoted to Foreman in 2006. My challenge, given the scope and special characteristics of the project, was to complete the requested work (structural work) on time. This, of course, is what occurred! My motivation in working on this project was the quality of the work done by the members of my team and by my colleagues on the project.



(in millions of EUR) 2006 2005

<b>Order book</b> as of December 31	<b>119.7</b>	<b>23.1</b>
<b>Activity</b>	<b>52.7</b>	<b>36.0</b>

André de Koning

Kris Hens, Jan Verschueren, Henk Blok



At CFE Beton- en Waterbouw, 2006 was marked by several large contracts awarded according to the "design and construct" formula, which will allow the company to maintain and further develop the experience it has acquired in the area of major infrastructure projects.

During this year, Prorail awarded the Houten project to the company. This project involves the construction of new structures and the modification of existing ones with the aim of doubling rail traffic. Some of the work will be executed in partnership with the customer.

The customer was fully satisfied with the company's expansion of a subway station in Rotterdam, a mammoth project built on a small site and completed under an extremely aggressive schedule. A follow-on project will occur in mid-2007.

Three noise-reduction walls were also completed near Rotterdam. Another project of this type will be built along the "Zeeuwse" line in Zeeland in 2007 according to the "design and construct" formula, also for Prorail.

The Department of Public Works awarded the company a project for widening the Muiderbrug (a bridge) within the framework of a cooperation agreement. This "design and construct" project involves the widening and reinforcement of the existing bridge through the use of new, white concrete pylons and a guy-wired structure. Preparation of the final project began in 2006 and execution will occur during 2007 and 2008.

Finally, it should be noted that, for the second consecutive year, CFE Beton- en Waterbouw did not record any accidents resulting in work stoppage in 2006. Strict adherence to the company's safety policy has proven itself once again.



**Claude Vermote**, 61 years  
Senior Site Superintendent

We are building a combined bridge to be used by high-quality public transport over the Amsterdam-Rhine canal to replace the existing "Vleutensebrug" bridge. The new bridge is 170 metres long and 25 metres high, and is an essential link between the city of Utrecht and its new surrounding neigh-

bourhoods. The bridge is scheduled to open at the beginning of 2008.

My personal challenge is, first of all, to build a quality project within the confines of the budget. All this must be done without losing track of safety considerations, since order and cleanliness partly determine productivity. As far as motivation is concerned, I was fortunate enough to be part of a young and motivated team to whom I could pass along my experience and thereby narrow the age difference.



(in millions of EUR)

	2006	2005
<b>Order book</b> as of December 31	5.8	12.4
<b>Activity</b>	24.0	15.2



André de Koning

Hans Schutte, Marcel Keinhorst,  
Willem-Jan Nederlof

Geka Bouw's sales reached historic levels in 2006.

"Design and construct" type projects are also increasing at Geka, especially in the industrial and special construction markets. For example, the terminal built for Vopak, the largest in Europe, was completed in record time and to the complete satisfaction of the customer.

Among the major projects started in 2006, the construction of the "Spaanse Brug" in Rotterdam, the construction of a dock and berths, including dredging, for Kaneb in Amsterdam, as well as the supply and installation of steel piles, each weighing 110 tons, in the Caland canal in Rotterdam should be mentioned. It should also be noted that the order book for 2007 includes the second phase of work started in 2006 for the floating moorings for riverboats in the middle of the Scheldt River, at Lillo, in the Antwerp harbour region.

Once again, thanks to a judicious safety policy and strict adherence to it by all involved, no accidents were recorded in 2006.

The 2007 order book is full of high-quality projects. Geka's future is therefore looking bright, and new equipment investments are planned for this year.



A floating pontoon for river vessels in the middle of the Escaut, at Lillo. Design & Construct: Geka.



**Niels Van Noort**, 30 years  
Site Superintendent

After graduating, I started at Geka Bouw in 1999 as a carpenter and then became an assistant superintendent and then a site superintendent. I am currently working on the "Fingerpier 4" project in Rotterdam, which is considered to be the longest pier in Europe; it consists of a

concrete bridge with two loading ramps, a foundation on steel piles and a shock absorber to protect the pier. The pier is being built for the Rotterdam Port Authority and will be used by Vopak.

Our greatest challenge in this project is its complexity, which requires inventiveness in marine construction to build it and therefore be proud of what we have created.

(in millions of EUR) 2006 2005

<b>Order book</b> as of December 31	17.1	2.5
<b>Activity</b>	24.3	6.0

**Bernard Cols**

Bruno Lambrecht, Christophe Van Ophem, Daniel Leloup, Beate Koniuszek, Mamoudou Kaba



2006 was marked by major increases in activity and staff.

The two company sales offices, located at Warsaw and Cracow, received close to 40 million Euro in orders for 2006. The turn-key construction of shopping centres for Carrefour and E. Leclerc and of industrial buildings for Rieter Automotive Poland and for the Belgian investment company Immo Industry Poland were among the major projects.

The design team completed the construction plans for the two shopping centres for E. Leclerc located in Słupsk and Kielce, as well as building permit drawings for an apartment building in Warsaw and a shopping centre in Gdansk. The assistance provided by the design team to numerous investors allowed the company to develop relationships of mutual trust, which will pay off in the form of future projects.

Several building projects were delivered to the customer's satisfaction, often on very tight schedules, in particular the three shopping centres for E. Leclerc located in Lublin, Kielce and Słupsk, a shopping centre for Carrefour in Bydgoszcz, a factory for Rieter at Nowogard and a road rehabilitation project in Kostrzyn for the Immo Industry Group. The increase in activities was of course accompanied by an intense and sustained recruitment campaign, which resulted in a 50% increase in staff from 34 persons (end of 2005) to 52 persons (end of 2006).

The outlook for 2007 is positive with an order book of 17 million Euro and numerous bids in their final negotiation phase. This year the Human Resources Department will pursue its recruitment campaign to allow CFE Polska to continue to grow and satisfy its customers.



**Mamoudou Kaba**, 37 years  
Project Director

Białystok, known as the Polish Siberia, is the coldest city in Poland. It is in this city, located on the border with Belarus, that Carrefour has entrusted CFE Polska with the construction of its new shopping centre. This complex, with a built area of around 50,000 m<sup>2</sup> consists of an underground car park, a hypermarket and a retail mall.

The major challenge on this project is its very short schedule, half of which coincides with the harsh Polish winter.

For success on this project, I am counting on the personal commitment of each employee and, especially, on the team spirit that we have exhibited in our previous projects. In conclusion, I would like to remind these words: a project without team spirit is destined to FAIL. Team spirit is the secret of our SUCCESS.





(in millions of EUR)

2006

2005

<b>Order book</b> as of December 31	<b>33.4</b>	<b>19.8</b>
<b>Activity</b>	<b>32.5</b>	<b>15.1</b>



**Bernard Cols**

Péter Rapkay, Patrick Dubruille,  
Georgia Kacimbarisz, Pascal Steens,  
Enikő Kőteles

Both companies continued their respective growth in Hungary and Slovakia. The "Centre Point II" office building was delivered in the middle of 2006 to GTC and resulted in GTC winning the 2006 "Best Overall Development" prize. The first residential project, Corvinus Palace, was almost complete at the end of 2006, as were the new office block of National Instruments in Debrecen, whose delivery was scheduled for February, 2007 and which was completed in a record time of eight months.

In Slovakia, the "Park One" project was enclosed before winter, and a contract for tenant fit-out work was signed at the beginning of 2007, which will ensure continued activity in 2007.

August 2006 was marked by the signing of two major contracts. The first was for the construction of the "Aréna

Corner" office building for Raiffeisen Real Estate (47,000 m<sup>2</sup>) while the second was for the construction of "Aréna Plaza", the largest shopping and entertainment centre of central Europe with a total surface area of 186,000 m<sup>2</sup>.

Following an initial design contract for the new Ergon factory in Ploiesti, a decision was made in December 2006 to establish a presence in Romania.



"Aréna Plaza"  
Shopping and  
Entertainment  
Centre.  
Design: Casiopea.



**László Lehoczki**, 45 years  
Project Manager

In May 2006 CFE Hungary obtained the contract for the construction of the offices of National Instruments in Debrecen. This building comprise of 4 floors with base-ment, with a total area of 3,500 m<sup>2</sup>.

Our task included shop drawings and general construction, with a deadline of 7 February 2007. Debrecen is the third largest city in Hungary but the 230 km distance from Budapest was enough to make the integration with the local contractors and subcontractors difficult.

Nevertheless the most difficult task was to select the local subcontractors and make CFE known in that new area. Deadline and quality were a high priority for the client during the whole construction due to the fact that the opening of the new office building was fixed at the beginning. Moreover, our weekly time schedules were tracked in Texas.

We handed over the project in due time to the satisfaction of both the client and the project architect. Thanks are due to the local subcontractors and, significantly, to the 'spring-like' winter. Personally I have been working on different projects at CFE for 11 years. Basically each project consists of similar modules but they are different in detail and have to be adapted according to the project needs. Every project brings an experience. Construction is a continuous study for me.



G rard Bourelly,  
Youssef Merdassi,  
Luc Vandeputte,  
Vincent Fi rin



While 2005 was essentially characterized by the organization of major prospecting campaigns focused on a search for emerging markets in the world, 2006 allowed us to study major projects in regions as diverse as Africa, Central Europe and India.

Given the scope of the projects and the reputation of the clients, emphasis was placed on prior assistance to the customer by making the technical expertise present in the company, such as the preparation of design and construction schedules, the optimization of specific methods and means of execution, the preparation of variants to the project and the definition of criteria concerning technical and architectural trades available with the aim of creating a partnership with the potential customer instead of being simply a contractor. All of this required and was made possible by very significant bolstering of the

department's teams, which thus allowed simultaneous monitoring of major projects. The work accomplished by the CFE International teams in 2006 allowed us to single out four countries that will become the targets of sustained prospecting in 2007; these are Serbia, Bulgaria, Algeria and Senegal. Only real opportunities where we have a preferential advantage will be followed up in other countries. The effective presence of CFE in Qatar which through its subsidiary CFE Qatar, is associated in the execution of the rock works of the Southern Breakwater project.

CFE International's ambition is to restore the company's intercontinental dimension by returning to major foreign markets. The execution of the awarded projects will once again give CFE the international showcase that it has always claimed to have for over a century now.



**Laurent Elslander**, 27 years  
Project Engineer

My impressions on my first sixth months spent on the edge of the desert on the coast of Qatar can be summarized as follows:

- First of all, forget about four seasons and moderate temperatures. In Qatar, in summer, temperatures can reach 54°C with a relative humidity of close to 90%, which prevents you from going outside without your air conditioning. In winter, the amount of daylight is at most one hour less than in summer, but temperatures are milder.

- In Middle Eastern countries, construction workers are primarily from South Asia: India, Pakistan, Nepal, Thailand, etc. Working with labourers who often only speak a few words of English is a very enriching experience.

- Site infrastructures in the middle of a highly secured industrial city on the edge of the desert and the sea required a lot of attention and special design on our part. A base camp was created for the single personnel and construction workers.

In conclusion, all that remains to be said is to wish us all good luck for the completion of this project, but let's use the well-known local expression: "Inch Allah".

# Real estate development and management services

49



# Real estate development and management services

(in millions of EUR) 2006 2005

## The committee

The division's activities are overseen by a committee made up of:

- Renaud Bentégeat
- Patrick Van Craen, General Manager of CLi and Construction Management
- Jacques Lefèvre, General Manager of CFE Immo and CEO of BPI
- Michel Guillaume, CEO of Sogesmaint-CB Richard Ellis

Order book as of December 31	6.7	4.3
<b>Activity</b>	<b>28.4</b>	<b>22.8</b>
Real Estate Development	65%	67%
Building Management	34.1%	27%
Project Management	0.9%	6%

- Catherine Vincent, Secretary General of the division
- Fabien De Jonge, Administrative and Financial Officer for the division
- Jacques Ninanne, Chief Financial Officer

## The real estate development and management services division had a good year that was marked by two important events:

- sale of the "Dôme" development in Luxembourg, which is two thirds leased and on which work ended in the beginning of 2007;
- merger of the activities of Sogesmaint and CB Richard Ellis "property management" to form a new company of which CFE remains the majority shareholder.

## The division thus consists of four complementary entities:

- CFE Immo and BPI undertake real estate development activities in Belgium;
- CLi is the group's developer in Luxembourg;
- Sogesmaint-CB Richard Ellis provides property management services in Belgium and Luxembourg;
- Construction Management provides project management for customers outside the group in Belgium and abroad.



"Médiacité" business complex at Liège.  
Architect: M. & J.M. Jaspers - J. Eyers and Partners.  
Developer: Withem & C° - BPI.



Patrick Van Craen

Valery Autin, Fawaz El Sayed,  
Roberto Romanin, Jérôme Bestgen

In 2006, Construction Management pursued its prospecting efforts on the international market with the aim of obtaining missions involving project management in the industrial segment and land development in the real estate and tourism segments.

This has resulted in a construction contract for a new galvanization line in Iran, concluded with the Belgian steel company CMI, and a mission for the company Acindar carried out in Argentina.

In Belgium, the missions were successfully completed for the cement company CBR and for the company Multiserv

on the site of the Carinox steel plant. Construction Management is also participating in the development of the "European Sports, Nature and Ski Centre" project in Antoing.

In 2006, Construction Management also completed its mission as client's representative on the "Dôme" project and is also carrying out its mission on the "Green Wood" project, both in Luxembourg.

Design work is being actively pursued on various tourist projects in North Africa, primarily in Tunisia and Morocco.

**Didier Boulanger**, 49 years  
Technical Manager



I was head of the civil engineering and construction engineering office within the engineering department of a world-famous glass company when Patrick Van Craen asked me to become the Technical Manager of the Industrial Construction Management department. At 49 years of age, with extensive international industrial experience, I accepted the challenge of achieving growth in this area.

After I assumed this position in July 2006, a contract was signed with CMI (Cockerill Maintenance et Ingénierie) for

collaboration in the construction of a galvanisation line at Cbasco, in the Islamic Republic of Iran, covering design, construction, assembly and commissioning.

This contract, together with others signed with customers such as Multiserv (USA) and Cocelpa (Brasil), as well as future projects in Latin America, will allow me to develop this technical service within the industry department.

**Jacques Lefèvre**

Philippe Sallé, Fabien De Jonge,  
Philippe Bricout, Peter De Decker,  
Catherine Vincent, Michel Shames,  
Patrick Vriamont



Through their two entities, working together under common management, BPI and CFE Immo can be proud to have extended their real estate development activities throughout the Belgian territory and furthermore, to have sold older real estate assets.

The office building located on the Place de la Reine was sold to an investor, as was the B03 office building in "Jardins de Jette" and the stake in the "Keyser Centre" in Antwerp.

Block A located on avenue Fonsny in Brussels, built on spec at the beginning of 2006, found a buyer that will occupy 10,000 m<sup>2</sup>, which represents half of the property.

In the residential market segment, 197 housing units were sold in 2006, of which 75 were on the "Jardins de Jette" site and the rest from the "Espace Rolin", "Résidence du Béguinage" and "Sand Court" projects.

As for projects currently underway, the business unit's first project in Wallonia for 21 residential units in the heart of Tournai has started. Building permits were granted for the "Barbarahof" project in Leuven and the "Brugmann Court" project in Ixelles. Finally, soil decontamination work has been completed and preparatory work begun in the beginning of October for the 35,000 m<sup>2</sup> "Médiacité" centre in Liège in which BPI holds a 25% stake.



"Sand Court" project for three residential and office buildings in Brussels. Architect: A2RC.

New projects are also being prepared: in the heart of Bruges, the "Gouden Boom" is the conversion of a former brewery into 45 luxury apartments, for which approvals are expected in autumn 2007; in Arlon, land has been acquired to develop a 90-unit residential building with amenities. Finally, a permit to subdivide has been obtained at Uccle Calevoet for a mixed project consisting primarily of residential (180 units) together with offices and retail. The first phase of work will start in spring 2007.

Permits issued in 2006 for well-located sites should result in strong activity in the residential segment in 2007. Also, the decision taken by the Federal Cabinet in November to lease an additional 11,000 m<sup>2</sup> in the "Crown Avenue" building should allow the sale of this asset to be finalized during 2007.



**Luc Nulmans**, 41 years  
Project Manager

With the Barbarahof project, which we are developing in association with Heijmans and KBC Real Estate, we were faced with the challenge, together with the architecture offices of De Gregorio & Partners of Hasselt and A33 of Leuven, of putting an end to an urban blight in an attractive urban residential neighbourhood.

My task as Project Manager consists of facilitating communications between all the partners, as there are many parties involved, directly or indirectly. There are the developers, the designers and contractors responsible for the construction of the project and also the various administrative offices, recognised public utility companies, neighbours, etc., not to mention the most important parties...the future owners!

As is the case for each residential project that we develop, we offer buyers the chance to participate in the finishing of their house or apartment. As far as I am concerned, the buyers are number one priority, and the project is only a success if it is completed on time, on budget and to the full satisfaction of the buyers.

In addition, there were specific challenges associated with the project due to its urban location. A section of the sewers, to which a large part of the inner town of Leuven is connected, must be moved because many conduits and cables (including some high voltage cables) are located

on their route. Given the important and historical location of the site, the earthworks for the underground car park will be carried out with the necessary archaeological research.

Communication is essential for the success of all projects, but is particularly important for a project of this size and complexity. This is not as simple as one might think and the project manager's biggest challenge is to organise and coordinate communication between all affected parties so as to anticipate, and preferably eliminate, misunderstandings, confusion and all types of disputes and problems.



**Michel Guillaume**

David Van Eeckhout, Nunziata Turi,  
André Latinis



2006 was a year of great change for Sogesmaint, already a leader in its field. In March, Sogesmaint decided to merge its property management activities with those of CB Richard Ellis thereby creating a joint Sogesmaint-CB Richard Ellis subsidiary, of which CFE is the majority shareholder.

As the result of this merger, Sogesmaint-CB Richard Ellis has strengthened its position as the uncontested leader in property management in Belgium, with more than 2 million m<sup>2</sup> and 150 buildings under management and a team of 55 employees in Belgium and Luxembourg.

The merger of these two complementary entities makes it possible to offer a unique and exceptional range of services both to investor-landlords and to building tenants and occupants.

The goal of the new subsidiary is further to develop existing services, such as building and real estate portfolio management, facility management, accounting and financial management of real estate companies, shopping centre management and promotion, renovation work coordination and asset management. Sogesmaint-CB Richard Ellis will also expand its range of activities to new market segments and new geographic areas.



"Botanic" building in Brussels, managed on behalf of Crédit Suisse.  
Architect: A.M. L'atelier d'architectures de Genval - Pierre Accarain SA - Marc Bouillot SA.

In March, Sogesmaint-CB Richard Ellis obtained an order for coordinating design and execution of renovation work on the "Botanic" building, managed on behalf of Crédit Suisse. This mixed-use retail and office building is located at the corner of rue Neuve and boulevard du Jardin Botanique in Brussels. The approximately 6,000 m<sup>2</sup> of office space in the building will be completely renovated.

Sogesmaint-CBRE is continuing to grow its managed portfolio and to diversify its customers, particularly among European investors.

In the area of Project Management, Sogesmaint-CBRE received several assignments for interior redevelopment both in the retail segment in Antwerp and Liège (Meir and Galeries Saint Lambert), and in the office segment in Brussels (Parc Alliance, Westinvest).

The outlook for 2007 is positive, with the prospect of new management contracts, increased consulting activities with foreign investors and significantly bolstered retail mall management.



"Montoyer" building in Brussels. Architect: Assar - Mr Ysebrant et Mr Morales.



**Marguerite Kessels**, 36 years  
Property Manager

Since their merger, the new company Sogesmaint-CBRE has been using the complementary strengths of its two shareholders in their respective fields to create a group that is unique in Belgium and Luxembourg in the area of real estate and related services.

Sogesmaint-CBRE's recognised know-how in property management, which makes it number one in Belgium with more than 2,000,000 m<sup>2</sup> of managed space, allied with the retail dynamics of CBRE and CFE's expertise in the areas of construction and real estate, allow us to create an integrated group that will be able to act on new opportunities, such as management and property improvement.

An ongoing dialogue has been established with merchants concerning their specific needs, and this allows Sogesmaint-CBRE to offer real expertise and experience in the management of malls and retail parks. All of this is established within a well-defined legal framework, such as a commercial lease.

We are currently managing several retail malls such as the Galeries Saint Lambert in Liège (45,000 m<sup>2</sup> of new space), the Galerie Louise with more than 50 businesses, and the Galerie de la rue des Tongres with more than 30 businesses.

We have also been able to obtain the management contract for the new Hognoul shopping complex, a Redevco development on the former Ikea site. This is a 13,000 m<sup>2</sup> complex, housing some ten major retailers which provides consumers with a "à la carte" shopping experience.

In this way, we have been strengthening our presence on the retail market and are increasing the activities of this new department by bringing new commercial properties under our management.

It gives me a great deal of pride to be able to offer to landlords and tenants the know-how of an experienced team and an efficient infrastructure.



Patrick Van Craen

Damien Quinet, Valery Autin



CLi started work on the "Green Wood" residential project located on the Kirchberg plateau, and marketing of the 26 luxury apartments is proceeding satisfactorily.

The land in Strassen, acquired in 2005 by CLi, and currently housing the head offices of CLE, CLi and Sogesmaint-CBRE Luxembourg, is currently the subject of a building permit application, in compliance with the current urban planning regulations, for an office building to be built in two phases, each phase consisting of approximately 5,500 m<sup>2</sup>.

CLi is currently looking at several major project acquisitions, primarily in the residential market, with a view to engaging in real estate development activities in the Grand Duchy, where the market remains solid.

Again in Luxembourg, CFE Immo has completed the sale of the company that owned the "Dôme" building near the central railway station in Luxembourg.

The building, which is currently more than two thirds leased, completes the new Espace Pétrusse neighbourhood that also consists of two office complexes, a hotel block and two residential buildings, also in the final phase of construction. Co-developed with VINCI Real Estate and built by CLE under the technical supervision of Construction Management, the success of this major project in Luxembourg, is also a wonderful example of a profitable synergy both within the CFE group and with the VINCI group.



**Jonathan Dernelle**, 30 years  
Architect

"Greenwood", 51 ridges marking the horizontal rhythm of its zinc façade, 26 apartments, 2 core flow areas, 1 building... in short, a small project compared with other CLE building sites.

Paradoxically, if I am to tell you about my mission, I must tell you about the other players, because my main concern on this project has been that there would be a team, that all the disciplines, such as architecture, building services, and the contractor "talk to each other", exchange ideas and foresee problems together.

To my mind, project management consists of applying the basic raw material for building construction: human skills.

I also have the good fortune, in a real estate development, to start from a piece of land that is sometimes not yet up for sale, and to finish my mission by handing over the keys to a couple who have a new home.

This experience enhances my understanding that each line drawn on a blank sheet will have consequences, right up until the end of the project.

A small project, you think? It represents a gold mine of information, an essential step and, above all else, a beautiful project, that is, the work of a group - the work of a team.

# Multitechnics division



# Multitechnics division

## The committee

The activities of the multitechnics division are overseen by a committee composed of:

- Renaud Bentégeat,
- Christian Van Hamme, Director and General Manager
- Jacques Ninanne, Managing Director of Engema

(in millions of EUR)

2006

2005

### Order book

as of December 31

44.8

43.9

### Revenue

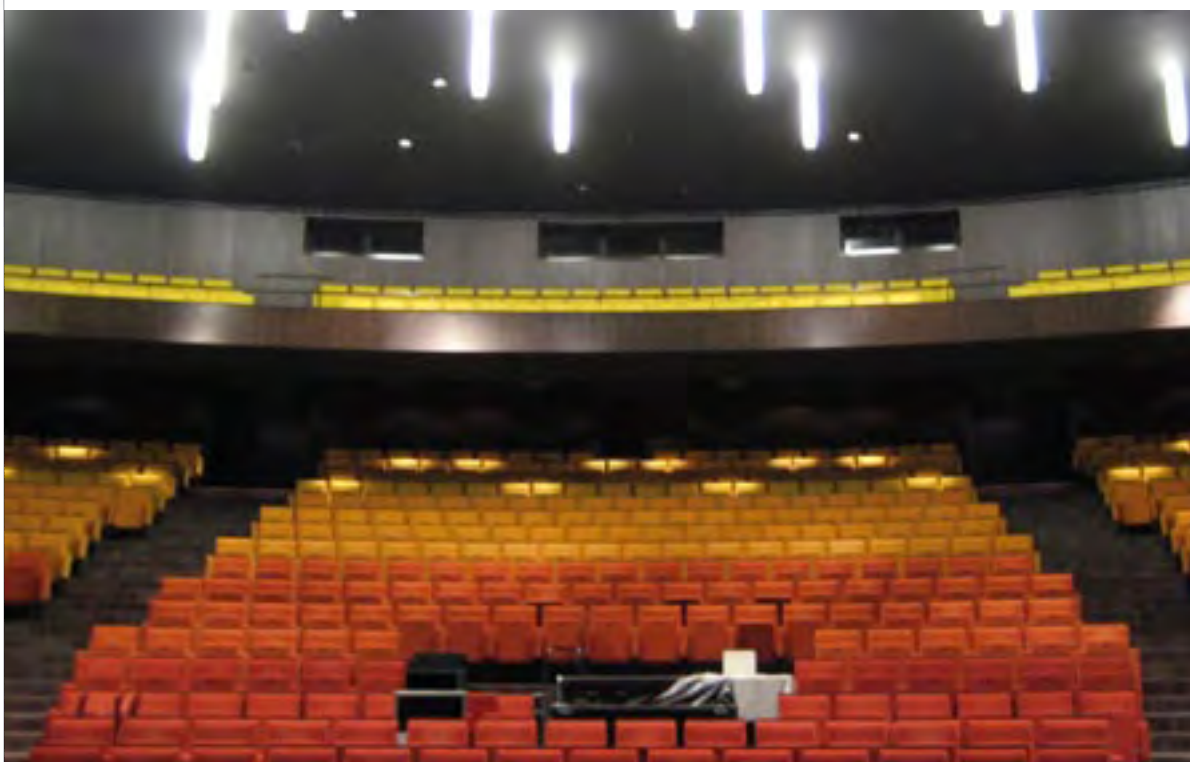
60.9

45.6

This division had an excellent year from both a business volume and profit point of view.

Nizet confirmed its very solid position in Wallonia and in Brussels, while Voltis enjoyed record revenues. Vanderhoydoncks continued its turnaround, picking up new contracts. Finally, Engema continued its expansion, primarily in the rail segment.

The good results of the multitechnics division should continue in 2007. To increase its business in this segment, CFE is planning one or more acquisitions. In addition, a second Voltis store will open its doors in Waterloo this autumn.



New lighting for the large hall of Hasselt cultural centre, produced by Vanderhoydoncks. Architect: a2o architecten.

(in millions of EUR)                      2006                      2005

<b>Order book</b> as of December 31	<b>5.7</b>	<b>4.1</b>
<b>Revenue</b>	<b>10.4</b>	<b>4.0</b>



Christian Van Hamme

Ronny Hendrickx, Edwig Roekens

As confirmation of its turnaround, Vanderhoydoncks attained one of the highest revenues in its history in 2006.

The prime project of the year was undoubtedly the Zeebrugge container terminal for APM-Terminals at the start of 2006. In the middle of winter, and under difficult weather conditions, Vanderhoydoncks renovated all of the medium voltage equipment, created a fibre optic data network, and also installed terminal lighting with 55 metre high poles, two generator sets, uninterruptible power supplies and a power supply for 800 refrigerated terminals.

Another spectacular project, carried out during the summer vacation period, was the complete renovation of the main hall of the Hasselt Cultural Centre, which was completed in a record time. The highlight of this project was undoubtedly the new lighting for this hall, which was developed by Vanderhoydoncks to the great satisfaction of the architect.

Important projects were started up in autumn. The first of these was a new storage space for Scania in Opglabbeek. A 25,500 m<sup>2</sup> warehouse was fitted out in four months and delivered in December. The related facilities and offices will be completed at the beginning of 2007.

The expansion of Nike's "Strategy 3" in Meerhout began immediately after the summer vacation period. This involved a complete electrical installation and the network cabling of a new warehouse, consisting of a high structure and a low structure, acceptance of which is expected in February 2007.

"Heilig Hart" Hospital in Leuven and the Central Station in Brussels should also be mentioned. Begun in autumn of 2006, these two projects will continue until 2008.

The healthy state of the order book on 31 December 2006 leads us to believe that a high level of activity will be maintained in 2007.



**David Nijs**, 28 years  
Electrician

I am passionate about large-scale projects that everyone knows about and whose final result does not go unnoticed. I have been working for Vanderhoydoncks for seven years. We work together very well as a team with our colleagues,

our sub-contractors, the coordinators and management for the APM project in Zeebrugge.

My motivation remains constant, even when working in bad weather, which sometimes requires sacrifices. My mission is to monitor and manage projects together with the coordinators and also to order the required supplies. Finally, at the end of a long day, the hotel and a well-deserved meal await us.

(in millions of EUR)                      2006                      2005

<b>Order book</b> as of December 31	<b>19.0</b>	<b>19.3</b>
<b>Revenue</b>	<b>34.7</b>	<b>29.3</b>

**Christian Van Hamme**

Yvan Georgery, Yves Persenaire,  
André Vandenbauw, Philippe Flock,  
Thierry Lambermont, Jacky Landuyt,  
Roland Hallot



Continuing the uninterrupted growth it has experienced since its creation in 1977, the company saw its revenue increase again this year. The growth reported by Nizet Entreprise is based on an increase in the number and average size of the projects it has carried out.

With a workforce of some twenty engineers and more than 160 electricians, the company serves the "Tertiary" and "Electromechanical" market segments and provides seven-day-a-week maintenance service.

The renovation of the "Tour du Midi", joint-venture work on the "D4-D5" buildings for the European Parliament in Brussels, the renovation and expansion project for the Edith Cavell and Molière Longchamps clinics in Brussels and for the Jolimont clinic, the electrical work for the

WN128 project at GlaxoSmithKline Biologicals in Wavre and the electrical and renovation work at the Museum of Natural Sciences were among the major electrical installations in the "Tertiary" sector that contributed to its revenue.

Projects in the "Electromechanical" sector include the reconditioning of the Roselies wastewater treatment plant (in the Basse Sambre region), the wastewater treatment plant at Marchienne-au-Pont, the Place Flagey water basin in Ixelles, the reconditioning of the Aubange water pumping station in the province of Luxembourg and the reconditioning of the overhead cranes of the Plate Taille dam in Cerfontaine.



Saint-Michel clinic  
in Brussels.  
Architect: Bureau  
d'Architecture  
E. Verhaegen.

The workshop, which designs and builds electrical panels (low voltage panels, distribution panels, etc.), also significantly developed its high voltage station business with outside customers.

The order book as of 31 December already guarantees sustained activity throughout the 2007 financial year.

### Voltis

Voltis, which runs an operation based on the concept of "6 stores in one" (lighting, electrical installation equipment and tools, home improvement, heating/air conditioning and home electrical appliances) focusing on retail customers, experienced strong revenue growth.



Connecting up instrument panels for the reconitioning of Roselies water-treatment plant. Engineering: IGRETEC.



**Yves Persenaire**, 45 years  
Sales Manager

Voltis is increasingly attracting a "retail" clientele thanks to the quality of its products, the advice of its technicians and its new concept, unique in Belgium, of "6 stores in 1": electricity, lighting, manual and portable-electrical tools, home improvements, heating and air conditioning and home appliances.

The basic business consisting of electricity and lighting accounts for more than 70% of revenue.

In view of the positive performance of Voltis "Louvain-la-Neuve" over the past several years, a second retail outlet will open its doors at the beginning of September 2007 in Waterloo, Chaussée de Bruxelles 463 (main road).

CFE Brabant will build the building. Voltis "Waterloo" will have 1,000 m<sup>2</sup> of retail space and several parking spots reserved for customers.

(in millions of EUR)                      2006                      2005

<b>Order book</b> as of December 31	<b>20.1</b>	<b>20.5</b>
<b>Revenue</b>	<b>16.1</b>	<b>14.0</b>

Jacques Ninanne

Jean-Paul Coch, Michel Van der Eecken,  
Bruno Lambert, Jean-Pierre Borghmans



In 2006, Engema Rail consolidated its position on the Belgian markets for overhead wires and rail signalling. Its revenues have been increasing constantly for several years.

During the year, Engema Rail obtained final acceptance of the overhead wires at Chênée, Herstal, and Holsbeek stations and at the Amercoeur Bridge in Liège, as well as acceptance of the signalling work at the Berchem station in Antwerp.

Engema Rail won a second RER contract in 2006 for the implementation of signalling on the Diegem-Leuven segment, and, within the framework of its overhead wire project on the Liège-Cologne TGV line, the company obtained major additional orders in the Soumagne and

Walhorn tunnels. The Engema Rail personnel have proven their expertise in the installation of rail tunnel equipment: a fire detector in the Bierbeek tunnel, GSMR radiating cable and signal cables in the Peerdsbos tunnel and in the Antwerp Central Station tunnel, as well as fans for heat and smoke exhaust in the Soumagne and Walhorn tunnels.

Engema Montage had a good year in 2006 and delivered several turnkey projects in the northern part of the country for the purpose of creating interconnections for European networks.

Engema Montage's goal in the next few years is to export its expertise in the installation and pulling of cables and to develop maintenance business in theme parks and the assembly of windmills.



Erecting of catenaries by Engema Rail on the Liège - Cologne high-speed rail route.

Engema Lignes has also experienced growth. In 2006, it renewed its framework contracts with "Net Management" thereby ensuring continued business in its core competencies: overhead wires and underground cables.

Engema has also continued to renew its equipment: Engema Rail ordered a telescoping crawler crane and a mobile platform that will be delivered during the course of 2007.

Last, but not least, safety measures have been maintained. Engema Rail has created individual "Safety-Accreditation" passports based on the professional skills. Nearly 3,000 hours have been dedicated to training.



These efforts must be continued to reduce the number of accidents.



**Michel Doneux**, 49 years  
Electrical Fitter Foreman

After joining Engema in 1979, I held a variety of positions before I became Electrical Fitter Foreman in 1988. I have also seen our office move several times before settling down in Lavacherie.

We work on low voltage, medium voltage and sometimes 70 kV overhead electrical lines. In my position, there is no shortage of challenges. The building sites are often very small and very spread out, and therefore each situation must be well analyzed so that we can work safely and efficiently.

We also need to ensure the continuity of our profession by organising continuous training for our guys and by progressively and methodically integrating the new recruits into the team so that in the end they will be capable to take over.







# Dredging and environmental division





[in millions of EUR]                      2006                      2005

<b>Order book</b> as of December 31 – at 50 %	<b>800.5</b>	<b>695.0</b>
<b>Revenue</b>	<b>538.7</b>	<b>422.6</b>

from the left to the right:  
 Martin Ockier, Eric Tancre, Alain Bernard, Pierre Catteau,  
 Dirk Poppe, Theo Van de Kerckhove, Marc Maes,  
 Jos van Ijseldijk, Philip Hermans, Pierre Potvliege,  
 Patrick Demoor, Christian Van Meerbeeck



The DEME-group managed to consolidate and strengthen its foremost position as a first-rated worldwide dredging and hydraulic engineering group.

In 2006, the group registered a turnover of 1,077 million Euro (compared to 845 million Euro in 2005). As of 1st January 2007 the order book includes works for over 1,600 million Euro, to be carried out on all continents. Short and medium term market perspectives are more than promising.

The core business market is strongly driven by a number of factors including the fast-growing degree of containerisation and the related demand for new or extended ports and navigation channels, the development of LNG port infrastructure, quickly expanding oil-and-gas pipeline

networks, shortage of industrial and residential surface in coastal areas, increasing environmental awareness, the demand for lasting coastal protection to cope with climatic changes, and soaring beach and waterborne tourism.

As a further support to the international activities, the new 5,600 m<sup>3</sup> capacity trailing suction hopper dredger "Marieke" was commissioned to DEME in September 2006 and her sister ship "Reynaert" was launched in November 2006. The latter vessel is due to be commissioned in mid March 2007. A further two trailers were ordered in 2006.

The 11,650 m<sup>3</sup> capacity trailer "Brabo" will be commissioned in November 2007; the 9,000 m<sup>3</sup> capacity trailer "Breydel" will be ready by April 2008. Add to these the 3,500 m<sup>3</sup> trailer "Melina" that joined DEME's fleet early in



2006, and it is clear that DEME is considerably strengthening its striking power in the medium segment of its fleet. This impressive series of investments shows the confidence that CFE and Ackermans & van Haaren have in the core business activity of the group, the dredging market having the perspective of several years of high fleet occupation.

A new safety programme under the slogan "Safety: Target N° 1" has been prepared for implementation on group level with the highest priority.

In Kruikebeke, DI continued the construction of the first phase of a gigantic flood control area. A second phase has been obtained meanwhile for the further construction of all the water retaining area dikes. Both extensive dry earth-moving and dredging will be required in order to complete this area called "Potpolder".

In Ghent, DI and DEC continued the extension and operation of the silt treatment facility, Fasiver, involving the remediation of 1 million m<sup>3</sup> contaminated silt to be dredged in the Ghent area. Extensive dredging works were executed in the Canal Ghent-Terneuzen. The contaminated material was transported and treated in the Fasiver treatment plant near Ghent.



## Dredging and marine works

### ● Belgium

Dredging International (DI) and Baggerwerken Decloedt continued the maintenance dredging works in the North Sea, in the access channels to the ports of Zeebrugge, Ostend, Nieuwpoort and Blankenberge, in the River Scheldt and in the access channels to the Antwerp locks. In June 2006, DI and Baggerwerken Decloedt were awarded, in joint venture, a new contract for the maintenance of the River Scheldt and the access channels to the Antwerp locks. The duration of this contract is 7 years.

In the Antwerp area, due to the "Deurganckdok" project, extensive earth moving activities to backfill the areas behind the new quay walls were completed.

At Asper, the works for the construction of a new dam on the River Scheldt were started in joint venture with MBG. Civil construction works were executed in 2006 and will be followed by extensive dry earth moving and dredging works in 2007.

In Zeebrugge, DI and Baggerwerken Decloedt were awarded, in joint venture, the contract for deepening of the access channel "Pas van het Zand" to the port of Zeebrugge.

The deepening works were carried out with the 24,000 m<sup>3</sup> jumbo trailer "Pearl River" over a stretch of 50 km in very busy shipping traffic.

Deepening works in several sections of the River Meuse between the French border and Dinant were continued. The works involve dredging of gravel and rock (to be blasted). The actual dredging works were completed in 2006.

Maintenance dredging in the port of Blankenberge, Belgium, with the newly in-house developed environmental dredge "Blani".

The 5,600 m<sup>3</sup> capacity trailing suction hopper dredger "Reynaert" was officially launched and christened in November 2006.

### ● The Netherlands

In Kampen, DI, IPEM and de Vries & van de Wiel are part of the consortium that signed a concession agreement with the local authorities for the development of the new Zuiderzeehaven-Kampen. The dredging works for the new harbour basin were executed in 2006 with de Vries & van de Wiel equipment.

DI was awarded and executed a beach nourishment contract on the island of Texel, involving the creation of an underwater dike. The brand new trailer "Marieke" performed her very first job here alongside the trailer "Vlaanderen XXI".

### ● France

The important Le Havre port 2000-project was completed in 2006. The port was officially opened during a ceremony on the 30<sup>th</sup> of March 2006. The excellent performances of the whole team will remain a beautiful reference for the coming years.

Maintenance dredging was carried out in Dunkerque and Gravelines.

The succesful rockdredging campaign executed by the cuttersuction dredger D'Artagnan in Boyonne in 2005 led to a new maintenance dredging contract in the same harbour. A first campaign was realized in November 2006.

### ● Germany

In 2006, DEME-subsiary Nordsee obtained and started a new maintenance-dredging contract for the River Elbe covering the period 2006-2007.

In March 2006, DEME took over the dredging activities of the Dutch company, Koop & Zn. This involved a running maintenance dredging contract on the jetties in Wilhelmshaven.

A pilot project was awarded to Nordsee for jet plough dredging on the River Elbe. The 10-day campaign was executed successfully with the "Alligator".

As a subcontractor to the joint venture Hirdes-Blankevoort, Nordsee started a maintenance dredging campaign on the Aussenems River at the end of 2006.

### ● Finland

DI was awarded and subsequently executed a third "Sea Sand Reclamation Contract" for the extension of Vuosaari Harbour. The works, executed by the "Nile River" performing as a stationary suction hopper dredger, were completed in October 2006.

A capital dredging contract was awarded to DI for the deepening of the inner and outer part of the access channel to the port of Tornio. The inner channel works were completed in 2006. The outer channel will be dredged in 2007.

The brand new trailer "Marieke".



Dredging and reclamation for the extension of Vuosaari harbour, near Helsinki in Finland.





In Italy, the trailing suction hopper dredger "Pearl River" with deep suction installation dredged sand in depths of -110 m and replenished the beaches of Lazio.

#### ● Russia

The new trailer "Marieke" was deployed for almost three months for the deepening works of the new access channel in the framework of the construction of the new storm surge barrier of Saint-Petersburg.

#### ● Bulgaria

DI obtained an important contract for the deepening and widening of the access channel and turning basin of the newly upgraded port of Burgas.

#### ● Italy

SIDRA obtained and completed numerous contracts, including the rehabilitation works of 1,800 m quay walls of the container terminal and deepening of the port of Gioia Tauro, combined with the replenishment of nearby beaches and the first part of the replenishment works of five beaches in the southern part of the Lazio region. The same deep dredging method was applied for the reclamation of the beaches of the Abruzzo region. These works were completed in early 2007.

Construction of a new 400 m quay wall in concrete blocks in Crotone was continued. The project also involves dredging of polluted sediments and removal of a large wreck.

In Livorno the environmental dredging of Canale Industriale has been completed by SIDRA in combination with DEC and a local partner. The project involved lagooning and treatment of heavily contaminated sediments.

In Trapani, an important combined dredging/civil works contract was completed in joint venture. The project involved the construction of substantial marine infrastructure to prepare the port for the pre-races for the America's Cup held in 2006.



**Filip Cuyvers**, 36 years  
Dredge master

I am currently working on the dredger "Al Mahaar" as first dredge master. Using this heavy cutter dredger, we are creating a new waterfront in Abu Dhabi called "Al Raha Beach". I am proud to be part of this prestigious project. Once again, the DEME group is leaving its mark on the Middle East.

I first came in contact with the dredging business through my family. The exotic, international and creative aspects of the trade attracted me greatly. At the end of 1998, I was recruited by DEME where I was trained as a "dredge master". Almost immediately, I went on board the "Brabo", as a second dredge master. Over the past eight years, I have worked on eight large or very large cuttersuction dredgers working on every continent.



After intensive training on a simulator, I became "cutter operator" on our "d'Artagnan" in Bayonne, Aviles and Doha (Qatar).

Feeling the teeth of this giant dredger penetrate rock is a fantastic sensation.

In Richard's Bay, South Africa, the new backhoe dredge "Pinocchio" excavated a caisson construction pit and deepened the access to a construction pit.



- **Spain**

DEME has been very active in various projects, particularly in Barcelona where a trench has been dredged to allow the towage of caissons for the construction of a 1,000 m long quay wall and in Sagunto for the construction of a new quay wall.

- **Morocco**

DI executed, in joint venture, the third stage of the dredging works related to the construction of the new port "Tanger Méditerranée".

- **Nigeria**

Various maintenance assignments commissioned by the oil and gas industry were continued as well as the maintenance dredging works in Bonny Channel, giving access to the LNG terminals of Bonny Island.

The construction of the landfall and trench dredging for Stolt was completed in February 2006.

A shore protection contract at Ndoni was awarded to DI and started at the end of 2006.

- **Ghana**

DI continued the execution of stage 2 of an important contract called "Korle Lagoon Ecological Restoration Project" at Accra. This phase comprises earthworks, foundation piling, cofferdam sheet piling works and pipeline installation to transport collected waste to the sea outfall. The works were completed early in 2006.

Dredging of the heavily silted Elmina fishing harbour and Benya lagoon, involving disposal management and the rehabilitation of the old breakwater structure, was awarded to DI. Works are scheduled to start in 2007.

- **Angola**

DI completed the reclamation works for the expansion of the logistic oil supply base of Sonils as well as numerous other projects in Luanda.

- **Cameroon**

DI dredged an access channel, turning basin and quay wall trench for the new deep-sea shipyard facility in Limbe.

In spite of the challenging soil conditions at the foot of Mount Cameroon, the project was completed ahead of schedule. The works involved rock drilling and blasting, performed by Geo@Sea.



Dredging and reclamation of industrial sites for the extension of the port of Gangavaram in India.

Beach nourishment on the island of Texel in the Netherlands, involving amongst others the construction of a submerged dam. The works have been executed with the brand new trailer "Marieke".

● **The Island of Reunion**

SDI, the French subsidiary of DEME, is part of the consortium that was awarded an important contract for the extension of Port Est. The scope consists of the construction of a 650 m long quay wall, widening and deepening of the existing port and slope protection works. During 2006 the new heavy-duty backhoe dredge "Pinocchio" was used on this job.

● **India**

DI completed the dredging in the Gautami-Godavari estuary and reclamation of the site platform for the new Reliance natural gas facility in August 2006.

In the meantime DEME has been awarded (by the same client) the contract for trenching, backfill and rock protection works for the installation of a pipeline bundle to connect the Dhirubai gasfield with the onshore base along the same Gautami-Godavari estuary.

In late 2006, DI/ISD started dredging and reclamation works in the framework of the construction of the new port of Gangavaram on the East Coast of India. Completion is planned in 2007.

ISD was awarded a maintenance-dredging contract for a three-year period in the port of Mundra. A first campaign was executed in two phases in 2006.

● **Qatar**

The following works are under construction in the Doha area by Qatar Dredging Company (QDC), an associated company of the DEME-group, which is a partnership of DI with the Qatari Government and the company United Development Company (UDC):

- The dredging and reclamation works, dry earth movement and shore protection works for the construction of the prestigious Pearl Qatar Project, an artificial peninsula in the shape of a splendid jewel off the coast of the Qatari Capital. The bulk of the works were completed by end 2006. A limited final dredging with the cutter "Al Mahaar" is planned for March 2007 with actual completion of the works planned for April 2007.
- Dredging and reclamation of the platform for the New Doha International Airport. The works involved the dredging and reclamation of 60 million m<sup>3</sup> of sand to create 1,700 ha of new land. QDC is the leader of this dredging consortium.

● **The United Arab Emirates**

DI has started the reclamation of new land at Al Raha Beach for building and infrastructure development. It consists of the creation of a new waterfront of some 450 hectares for 120,000 residents.



### ● Venezuela

DI further consolidated its presence in 2006 with the execution of two maintenance-dredging assignments in the navigation channel of the Orinoco River and realignment works in the Maracaibo channel. Moreover, three new maintenance-dredging contracts were awarded to DI in joint venture. They cover maintenance dredging in the Orinoco exterior, the section Matanzas–Boca Grande of the Orinoco and the Maracaibo Lake channel.

### ● Far East Asia South

In Singapore, DIAP continued, in joint venture, on the largest land reclamation project ever in the area. The works continued during 2006 on a considerably reduced scale with the award of a variation contract for reclamation of Pulau Ular, which is being successfully executed. The client has also instructed the execution of new priority areas such as Chemoil, Teijin, Universal Terminal, Horizon and the Megayard.

The rock division of DIAP (JTRC), acting in joint venture, continued with the revetment works. The slope trimming vessel "Rhea" and other auxiliary plant of DIAP completed their newly allocated rock works in June 2006. The rock works for Pulau Ular were also awarded to JTRC and are being executed.

At the end of October 2006, the trailer "Pallietier" commenced works on sand re-handling for the Jurong Phase 4 joint venture for a period of 12 weeks.

### ● Far East Asia North

In the People's Republic of China, a new contract was signed with Guangzhou Dredging Company. As a result the jumbo trailer "Nile River" was mobilised to the PRC and will start operations in January 2007.

In South Korea, DI completed, in joint venture, an important dredging contract within the framework of the construction of the Pusan Container terminal. The works, to be executed as a subcontractor to Samsung Corporation, comprised winning sand at a distance of 100 km in deep waters (100 m) and reclamation to create the site platform of the container terminal.

### ● Australasia

In Australia, DREDECO's activities included:

- Deepening of the shipping channel into Port Adelaide by 2 m and widening by 10 m.
- The award by the end of 2006, in joint venture, of the Port Kembla inner harbour-dredging contract. The works will be completed in 2007.

In Papua New Guinea, DREDECO continued a dredging and environmental rehabilitation project on behalf of OK Tedi Mining Ltd.

## Tideway Marine and Offshore Contractors bv

### Fall Pipe Rock Placement Works

In 2006, Tideway's D.P. Fall Pipe Vessels "Rollingstone" and "Seahorse" have been executing rock placement services for pipeline and cable protection and stabilization for several major offshore pipe lay contractors and oil and gas companies. They were active in the Gulf of Mexico and the North Sea Area.

In the North Sea, rock-dumping interventions were made in UK, Norwegian and Dutch waters on behalf of Talisman, Wintershall, Shell and CNR.

### Landfall / Shore Approach Construction Works

Pipeline isolation and bypass operations were performed on the Frigg pipelines system. Other projects included the Subsea Bypass Project at Saint-Fergus; the dredging and backfilling of a trench for a 34" pipeline crossing the Gulf of Thailand towards the landfall near Map Ta Phut; trenching and backfilling and landfall construction for 5 pipelines in Kuwait; and in Spain a dredging contract for the flooding of a casting basin for the Adriatic LNG project in Algeciras.

## Scaldis Salvage and Marine Contractors nv

Scaldis Salvage and Marine Contractors, in which DEME has a 55% stake, was active on various important salvage and wreck removal projects and heavy-lift operations throughout Europe, in particular, in France where Scaldis obtained in a joint venture the wreck removal works of the sunken container carrier "Rokia Delmas" off the coast of Ile de Ré in France.

## GEO@SEA nv

Geo@Sea is the specialised DEME company focusing on rock socketing, drilling and installation services for jetty foundations and mooring systems, the installation of off-shore structures such as small platforms and outfalls, off-shore wind farms, and geotechnical investigations at large depths. In 2006 Geo@Sea was very active in Angola for the installation of mooring piles for Technip's largest and most recent pipe laying vessel "Deep Blue" and in Mexico, in cooperation with Black & Veatch and VINCI Grands Projects, a major rock socketing contract was awarded to Geo@Sea by Saipem for LNG jetty pile installation.

Drilling and blasting operations were executed with jack-up "Zeebouwer" in Limbe, Cameroon and Castletownbere in Ireland.

An emerging field of interest is the growing demand for decommissioning or rejuvenation of offshore structures, requiring the assistance of jack-up platforms for crane assistance and accommodation, diving support and heavy lifting.

The jack-up "Vagant" has been providing accommodation for the installation crews at the De Ruyter Field for Petro-Canada in the Southern North Sea. A new contract for the rejuvenation of a BP-platform in the North Sea is due to start in the first half of 2007.

## Environmental activities: decontamination of soils and storage of polluted sludges

The total turnover of all environmental activities of the DEME-group for 2006 is once again in excess of 120 million Euro.

Apart from the existing silt and/or soil recycling centres in Kallo and Ruisbroek, DEC also started operations in a new sediment and soil-recycling centre in Zeebrugge in February 2006. Meanwhile, new plans for more centres are being prepared.

DEC was very active on various projects, including the remediation of three acid tar lagoons in the Ghent region on behalf of Total; a new phase of the remediation of the 't Eilandje site in Zwijnaarde; and in Antwerp, the remediation project "Antwerpen Dam" for NMBS holding where the site will be enhanced into a 11 ha city park. The design and installation of a two-phase extraction unit for groundwater remediation at Janssen Pharmaceutica in Geel was completed in 2006. The 20-year operation and maintenance phase, also assigned to DEC, will start in 2007.

In terms of international activities, DEC was active in the Netherlands through the subsidiary company, de Vries & van de Wiel and in the United Kingdom where the prestigious "Avenue Coking Works Project" in Chesterfield was awarded to the VSD Avenue Joint Venture, of which DEC is one of the three partners. A 100 ha heavily contaminated gasworks site will have to be cleaned by 2010, creating continuity and visibility for DEC in the UK market.



Installation of a drilled mooring system for the mooring of heavy-transport barges at Oman.

Remediation of acid tar lagoons at Ertvelde for the account of Total.

DEC was selected as one of the specialist contractors to clean up the Olympics Park (250 ha) site in London. A new company DEC (UK) Ltd was founded to emphasize the long-term strategy in the UK.

### **Ecoterres**

Ecoterres focused on the Walloon and Brussels regions of Belgium and on the Northern part of France and managed to confirm its growing position as an environmental specialist.

Moreover, the first Ecoterres soil-recycling site began operations in the Charleroi area.

Within the context of Sedisol, a partnership between Ecoterres, SPAQuE and Port Autonome de Charleroi, proper solutions are being researched to solve the problems of contaminated sediments in the Wallon rivers and channels.

Sedisol currently has a licence for the implementation in Wallonia of Novosol, a highly performing stabilisation technique patented by Solvay.

### **Building materials**

DEME Building Materials specializes in the extraction, processing and supply of marine aggregates to the construction industry. The geographical spread of its marine aggregate reserves allows DBM to offer a perfect alternative for river-dredged materials for ready-mix concrete and concrete products.

With sand and gravel products produced according to customers' technical specifications whilst at the same time responding to the respective national and European standards, DBM increased its market share in different countries. DBM's strategic alliance with industrial partners in Europe and the Baltic area, who are offering a range of complementary activities and products, further enhances its strategic position in the aggregates market.

The occupation rate of DBM's gravel trailer "Charlemagne" was high. Aggregates were supplied to the ports of Le

Havre and Dieppe in France, Vlissingen and Amsterdam in the Netherlands and Hamburg in Germany. The supply in the UK has been maintained at a high level and is promising for the future.

In 2006, DBM invested in direct pump-ashore facilities at its processing plant at Vlissingen, enabling the discharge of 5,000 m<sup>3</sup> of sand and gravel in one hour.

### **Concessions and port development**

IPEM (International Port Engineering and Management) will be handed over to Rent A Port in 2007.

DEME's genuine commitment to a greener Europe is emphasized through its concession specialist, Power@Sea, which concentrates the group's expertise in the field of offshore wind farms development and construction through participation in concessions around Europe, both as co-initiator and as co-concessionaire.

Power@Sea's early participation in the development of such projects paves the way for the other companies of the group to carry out large construction contracts.

The first participation of Power@Sea is the C-Power project on the Thornton bank in which the company is also responsible for maintenance after project implementation.

### **C-Power**

C-Power, a public company incorporated under Belgian law, stands for the development and implementation of an offshore wind farm on the Thornton bank, 27 to 30 km in the North Sea in water depths ranging from 12 to 24.5 m. The wind farm will have an installed capacity of 300 MW. As such, this project is the largest offshore wind farm of its kind in the world.

In C-Power, the DEME subsidiary, Dredging International has joined forces with other reputable investors in the energy or environmental sectors such as Interelectra, Ecotech Finance, Socofe and EDF Energies Nouvelles.

In 2006, the soil investigations and basic engineering for the project were carried out and the design basis was finalised by the owner's engineer (JV Technum-Tractebel, ELSAM, SOGREAH) and certified by DNV. DEMA was selected as the marine contractor responsible for all offshore construction works, such as the dredging works for the foundations, the construction and lifting of the gravity-based foundations, the cable-laying works and the installation works of the turbines. The detailed design is ongoing by the marine contractor's engineer, COWI. Meanwhile, based on the obtained best and final offers, the negotiation process with contractors is ongoing, and will lead to the start of the execution works at the beginning of the second quarter of 2007.

The planning is split into three phases, taking into account the obligation outlined in the building and environmental permit, to first develop a demonstration stage of 6 turbines. Following the preparatory onshore works for phase 1 in 2007, the offshore works will be executed in the good weather season (May-September) of 2008, assuring the first offshore energy production of the Belgian coast by October 1<sup>st</sup> 2008.



Rock placement services in the North Sea by the D.P. "Rollingstone".

# Financial report

**Corporate governance**

**Management report**

**Consolidated financial statements**

**Statutory financial statements**

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# Corporate governance

## 1. Composition of the Board of Directors

On December 31, 2006, CFE's Board of Directors consisted of eight members, whose mandates began on the dates listed below and will expire immediately after the annual general meetings of the years listed below:

	Start of term	Expiry of term
Philippe Delaunois	05.05.1994	2010
Renaud Bentégeat *	18.09.2003	2009
Dirk Boogmans	07.05.1998	2009
Richard Francioli	13.09.2006	2009
Bernard Huvelin	23.06.2005	2010
Christian Labeyrie	06.03.2002	2009
Baron Philippson	25.05.1983	2009
NV Drie Koningen R.V.O., represented by Chevalier van Outryve d'Ydewalle	04.05.2000	2007

\* Managing Director responsible for day-to-day operations

The term of office of the Directors is four years, for Directors named or whose mandates were renewed after January 1, 2005, and six years for mandates that were current on January 1, 2005. The current term of NV Drie Koningen R.V.O. is one year.

### 1.1 Mandates and duties of Board Members

#### Directors

The table below summarizes the mandates and duties of the eight board members as of December 31, 2006, as well as that of the board member whose nomination will be proposed at the general meeting on May 3, 2007.

<b>Philippe Delaunois</b>  CFE Av. Herrmann-Debroux, 40-42 B-1160 Brussels  Member of the Nominations and Remuneration Committee	<b>President of the Board of Directors Independent Director</b>  Born in 1941, Philippe Delaunois graduated as a metallurgist civil engineer from the Mons Polytechnic University and as a commercial engineer from the Mons State University. He is also a graduate of the Harvard Business School.  He spent most of his career in the steel industry, and was Managing Director and general manager of Cockerill-Sambre.  An Officer of the Order of Léopold and Chevalier of the Légion d'honneur, he was chosen manager of the year in 1989, was president of the Union wallonne des entreprises (Walloon Business Association) from 1990 to 1993 and has been honorary consul of Austria for Hainaut and Namur since 1990.
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**Directorships:****a- publicly traded companies:**

Director of Cumerio SA  
 Director of Shanks plc (United Kingdom)  
 Director of Mobistar

**b- privately held companies:**

President of the Board of Directors of Médiabel  
 President of the Board of Directors of Alcopa  
 Director of ING Belgium  
 Director of CORELIO  
 Director of Intégrale  
 Director of Ahlers International (Luxembourg)  
 Director of Suez Energie Services (France)

**c- associations:**

Director of Europalia  
 Director of the Directors' Foundation  
 Director of the Order of Léopold (not for profit organization)

**Renaud Bentégeat**

CFE  
 Av. Herrmann-Debroux, 40-42  
 B-1160 Brussels

**Managing Director**

Born in 1953, Renaud Bentégeat holds a bachelor's degree in public law, a DEA degree in public law, a DEA in political analysis and a diploma from the Political Studies Institute of Bordeaux. He began his career in 1978 with the company Campenon Bernard. He was then successively named head of legal services, Director of communications, administrative Director and secretary general responsible for legal services, communications, administration and human resources for the Compagnie générale de bâtiment et de construction (CBC). From 1998 to 2000, he was the regional Director of building construction for the Ile-de-France region for Campenon Bernard SGE, before being named assistant general manager of VINCI Construction, where his responsibilities included the subsidiaries of the VINCI Construction group in central Europe, and Managing Director of Bâtiments et Ponts Construction and Bâtipont Immobilier in Belgium. Since 2003, he has been the Managing Director of CFE.

**Directorships:****a- publicly traded companies:**

Managing Director of CFE SA

**b- privately held companies:**

Director of various companies in the CFE group  
 President and Managing Director of the Compagnie générale de bâtiment et de construction (CBC)  
 President and Managing Director of SPGC  
 President and Managing Director of Ufimmio  
 Manager of Cogis

**c- associations:**

President of the Chambre française de commerce et d'industrie de Belgique (French Chamber of Commerce and Industry of Belgium)  
 Director of the Association des Entrepreneurs Belges de Grands Travaux (ADEB) (Association of Belgian Large-Scale Construction Contractors)

**Dirk Boogmans**

GIMV  
 Karel Oomsstraat, 37  
 B-2018 Antwerp  
  
 Member of audit committee

**Independent Director**

Born in 1955, Dirk Boogmans is a construction engineer (VUB) and holder of an MBA (University of Limbourg).

In 1980, he was named Director of venture capital activities of GIMV, a Flemish investment company. From 1998 to 2001, he was Managing Director of CFE. Since 2001, he has been the Managing Director of GIMV.

	<p><b>Directorships:</b></p> <p><b>a- publicly traded companies:</b> Managing Director of GIMV NV</p> <p><b>b- privately held companies:</b> Director of GIMV subsidiaries Director of De Lijn Director of P &amp; V</p> <p><b>c- associations:</b> Director of the not-for-profit organization VEV-VOKA</p>
<p><b>Bernard Huvelin</b></p> <p>VINCI 1, cours Ferdinand-de-Lesseps F-92851 Rueil Malmaison Cedex</p>	<p><b>Director</b></p> <p>Born in 1937, Bernard Huvelin is a graduate of HEC. In 1962 he joined SGE (which later became VINCI). He became secretary general in 1974, assistant general manager from 1982 to 1988, member of the Management Board from 1988 to 1990, assistant general manager from 1991 to 1997, Managing Director from 1997 to 1999, member of the board and president from 1999 to 2005. He is currently vice president of the Board of Directors.</p> <p>Bernard Huvelin is an officer of the Légion d'honneur and a knight of the Ordre National du Mérite.</p> <p><b>Directorships:</b></p> <p><b>a- publicly traded companies:</b> Vice president of the Board of Directors of VINCI</p> <p><b>b- privately held companies:</b> Director of VINCI Energies Director of VINCI Park Director of VINCI Concessions Director of Electro Banque Director of Soficot Member of the supervisory board of VINCI Deutschland President of the Stade de France consortium</p> <p><b>c- associations:</b> President of the professional union of Entreprises Générales de France – BTP (General Contractors of France – Construction)</p>
<p><b>Christian Labeyrie</b></p> <p>VINCI 1, cours Ferdinand-de-Lesseps F-92851 Rueil Malmaison Cedex</p> <p>Member of audit committee</p>	<p><b>Director</b></p> <p>Born in 1956, Christian Labeyrie is assistant general manager, financial Director and member of the executive committee of the VINCI group. Before joining the VINCI group in 1990, he held various posts in the Rhône-Poulenc and Schlumberger groups. He started his career in banking.</p> <p>Christian Labeyrie is a graduate of HEC, Escuela Superior de Administración de Empresas (Barcelona) and Mc Gill University (Canada), and holds a DECS diploma (advanced accounting degree). He is a knight of the Ordre National du Mérite.</p> <p><b>Directorships:</b></p> <p><b>a- publicly traded companies:</b> Member of the executive committee of the VINCI group</p>

	<p><b>b- privately held companies:</b></p> <p>Director of Eurovia          Director of VINCI Concessions          Director of VINCI Park          Director of VINCI Deutschland          Director of Arcour          Director of the Société Marseillaise du Tunnel Prado-Carénage          Director of SICAV 5000, part of the Crédit agricole asset management group          Board member of the Banque de France - Hauts-de-Seine branch          Director of the Stade de France consortium</p>
<p><b>Baron Philippon</b></p> <p>Banque Degroof          Guimardstraat 18          B-1040 Brussels</p> <p>President of the Nominations and Remuneration Committee</p>	<p><b>Independent Director</b></p> <p>Born in London in 1939, Alain Philippon is a commercial engineer (Brussels Free University) After starting his career at Citibank, he joined the Degroof bank in 1972 and is currently its President of the Board of Directors.</p> <p><b>Directorships:</b></p> <p><b>a- publicly traded companies:</b></p> <p>Director of D'leteren SA</p> <p><b>b- privately held companies:</b></p> <p>President of the Board of Directors of the Degroof bank and subsidiaries          Director of Blue Squares SA</p> <p><b>c- associations:</b></p> <p>President of numerous foundations</p>
<p><b>NV Drie Koningen R.V.O., represented by Chevalier van Outryve d'Ydewalle</b></p> <p>B-8730 Beernem</p> <p>President of the audit committee</p>	<p><b>Independent Director</b></p> <p>Born in 1934, Raynier van Outryve d'Ydewalle is doctor of law and bachelor of economic sciences from the University of Leuven. Before joining GIMV (a Flemish investment company), as a result of his experience in banking, he spent 8 years as chief of staff for various Secretaries of State for regional economy (Flanders). He was president of GIMV for 20 years and is now its honorary president.</p> <p><b>Directorships:</b></p> <p><b>a- publicly traded companies:</b></p> <p>Honorary president of GIMV NV          Honorary president of Barco NV</p> <p><b>b- privately held companies:</b></p> <p>Director of LMS (Haasrode)          Director of Ceusters (Antwerp)          Director of Westvlees (Westrozebeke)          Director of ABN Amro Danube Ventures (The Netherlands)          Director of Master Finance SA (Luxembourg)          Member of the Euronext market segmentation committee</p>

The Board of Directors pays tribute to the activities developed by Philippe Ratynski, who passed away in December 2006.

## Co-opted Director whose nomination is proposed for ratification by the membership

When Mr Philippe Ratynski submitted his resignation effective June 14, 2006, the Board of Directors co-opted Mr Richard Francioli as Director to complete the vacant position whose mandate runs until the annual general meeting in May 2009.

The next annual general meeting will be asked to ratify his nomination.

<p><b>Richard Francioli</b></p> <p>VINCI Construction 5, cours Ferdinand-de-Lesseps F-92851 Rueil Malmaison Cedex</p> <p>Member of the Nominations and Remuneration Committee</p>	<p><b>Director</b></p> <p>Richard Francioli was born in Dole in 1959.</p> <p>After studying at the Ecole supérieure de commerce d'Angers, he joined the VINCI group in 1983 and began there a career that started with a VSNE internship on the building site of Ain Shams Hospital in Cairo. He then held within the group the positions of Northern Region Director of Sogea Construction, provincial Director of Sogea Construction and President of VINCI Construction Filiales Internationales.</p> <p>He was named president of VINCI Construction in March 2006.</p> <p><b>Directorships:</b></p> <p><b>a- publicly traded companies:</b> Member of the VINCI executive committee</p> <p><b>b- privately held companies:</b> President of VINCI Construction Member of the supervisory board of VINCI Deutschland (Germany) Director of VINCI Plc (UK) Representative of VINCI Construction at the Board of Directors of Doris Engineering (France) Director of EGF-BTP</p>
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## Director whose nomination is proposed to the membership

<p><b>sprl Ciska Servais, represented by Ms Ciska Servais</b></p> <p>Boerenlegerstraat 204 B-2650 Edegem</p>	<p>Ciska Servais is a partner in the Astrea law office. She is active in the area of administrative law, especially environmental and land development law, as well as in real estate and construction law. She has extensive experience in consultancy, legal procedures and negotiations; she teaches courses and regularly gives lectures at seminars. She obtained a bachelor of law degree at the University of Antwerp (1989) and a Master's degree (LL.M) in international legal cooperation at the Free University of Brussels (V.U.B.) (1990). She also obtained a special degree in ecology at the University of Antwerp (1991). In 1990 she commenced her career at the law office of Van Passel &amp; Greeve. She then became a partner, first at Van Passel &amp; Vennoten in 1994 and, later at Lawfort in 2004. In 2006, she co-founded the Astrea law office. She has published works, primarily in the area of environmental law, on the remediation decree, environmental liability, and regulations concerning earth movement, among other subjects. She is registered with the Antwerp Bar.</p> <p><b>Sprl Ciska Servais, represented by Ms Ciska Servais, meets the criteria of independence defined by the law and by the Belgian code of corporate governance.</b></p> <p><b>Directorships:</b></p> <p><b>privately held companies:</b> Astrea bv cvba Nautinvest Vlaanderen NV</p>
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## 1.2 Evaluation of the independence of the Directors

Four of the eight members of the Board of Directors can not be classified as independent on December 31:

- Renaud Bentégeat who is the Managing Director of the company
- Christian Labeyrie, Bernard Huvelin and Richard Francioli, who represent the controlling shareholder, VINCI Construction.

According to a decision made at the regular general meeting on March 16, 2004, the independent Directors are: Dirk Boogmans, Philippe Delaunois, Baron Philippson, and NV DRIE Koningen R.V.O., represented by Chevalier van Outryve d'Ydewalle.

It should be noted that all of CFE's independent Directors were able to carry out their mission with complete independence in 2006.

## 1.3 Legal situation of the Directors

None of the Directors of CFE (i) has been found guilty of fraud or any other infraction or public sanction by the regulatory authorities, (ii) has been associated with a bankruptcy, receivership or liquidation or (iii) has been prevented by a Court from acting as a member of an administration, management or supervisory board of a public company or from participating in the management or business decisions of a public company.

## 1.4 Conflict of interest

To the best of CFE's knowledge, the Directors do not have any private interest, including family interests, which could place them in a conflict of interest with the company.

Some Directors hold office in other companies whose activities are, at times, in competition with CFE.

Four of the CFE's Directors were named at the proposal of the VINCI group, the controlling shareholder in CFE.

CFE makes sure that the procedures provided for in article 523 of the Corporate Code concerning conflicts of interest within the Board of Directors and in article 524 of the Corporate Code concerning "intra-group" transactions are respected.

During financial year 2006, article 524 of the Corporate Code was applied in connection with the capital increase. A committee of independent Directors, made up of Dirk Boogmans, Philippe Delaunois and NV Drie Koningen R.V.O., represented by Chevalier van Outryve d'Ydewalle, was charged by the Board of Directors on September 13, 2006, to evaluate the compliance with market practices of the amount of the discount associated with the subscription price.

## 2. Operation of the Board of Directors and its committees

### 2.1 The Board of Directors

#### Role and jurisdiction of the Board of Directors

##### Role of the Board of Directors

The mission of the Board of Directors is carried out in the interest of the company.

The Board of Directors determines the directions and values, the strategy and the key policies of the company, it examines and approves the related significant operations, it ensures that they are applied and defines any measures needed for carrying out its policy. It decides on the level of risk it will agree to take.

The Board of Directors focuses on the long-term success of the company by providing entrepreneurial leadership and by conducting risk evaluation and management.

The Board of Directors ensures that the financial and human resources needed by the company to attain its objectives are available, and it puts in place the structures and means needed for achieving the company's objectives. The Board of Directors adopts the budget and examines and closes the accounts.

In particular, in exercising its monitoring responsibilities, the Board of Directors:

- verifies the existence and operation of a system of internal controls, including adequate risk identification and management;
- takes all measures needed to ensure the integrity of the financial statements;
- supervises the auditor's activities;
- examines the performance of the Managing Director and of upper management.

##### Jurisdiction of the Board of Directors

With the exception of powers expressly reserved for the general shareholders meeting, and within the limits of the company's objectives, the Board of Directors has the power to carry out all actions that are needed or useful for meeting the company's objectives.

The Board of Directors reports on the exercise of its responsibilities and management to the general meeting of shareholders. It prepares the proposed resolutions to be considered by the general meeting.

#### Operation of the Board of Directors

The Board of Directors is organized so as to ensure that decisions are taken in the interest of the company and that its work is executed efficiently.

##### Meetings of the Board of Directors

The Board of Directors meets regularly and with sufficient frequency to perform its obligations efficiently. It also meets whenever required by the interests of the company.

In 2006, the Board of Directors deliberated on all major questions concerning the life of the group. It met six times.

In particular, the Board of Directors:

- closed the accounts of financial year 2005;
- examined the budget and updates to it;
- debated the main acquisition and strategy plans of the group and its different divisions;

- approved the creation of the CFE EcoTech and CFE International business units and the creation of new companies;
- examined the financial situation of the group, and the growth of its debt;
- approved the capital increase;
- approved the proposal of the compensation committee concerning the conditions of compensation of the Managing Director and the bonuses for upper management.

With regard to active participation of the Directors, the table below indicates the individual attendance rate of the Directors at board meetings during the 2006 financial year.

Directors	Meetings attended/Total number of meetings
Philippe Delaunois	6/6
Renaud Bentégeat	6/6
Dirk Boogmans	6/6
Richard Francioli (co-opted on September 13)	2/3
Bernard Huvelin	3/6
Christian Labeyrie	1/6
Baron Philippson	5/6
Philippe Ratynski (resigned June 14)	0/3
NV Drie Koningen R.V.O., represented by Chevalier van Outryve d'Ydewalle	5/6

#### The decision making process at the Board of Directors

Except in cases of force majeure resulting from wars, uprisings or other public disturbances, the Board of Directors can only legitimately deliberate if at least half of the Directors are present or otherwise represented.

Board members who are unable to attend a meeting may be represented by another board member. In accordance with legal and regulatory provisions, each member can only have one proxy vote.

Letters, telegrams, telexes, faxes or e-mail message conveying the proxy vote are attached to the minutes of the board meeting at which they were used.

If so decided by the president of the board, meetings may be attended by all or some of the Directors via audio or video conferencing. The Directors in question are then deemed to be present for purposes of calculating quorum and majority. The company secretary takes the measures needed to organize any such audio or video conference.

Resolutions are passed by majority vote of the members who are present or represented.

In the event that board members need to abstain from taking part in deliberations, as the result of legal considerations, the resolutions in question will be passed by majority vote of the other members who are present or represented.

If votes are evenly distributed, the president of the Board of Directors will cast the deciding vote.

After each meeting, the deliberations are recorded in minutes signed by the president of the Board of Directors and by a majority of the board members who took part in the deliberations.

The minutes summarize the discussions, specify the decisions taken and, if applicable, any reservations made by the board members. They are recorded in a special register kept at the company's head office.



## 2.2 The Appointments and Compensation Committee

The members of this committee are:

- Philippe Delaunois
- Baron Philippson
- Philippe Ratynski (up until June 14)
- Richard Francioli (starting on September 13)

This committee met three times in 2006, and the attendance rate was 78%.

Over the course of the year, this committee examined:

- the candidacies of Philippe Delaunois and NV Drie Koningen R.V.O., represented by Chevalier van Outryve d'Ydewalle, for renewal of their term as independent Director;
- the candidacy of Bernard Huvelin for the position of Director;
- the candidacy of Richard Francioli for the position of Director;
- the candidacy of André de Koning (Netherlands) for the position of executive officer;
- the compensation and incentives of the Managing Director;
- the variable compensation for executive officers.

Work on this committee is not remunerated.

## 2.3 The Audit Committee

The members of this committee are:

- NV Drie Koningen R.V.O., represented by Chevalier van Outryve d'Ydewalle
- Christian Labeyrie
- Dirk Boogmans

The auditor participates in the work of the audit committee when requested to do so by the committee.

This committee met twice during the year, with a third meeting, on the subject of evaluation of the auditor's mission and renewal of his appointment, held in the first days of 2007.

The attendance rate was 100%.

This committee examined:

- the 2005 annual accounts and the 2006 half-year accounts;
- the principal risks and the adequacy of the provisions;
- the progress of internal controls and budgetary tracking of projects;

and evaluated the auditor's mission.

Members of the audit committee are paid up to 1,000 Euro per session.

### 3. Compensation of the board and committee members

#### 3.1 Remuneration of the Board of Directors

The extraordinary general meeting of CFE SA on December 4, 2000, approved the payment to board members of a lump sum fee, to be charged to the profit and loss account. The amount was set at 200,000 Euro for the entire board.

The Board of Directors decides, according to rules that it enacts, how this sum will be divided among the members. For 2006, this amount was shared equally by the board members, pro-rated according to time in office, i.e., 25,000 Euro per Director.

Directors are also reimbursed for expenses required to carry out their duties, according to conditions set by the Board of Directors.

The amount of fees paid directly or indirectly to the board members for carrying out their duties within the group:

(EUR)	Fees CFE SA	Fees subsidiaries	Other expenses
Philippe Delaunois	25,000	23,000	27,000
Renaud Bentégeat	25,000		
Dirk Boogmans	25,000		
Richard Francioli	12,500		
Bernard Huvelin	25,000		
Christian Labeyrie	25,000		
Alain Philippson	25,000		
Philippe Ratynski	12,500		
NV Drie Koningen R.V.O., represented by Chevalier van Outryve d'Ydewalle	25,000		
<b>Total</b>	<b>200,000</b>	<b>23,000</b>	<b>27,000</b>

#### 3.2 Compensation of audit committee members

Christian Labeyrie	2,000
Dirk Boogmans	2,000
NV Drie Koningen R.V.O., represented by Chevalier van Outryve d'Ydewalle	2,000
<b>Total</b>	<b>6,000</b>

### 3.3 Compensation of the Managing Director

In virtue of his executive duties within the CFE group, the Managing Director, in addition to the annual board member compensation of 25,000 Euro, received a gross annual compensation of 153,000 Euro, plus a variable compensation package. The variable compensation amounted to 200,000 Euro for financial year 2006, and will be paid in 2007. The Managing Director also receives company housing and a company vehicle, of a value of 49,000 Euro.

## 4. CFE management

CFE's corporate structures are suited, on the one hand, to the prerogatives that must be met by the creation of a holding company, and, on the other hand, to the requirements related to its organization by area of activity.

Each division, representing a portfolio of activity, consists of several subsidiary companies and/or branches that together constitute a profit centre and, in general, represent a specific business or geographic area of activity. Each subsidiary is lead by a Board of Directors and a Director, each branch is lead by a Director. The single structure of the management of the subsidiaries and branches therefore consists of a specific delegation of power to a group of persons, called Directors, thereby allowing the use of active managers and ensuring good operational organization of each division.

As these corporate structures ensure a balance of power and the smooth running of CFE, the company has decided not to adopt a management board in the sense of the law, but has nonetheless anticipated future needs by including this possibility in its articles of association.

The persons responsible for the effective performance of activities are therefore, first of all, the Managing Director, and then the Directors.

For 2006, the Directors are:

- Angoussart SA, represented by Frédéric Claes
- Artist Valley SA, represented by Jacques Lefèvre
- Bernard Cols
- Patrick de Caters
- Lode Franken
- Ber Groot
- Michel Guillaume
- Gabriel Marijsse
- Jacques Ninanne
- Patrick Van Craen
- Luc Vandeputte
- Christian Van Hamme
- Patrick Verswijvel
- Yves Weyts

These fourteen managers received:

fixed compensation	1,990,000
variable compensation	567,000
other benefits and fees	396,000
<b>Total (EUR)</b>	<b>2,953,000</b>

Finally, it should be noted that CFE has not granted any option plan or other rights to acquire ownership in the company.

## 5. Evaluation of measures taken by the company in response to the directive concerning insider trading and market manipulation

CFE's policy on this matter is specified in its corporate governance charter.

A compliance officer has been named and an information program has been put in place aimed at upper management and persons who, through their job, have access to privileged information.

The company systematically informs this group of the black-out periods and issues regular reminders of the general directives.

## 6. Transactions and other contractual relationships between the company, including related companies, and the Directors and executive officers

The policy on this matter is specified in the corporate governance charter.

There is no service contract binding the board members with CFE or with any of its subsidiaries.

## 7. Assistance agreement

CFE concluded a service contract with its prime shareholder, VINCI Construction, on October 24, 2001. The fees owed by CFE for financial year 2006 amount to 1,190,000 Euro.

This agreement allows CFE to access VINCI's data bases and to benefit from the latter's support in areas as varied as safety, techniques, human resources, sustainable development, risk analysis or financial support (consolidation).

## 8. Corporate controls

The auditor is the company Deloitte, Reviseurs d'Entreprises, represented by Mr Rik Neckebroeck.

The annual general meeting of May 6, 2004 renewed for a period of three years, ending on the annual general meeting of May 2007, the appointment of the auditor, Deloitte, Reviseurs d'Entreprises, represented by Mr Rik Neckebroeck. Remuneration for the CFE SA mandate is set at 135,000 Euro.

In addition, during financial year 2006, the costs invoiced by Deloitte & Touche, tax advisors, concerning fiscal consulting amounted to 14,000 Euro.

Deloitte audited the accounts of most of the companies in the CFE group. Their controls covered, respectively, 83% of the consolidated balance and 77% of consolidated sales and services in 2006.

For the other main groups and subsidiaries, the auditor generally obtained the certification reports of the auditors of these units and/or interviews with them, and also performed certain additional checks.

**Remuneration of the auditors of the group, including CFE SA:**

(in thousand Euro)	Deloitte		Others	
	Amount	%	Amount	%
<b>Audit</b>				
Auditing, certification, examination of individual and consolidated accounts	510.7	78%	401.0	41%
Other auxiliary missions and other audit missions	35.7	5%	27.8	3%
<b>Audit subtotal</b>	<b>546.4</b>	<b>83%</b>	<b>428.8</b>	<b>44%</b>
<b>Other services</b>				
Legal, fiscal, corporate	82.0	12%	237.1	24%
Other	30.2	5%	316.0	32%
<b>Other subtotal</b>	<b>112.2</b>	<b>17%</b>	<b>553.1</b>	<b>56%</b>
<b>Total auditors fees</b>	<b>658.6</b>	<b>100%</b>	<b>981.9</b>	<b>100%</b>

# Management report

## A. Report on the accounts for the financial year

### 1. Consolidated accounts

#### 1.1 Summary of the exercise

The year 2006 is characterized by a strong activity increase and a significant growth of the results driven by the four segments.

The group's 2006 consolidated revenue amounts 1,164 million Euro representing a growth of 19,3% compared to last year. The operational result amounts 65.9 million Euro compared to 52.2 million Euro in 2005, a growth of 26%. The net profit share of the group amounts 40.7 million Euro compared to 25.5 million Euro in 2005. The order book attained 1,425 million Euro (1,272 million Euro as of January 1<sup>st</sup> 2006), representing more than 13 months' activity.

#### 1.2 Order book, revenue and profits of the business segments

##### Construction segment

The construction segment's order book amounts to 573 million Euro (529 million Euro on January 1<sup>st</sup> 2006). The order book has been significantly reinforced in Wallonia (Bageci), in Luxembourg (CLE) and in Central Europe (CFE Polska & CFE Hungary), while there is a decline at Bâtiments et Ponts Construction (the end of the Dexia Tower site in Brussels), as well as at Van Wellen. The order books in the Netherlands (CFE Nederland) and in Flanders (MBG) still suffer from the lack of important orders in civil engineering.

MBG is actively following the current tenders for large projects in public private partnership. The "Noriant" partnership, at which CFE participates actively, has been invited to propose its best offer.

Revenue as a whole has been maintained at a correct level and reaches 537 million Euro (490 million Euro in 2005), the incidence of the modification of the participation in Van Wellen amounts to 49 million Euro.

Segment's operational result, positively influenced by MBG, Bâtiments et Ponts Construction, Van Wellen and CFE Polska, is in progress (11.8 million Euro compared to 10.2 million Euro in 2005), whereas Bageci and CFE Nederland still suffer from the insufficient activity level and some site losses. The previously experienced occasional difficulties on an important building site in Grand Duchy of Luxembourg are resolved. The study costs for large projects in public private partnership have, consistent with the past, been expensed as incurred. The net profit amounts to 6.2 million Euro compared to 5 million Euro for the same period 2005.

##### Real estate development and management services segment

The extent of the order book doesn't translate the activity intensity of the real estate and associated services segment. Several projects are either in study phase, waiting for a permission, in development (Uccle Calevoet, Brugmann, Erasmus, Arlon) or in progress ("Sand Court" in Brussels, "Réduit des Dominicains" in Tournai, the "Dôme" and "Greenwood" in Grand Duchy Luxembourg). The commercialisation of these projects progresses favourably.

The net profit of the segment amounts to 7.6 million Euro against 3.1 million Euro in 2005. In the first half 2006 it was positively influenced by the sale of the building on the "Place de la Reine" in Brussels and the finalisation of the "Tower B Porte de L'Europe" at Grand Duchy of Luxembourg, and in the second half 2006 by the disposal of the project "Dôme" to an investor. This project needs to be accomplished before the end of the first quarter 2007.

In associated services, Sogesmaint and CB Richard Ellis merged their property management activities in May 2006. Sogesmaint-CBRE's revenue and net result increase.

### Dredging & environment segment

(The amounts concerning DEME in this chapter are expressed at 100%, CFE owning 50% of this company.)

DEME's order book is in expansion and amounts to 1,600 million Euro compared to 1,390 million Euro at the beginning of the year. This growth is due to different orders (Middle East, South America, India and China) and also due to the contract obtained in joint-venture for the maintenance of "The River Scheldt".

Revenue is up to more than 27% and amounts to 1,077 million Euro compared to 845 million Euro at the end of 2005. Operating result increases and amounts 82.1 million Euro compared to 78.6 million Euro end 2005, and this unless temporary difficulties encountered on a site in the Middle East and the consequences of a river-tsunami in India. The occupation rate of the dredges remains high.

The net result of DEME increased by 24% and amounts to 50.4 million Euro compared to 40.7 million Euro in 2005.

DEME continues with its investment efforts. The production capacity increases due to the acquisition of the dredge Melina (3,550 m<sup>3</sup>) and by the launching into operation of the dredge Marieke (5,600 m<sup>3</sup>). The dredge Reynaert (5,600m<sup>3</sup>) is under construction (delivery expected in March 2007) and the construction of the dredges Brabo (11,650 m<sup>3</sup>) and Breydel (9,000 m<sup>3</sup>) were launched in November 2006.

At the end of the year, CFE and AvH decided to create a new subsidiary Rent A Port active in consultancy and the development of harbour sites.

### Multitechnics segment

The order book increased slightly and amounts to 45 million Euro. The revenue has raised by almost 33% and amounts to 61 million Euro (46 million Euro in 2005).

The redressing of Vanderhoydoncks has been achieved and the company turned out to be profitable again. The redressing of this company, the good performances of Nizet, Voltis and Engema allow the segment to draw a net result of 2.4 million Euro in comparison to a net result of 1.1 million Euro for 2005.

At the end of 2006 the decision was taken to open a second Voltis warehouse in Waterloo, the opening is scheduled in autumn 2007.

## 1.3 Significant economic data by segment

Order book (in million Euro)	As of January 1, 2007	As of January 1, 2006	% variation
Construction	572.6	529.3	+8.2%
Real estate development and management services	6.7	4.3	n.s.
<b>Sub-total</b>	<b>579.3</b>	<b>533.6</b>	<b>+8.6%</b>
Dredging and environment	800.5	695.0	+15.2%
Multitechnics	44.8	43.9	+2.0%
<b>Total consolidated</b>	<b>1,424.6</b>	<b>1,272.5</b>	<b>+12%</b>

Sales (in million Euro)	2006	2005	% variation
Construction	537.2	489.6	+9.7%
Real estate development and management services	28.4	22.8	+24.6%
Inventory effect	-1.3	-5.2	
<b>Sub-total</b>	<b>564.3</b>	<b>507.2</b>	<b>+11.3%</b>
Dredging and environment	538.7	422.6	+27.4%
Multitechnical	60.9	45.6	+33.5%
<b>Total consolidated</b>	<b>1,164.0</b>	<b>975.4</b>	<b>19.3%</b>

Sales by geographical zone (in million Euro)	2006	2005	% variation
Belgium	525.3	535.3	-1.9%
The Netherlands	98.8	79.7	+24.1%
Luxembourg	106.9	39.7	+169.3%
<b>Sub-total Benelux</b>	<b>731.0</b>	<b>654.7</b>	<b>+11.7%</b>
Europe without Benelux	142.1	120.6	+18.0%
<b>Total Europe</b>	<b>873.1</b>	<b>775.3</b>	<b>+12.6%</b>
America (Mid + South)	54.6	22.1	+146.6%
Africa	49.6	60.2	-17.6%
Asia	42.4	20.9	+102.9%
Middle East	133.1	84.9	+56.7%
Ocean	11.2	12.0	-6.7%
<b>Total consolidated</b>	<b>1,164.0</b>	<b>975.4</b>	<b>+19.3%</b>

Contribution to the operating result – part of the group (in thousand Euro)	2006	% turnover	2005	% turnover	% variation
Construction	11,755	2.2%	10,150	2.1%	15.8%
Real estate development and management services	12,121		4,513		168.5%
Stockeffect	411		-1,740		
<b>Sub-total</b>	<b>24,287</b>		<b>12,923</b>		<b>87.9%</b>
Dredging and environment	39,148	7.2%	36,713	8.7%	6.6%
Multitechnics	3,489	5.7%	2,340	5.5%	49.1%
Holding	-1,030		206		
<b>Total consolidated</b>	<b>65,894</b>	<b>5.7%</b>	<b>52,182</b>	<b>5.4%</b>	<b>26.3%</b>



Contribution to the net result-part of the group (in thousand Euro)	2006	% turnover	2005	% turnover	% variation
Construction	6,238	1.2%	5,020	1.0%	24.2%
Real estate development and management services	7,591		3,128		
Stockeffect	268		-1,167		
<b>Sub-total</b>	<b>14,097</b>		<b>6,981</b>	<b>1.4%</b>	<b>+101.9%</b>
Dredging and environment	23,441	4.4%	17,386	4.1%	+34.8%
Multitechnics	2,392	3.9%	1,049	2.3%	+28.0%
Holding	775		86		
<b>Total consolidated</b>	<b>40,705</b>	<b>3.5%</b>	<b>25,502</b>	<b>2.6%</b>	<b>+59.6%</b>

#### 1.4 Comments on the balance sheet, cash flow and investments

The net financial debt of the group CFE amounts 141.7 million Euro as of December 31, 2006, an amelioration of 32.6 million Euro compared to December 31, 2005, while DEME's net financial debt, driven by the current investment program, increases with 62.9 million Euro (share CFE) (net financial debt DEME share CFE as of December 31, 2006: 189.7 million Euro against 127.2 million Euro share CFE as of December 31, 2005).

The other segments have a positive cash position of 48 million Euro, being 95.1 million Euro in progress compared to 2005. This amelioration is explained by the commercialisation of the project Dôme at Grand Duchy of Luxembourg and by less need in working capital by all segments. In addition, the cash position of the group was positively influenced by the capital increase at CFE SA for 46.8 million Euro.

Consequently the financial structure of the group strengthened significantly in 2006. Shareholder's equity increases with 70.5 million EUR and amounts 269.6 million Euro, representing a gearing of 22% (18% end 2005).

The provisions for risks (current and non current) increased with 6.2 million Euro and amounts 46.9 million Euro as of end 2006.

The return on equity (ROE), calculated on consolidated shareholders' equity part of the group (end of 2006) amounts 15.3 %, an increase compared with last year.

(in thousand Euro)	2006	2005
Cash flow from operating activities	128,903	30,548
Cash flow from investing activities	-134,929	-95,814
Cash flow from financing activities	59,404	54,238
Net increase /(decrease) of cash	53,378	-11,027
Equity – part of the group	265,463	190,449
Net result of the year	40,705	25,502
<b>ROE</b>	<b>15.3%</b>	<b>13.4%</b>

## 2. Corporate accounts

Total turnover for CFE SA was 223 million Euro. Operating profit was positive at 1.8 million Euro. The profit after tax was affected positively by increased dividends received, and negatively by a decrease in value in a subsidiary in the Netherlands. They are evaluated at 20.4 million Euro (14.2 million Euro in 2005).

**CFE SA's statutory accounts (according to Belgian standards):**

(in thousand Euro)	2006	2005
<b>Sales and services</b>	<b>257,974</b>	<b>252,982</b>
Turnover	223,463	227,016
Profit (Operating loss)	1,773	2,266
Financial revenues (financial charges)	23,983	12,553
Current profit (loss)	25,756	14,818
Exceptional revenues	56	11
Exceptional charges	-5,524	-914
Profit (loss) before tax for the year	20,288	13,915
Tax	135	245
<b>Profit (loss) for the year</b>	<b>20,423</b>	<b>14,161</b>

## 3. Capital remuneration

The Board of Directors of CFE SA proposes to the Ordinary General Meeting of May 3<sup>th</sup> 2007 to allocate a gross dividend of 16 Euro (against 10.5 Euro in 2005) per share being a net dividend of 12 Euro (compared to 7.87 Euro in 2005) corresponding to a distribution of 10,473,808 Euro. After distribution, the profit carried forward amounts to 27,057,924 Euro.

## B. Risk factors

### 1. Risks common to the segments in which the CFE group is active

#### 1.1 Operation risks

##### 1.1.1 The act of construction

The main characteristic of the sector lies in the commitment made at the submission of a proposal, to build a structure (building, engineered structure, dock...) that is by its nature unique, for a price whose terms are predetermined and within an agreed timescale.

The risk factors therefore concern:

- establishment of the price of the structure to be built and, in case of divergence between the anticipated price and the actual price, the possibility (or not) of obtaining coverage for additional costs and price increases;
- design, if this is the contractor's responsibility;
- the actual construction and, in particular, the risks concerning the subsoil and the stability of the structure;
- control of the elements included in the cost price;
- project duration;
- performance obligations (quality, schedule) and the related direct and indirect consequences;
- warranty obligations (decennial, maintenance);
- compliance with safety and other corporate law obligations that are extended to service providers.

To manage these risks, CFE has qualified and experienced staff, the services of an internal design office and access to external design and stability offices, as well as to inspection organizations.

Submitted quotes follow strict procedures for proposal review and are submitted, if appropriate, to a risk committee. Projects are subjected to budgetary controls and a quarterly progress review.

##### 1.1.2 Real estate

At a high level, real estate activity is directly or indirectly subject to certain factors of a macroeconomic (interest and savings rates, etc) and policy (supra-national development institutions, development plans, etc.) nature that influence the behaviour of the players in the market, on both the demand and supply sides.

This activity is also characterized by long transaction cycles, which implies the need to anticipate decisions and to underwrite commitments over long terms.

In addition to general sector risks, each project has its own risks:

- selection of land investment;
- definition of the project and its feasibility;
- obtaining the various permits and authorisations;
- control of construction costs, fees and financing;
- marketing.

CFE and its real-estate development subsidiaries have teams that are specialised in real-estate matters, they work together with well-known architects and design offices and they do their own project management, the construction division being in charge of project execution.

CFE has put in place investment committees to which projects are presented before they are submitted to the Board of Directors. Finally, in order to reduce risk exposure, CFE endeavours to diversify its operational portfolio (residential, office buildings, shopping centres), and is currently limiting the office portion. Given the external factors, the risks involved in real estate activities can not be completely avoided.

### 1.1.3 Dredging

Dredging activities are performed by DEME (in which the group has a 50% stake) and its subsidiaries.

DEME is one of the leading players in the world dredging market. Its market includes both maintenance dredging and infrastructure dredging ("capital dredging"). The latter is particularly related to growth in world trade and to decisions by states to invest in major infrastructure projects.

The DEME group is also active in the environmental arena through its subsidiary, Ecoterres, in which it has a 75% controlling share. This company is specialised in the treatment of sludge and contaminated soil.

DEME, through DBM ("Dredging Building Materials") is also present in the gravel supply market.

In addition to the fact that it is primarily a maritime activity, dredging is also characterized by its "capital intensive" side, which is proven by the heavy level of investment in the sector. In this regard, DEME is faced with complex investment decisions. In addition to the risks that are specific to maritime work and to project execution (see 1.1), dredging also has its own risks:

- technical design of the investment (type of dredger, capacity, power, etc) and mastery of new technologies;
- time between the decision to invest and the commissioning of the boat, and anticipation of the future market;
- control over construction by the shipyard once the decision to invest has been made (costs, performance, compliance, etc.);
- management of the fleet and planning of activities;
- financing.

Finally, as DEME works mainly overseas, it is subject to political risks. DEME has qualified staff who are able to design dredgers, and to design and execute large-scale projects. Given the very nature of the activity, and of all the external factors to be taken into account, the risk inherent in the activity cannot be completely eliminated.

## 1.2 The economic climate

The construction sector is, by its very nature, perceived as being subject to strong cyclic fluctuations. However, this observation must be qualified by segment or sub-segment of activity, as the key factors can be different in each:

- Civil engineering activities are strongly linked to government investments in large infrastructure projects. Thus, a lasting delay in the major infrastructure projects planned for Belgium and the Netherlands, such as the Antwerp Ring, the Liefkenshoektunnel or the Coentunnel, or the non-awarding to CFE of a significant proportion of these projects, could affect this activity;
- The office-building component of construction and real-estate development activities follows the classic economic cycle, whereas housing activity responds more or less directly to interest rate levels;
- Dredging activities are more sensitive to the world economic situation, to the growth of world trade and to government investment policies in the area of major infrastructure projects.

### 1.3 Management and workforce

The construction sector is currently suffering from a lack of management staff and skilled workers. The successful completion of projects, whether in the engineering and project preparation phases or in the execution of the project, depends both on the skill level and the availability of these employees on the job market.

## 2. Market risks (interest rates, exchange rates, insolvency)

### 2.1 Interest rates

The CFE group is faced with major investments extending over long periods of time. In this context and in terms of the availability of long-term credit and financing for projects or major investments (dredgers), CFE (directly) or its subsidiaries (DEME) practice, where necessary, a policy of interest rate hedging. Interest rate risks, however, cannot be completely eliminated.

### 2.2 Exchange rates

CFE and its subsidiaries do not hedge exchange rates for construction, real estate and multi-technical activities, as these markets are located primarily in the Euro zone. Given the international nature of its activities and the fact that it concludes contracts in foreign currencies, DEME engages in exchange rate hedging or forward sales of foreign currency. Exchange rate risks, however, cannot be completely eliminated.

### 2.3 Credit

Given the nature of its customers, who are primarily public-sector or equivalent, or well-known investors, the CFE group does not use credit insurance.

In overseas operations, in cases where the country is eligible and where the risk can be covered by credit insurance, DEME regularly obtains coverage with organization specialising in this area (Office National du Ducroire).

In order to limit current risk, the CFE group regularly tracks its accounts receivable and adjusts its position towards them accordingly. Credit risks, however, cannot be completely eliminated.

## 3. Raw material price risks

CFE is potentially exposed to price increases of certain raw materials used in its building projects. Nevertheless, the CFE group believes that such increases are not likely to have a significant negative effect on its results. In fact, a significant portion of the CFE group's building projects includes price-revision formulas which allow the prices of projects under construction to vary according to changes in raw material prices. Furthermore, the CFE group's building activities are carried out through a large number of contracts, a major portion of which are of short or medium length which, in the absence of a price-revision formula, limits the impact of increases in raw material prices. Finally, the group, in specific cases, hedges against the price of supplies (fuel oil).

## 4. Dependence on customers/suppliers

Given the nature of its activities and how it is organized, which relates to the local character of its markets, the CFE group believes that it is not globally dependent on a small number of customers, suppliers or subcontractors. Furthermore, the operational organization of the group is characterised by substantial decentralization, which generally translates into a greater autonomy of decision-making by local managers within the confines of the powers granted to them regarding purchases.

## 5. Environmental risks

In view of the type of work it is required to perform, particularly in renovation projects, the CFE group may find itself in situations where it has to handle unhealthy or dangerous materials. The CFE group takes all precautions in the area of worker safety and hygiene and is particularly careful in this respect. Even so, this risk cannot be completely eliminated. Due to the nature of its work, Ecoterres is confronted with environmental risks.

Even if all precautions and checks are made at the company level, the risk cannot be completely avoided.

## 6. Legal risks

Given the diversity of its activities and geographic locations, the CFE group is subject to a complex regulatory environment related to the location of the project and the type of activity involved. In particular, it is subject to rules concerning administrative contracts, public and private works contracts and civil liability, especially builder's liability, both in Belgium and abroad. The construction sector is also faced with liberal interpretation of notions concerning builder liability in the area of decennial liability, liability for minor hidden defects and the emergence of liability for indirect consequential damage.

The CFE group has been involved in a number of disputes that could be considered normal for the construction industry. In most cases, the CFE group attempts to reach an out-of-court settlement with the other party, and this has substantially reduced the number of court cases in 2006.

## 7. Risks specific to the CFE group

### 7.1 Special purpose companies

In order to carry out some of its real estate transactions, the CFE group participates and will continue to participate in special purpose companies which provide collateral to back their credit. The risk lies, in the event of failure of this type of company and if the result of the transaction is not sufficient to reimburse, in whole or in part, the amount of shareholder equity, or equivalent, made available to back the setting up of the credit facilities.

On December 31, 2006, this collateral amounted to 21 million Euro. This risk is currently greatly mitigated by the fact that the main property (Jardins de la Couronne Bureaux) is already leased in significant proportions.

### 7.2 Stake in DEME

The DEME group is jointly controlled by the Ackermans & van Haaren group and by CFE, each of which have a 50% stake.

In August 2000, Ackermans & van Haaren and CFE concluded a cooperation agreement which consolidates the collaboration between the shareholders, the objective being to manage the DEME group as equal partners. This agreement was renewed at the beginning of financial year 2007.

This group enjoys autonomous management. The partners are equally represented on the Board of Directors and on the executive and audit committees.

This group is financially autonomous and CFE has never made an advance or any financial commitment to this subsidiary.

The profitability of CFE's holdings in DEME depends partially on the continued good collaboration between the shareholders.

The holding risk related to this ownership is inherent in the joint control structure under which it's held, as indicated above.

## C. Insurance policy

The CFE group systematically insures all building sites with an "all site risks" policy that covers its operating and post-construction civil liability for sufficient amounts. The risk of terrorism is, however, excluded from the "all site risks" coverage.

Given the upsurge in this type of incident, CFE and its real estate subsidiaries may be obliged to occasionally seek coverage against this risk for its real estate projects, provided that the insurance market is willing to offer this type of coverage at economically acceptable rates.

## D. Capital increase

The Board of Directors of CFE, using powers granted it by article 4 of the articles of association to increase the share capital by up to 5,000,000 Euro, decided unanimously in its session of October 11, 2006:

- to increase the share capital by up to 2,374,971.43 Euro, to bring it from 19,000,000 Euro to 21,374,971.43 Euro, by creating 72,734 shares with no mention of nominal value, of the same type and enjoying the same rights and benefits as the 581,879 existing shares, except that these new shares will share in profit starting January 1, 2006.
- to issue these new shares at the price of 643 Euro each. This price was set based on their market price on October 10, 2006, discounted by 14.95%
- to offer these 72,734 new shares to the existing shareholders by subscription at the rate of one (1) new share for eight (8) old shares.

The offering of 46,767,962 Euro was fully subscribed.

## E. Special reports

During financial year 2006, article 524 of the Corporate Code was applied in connection with the capital increase. A committee of independent Directors, made up of Dirk Boogmans, Philippe Delaunois and NV Drie Koningen R.V.O., represented by Chevalier van Outryve of Ydewalle, was charged by the Board of Directors on September 13, 2006, to evaluate the compliance with market practices of the amount of the discount associated with the subscription price.

## F. Post subsequent events

No significant change in the financial and commercial situation of the group occurred after December 31, 2006.

## G. Research and development

Financial year 2006 was marked by design work for the major projects of the Antwerp Ring road, the Liefkenshoektunnel and the Coentunnel.

## H. Trend information

The high level of the order book, the growth in dredging production capacity and the prospect of selling the real estate project, "Les Jardins de la Couronne Offices", makes it likely that 2007 will see controlled growth in revenue and profit.

## I. Convocation of the annual general assembly of May 3, 2007

The Board of Directors invites shareholders to attend the annual general meeting which will be held at the company's head office at 3:00 pm on Thursday, May 3, 2007. The agenda is as follows:

1. Reports from the Board of Directors and the auditor on financial year 2006.

2. Approval of the annual accounts dated December 31, 2006.

**Motion:**

The general assembly approves the annual accounts dated December 31, 2006, presented by the Board of Directors.

3. Approval of the consolidated annual accounts dated December 31, 2006.

**Motion:**

The general assembly approves the consolidated annual accounts dated December 31, 2006, presented by the Board of Directors.

4. Distribution of profit.

**Motion:**

The general assembly approves the proposal by the Board of Directors to distribute a gross dividend of 16.0 Euro per share, which corresponds to a net dividend of 12.0 Euro per share. After distribution, the balance carried forward amounts to 27,057,924 Euro.

5. Discharge to be given to Directors.

**Motion:**

The general assembly discharges the Board of Directors from their obligations for 2006.



6. Discharge to be given to the auditor.

**Motion:**

The general assembly discharges the auditor from his obligations for 2006.

7. Statutory nominations.

- a) Mr Philippe Ratynski resigned from his mandate of Director effective June 14, 2006. On September 13, 2006, the Board of Directors co-opted Mr Richard Francioli as a replacement for Mr Ratynski to complete the latter's mandate. This mandate will expire at the annual general meeting of May 2009.

**Motion:**

The general assembly ratifies the nomination of Mr Richard Francioli as Director.

- b) The mandate of the independent Director, NV Drie Koningen R.V.O., represented by its permanent representative, Chevalier van Outryve d'Ydewalle, expires at today's annual general meeting.

**Motion:**

The general assembly nominates Sprl Ciska Servais, represented by Ms Ciska Servais as Director for a term of four years ending at the close of the annual general meeting of May 2011. Sprl Ciska Servais, represented by Ms Ciska Servais meets the criteria of independence defined by the law and by the Belgian code of corporate governance.

- c) The mandate of the auditor, Deloitte, Reviseurs d'Entreprises, SC s.f.d. SCRL, represented by Mr Rik Neckebroeck, expires at today's annual general meeting.

**Motion:**

The annual general meeting renews for a period of three years, ending at the closing of the annual general meeting of May 2010, the appointment of the auditor, Deloitte, Reviseurs d'Entreprises, represented by Mr Rik Neckebroeck. This candidacy received the approval of the finance committees of the company. The fee amount is set at 111,500 Euro per year.

8. Annual fees

**Motion:**

In accordance with article seventeen of the articles of association, the general assembly sets the lump sum annual fee granted to Directors, effective January 1, 2007, at 260,000 Euro.



## Definitions

<b>Associates</b>	Entities in which the group CFE has a significant influence and that are accounted for by the Equity method of accounting
<b>Capital employed</b>	Intangible assets + goodwill + property, plant and equipment + working capital
<b>Working Capital</b>	Inventories + trade receivables & other operating receivables + other current assets + non current assets held for sale - provisions for current risks - trade payables & other operating liabilities - tax payables - other current liabilities
<b>EBIT</b>	Operating result + result from associates
<b>EBITDA</b>	EBIT + depreciations and impairment + other non-cash items

# Consolidated financial statements and notes

The Board of Directors authorized the publication of the consolidated financial statements of the group CFE on March 6, 2007.

The Board of Directors management report should be read together with the consolidated financial statements of the group CFE.

## Main transactions in 2006 and 2005 with effect on the consolidation scope of the group CFE

### Transactions in 2006

#### 1. Construction segment

There were no significant transactions in 2006 with impact on the consolidation scope of the group CFE.

#### 2. Real estate development and management services segment

Beginning 2006, the group CFE through its subsidiary BPI Ltd sold 20% of its participations held in the companies South City Hotel Ltd & South City Offices Ltd for an amount of 24.8 thousand Euro to the company Espace Midi Ltd, in which the group participates for 20%.

In April 13, 2006 the group CFE through its branch CFE Immo sets up the company Barbarahof Ltd and owns 40% of the capital.

May 19<sup>th</sup>, 2006 the group CFE through its subsidiary BPI Ltd sold its participation in the company Keyser Center Ltd (accounted for by the equity method of accounting).

In May 24, 2006 the group CFE through its subsidiary CLi Ltd sets up the company "P.R.N.E. Ltd Parc Residentiel Nei Esch", in which it owns 50% of the capital.

In May 31, 2006 CB Richard Ellis Ltd (denominated "CBRE Ltd") brought its "property management" activities into the subsidiary Sogesmaint Ltd. Consequently, CBRE Ltd entered into the capital of Sogesmaint Ltd for 28.1%. The participation of the group CFE in the new entity Sogesmaint-CBRE amounts to 71.9%. This operation gives a right to the profit generated as from the accounting period starting January 1<sup>st</sup>, 2006.

In June 27, 2006 the group CFE through its subsidiary Construction Management Ltd set up the "Société de développement Bois de Peronne" Ltd in which the group hold 39% of the capital.

July 18<sup>th</sup>, 2006 the group CFE through its subsidiary BPI Ltd acquired the company "Pré de la Perche Construction" Ltd in which the group owns 100% of the capital.

End November 2006, as a result of the successful marketing of the Dôme project in partnership with VINCI immobilier, the group CFE through CFE Ltd and Elinvest Ltd sold the company Libertim Lux Ltd to an investor.

#### 3. Dredging and environment segment

In the course of the 1<sup>st</sup> half year 2006, DEME acquired the remaining shares of the entities DOS and IPEM. In the same time, DEME increased its participation in Deeprock by 20% bringing it to 50% share CFE. These transactions were negotiated for an amount of 5,171 thousand Euro in share CFE, paid in April 2006.

In the course of the 2<sup>nd</sup> half year 2006, DEME acquired the remaining shares of the entities Geo@Sea and HSS for an amount of 1,125 thousand Euro share CFE, paid in 2006.

At the end of the year, CFE and AvH decided to set up a joint venture Rent A Port Ltd which activity is the advice and the development of port sites.

## Transactions in 2005

### 1. Construction segment

November 30<sup>th</sup>, 2005 the group CFE acquired all the remaining shares of the companies Van Wellen, Aannemingen Van Wellen and Projectontwikkeling Van Wellen. Through these acquisitions, the group CFE and in particular its construction segment reinforced its position in Flanders and within the road-building sector.

In Central Europe, the group CFE established a company in Slovakia and a joint venture "BetonPlatform" in Hungary. CFE Slovakia started an office project.

### 2. Real estate development and management services segment

In 2005 the group CFE acquired the shares of Abeco Ltd and Egide Van Ophem Ltd. These companies were acquired as part of a promotion project for a land of approximately 2 hectares in Uccle.

In November 30, 2005 the group CFE acquired all the shares of Climmolux Ltd through its subsidiary the "Compagnie Luxembourgeoise Immobilière" Ltd. This company owns a land and a building that will be partially occupied by its subsidiaries and will give the possibility to carry out a property project in the long term.

At the end of 2005 the group CFE acquired through its subsidiary BPI a significant influence of 25% in Promotion Liégeoise Ltd, Immgest Ltd and Immobilière Grétry Ltd as part of the project "Mediacité" in Liège.

### 3. Dredging and environment segment

The group CFE increased its participation in Europe Aggrégats (35% end December 2004 and 50% at the end of 2005) through its subsidiary DEME.

The group DEME also set up special purpose companies in 2005 such as South China Port Development in Hong Kong and Cetreval Ltd in Belgium. Moreover, the company Geo@sea was set up.

## Consolidated income statement

For the year ended 31 December (in thousand Euro)	Note	2006	2005
<b>Revenue</b>	2	<b>1,164,019</b>	<b>975,406</b>
Revenue from auxiliary activities	4	47,584	30,296
Purchases		(704,771)	(580,351)
Wages, salaries & social charges	5	(207,534)	(185,460)
Other operating charges	4	(179,482)	(144,954)
Depreciations	11	(53,922)	(42,755)
<b>Operating result</b>		<b>65,894</b>	<b>52,182</b>
Gross finance cost	6	(15,041)	(11,728)
Financial income from cash investments	6	4,582	3,761
Other financial charges and income	7	1,877	(4,284)
<b>Financial result</b>		<b>(8,582)</b>	<b>(12,251)</b>
<b>Profit before taxes for the period</b>		<b>57,312</b>	<b>39,931</b>
Income tax expense	9	(15,663)	(13,377)
<b>Result of the year</b>		<b>41,649</b>	<b>26,554</b>
Share in the result of associated companies	16	357	329
Profit (including minority interests) for the period		42,006	26,883
Minority interests	8	(1,301)	(1,381)
<b>Net profit of the group</b>		<b>40,705</b>	<b>25,502</b>
Net profit per share (EUR) (diluted and basic)		68.9	43.8

## Consolidated balance sheet

For the year ended 31 December (in thousand Euro)	Note	2006	2005
Intangible assets	14	4,977	2,784
Goodwill	13	8,575	7,595
Property, plant and equipment	11	379,907	305,904
Property investments	12	24,493	24,667
Investments in associates	16	3,103	6,042
Other non current financial assets	15	8,712	13,975
Fair value of derivative instruments assets	25	1,930	1,948
Other non current assets	17	10,296	16,912
Deferred tax assets	9	2,926	5,758
<b>Total non current assets</b>		<b>444,919</b>	<b>385,585</b>
Inventories	19	98,190	95,252
Trade receivables and other operating receivables	20	520,380	465,553
Other current assets		12,185	19,050
Non current asset held for sale		1,052	1,286
Current financial assets		5,780	55
Cash and cash equivalents	21	140,724	88,356
<b>Total current assets</b>		<b>778,311</b>	<b>669,552</b>
<b>Total assets</b>		<b>1,223,230</b>	<b>1,055,137</b>
Issued capital		21,375	19,000
Share premium		61,463	18,213
Reserves		1,549	2,786
Retained earnings		184,618	150,023
Translation differences		(3,542)	427
Equity - part of the group		265,463	190,449
Minority interest		4,158	8,688
<b>Equity</b>		<b>269,621</b>	<b>199,137</b>
Pensions and employee benefits	23	16,269	17,049
Provisions	24	2,709	2,224
Other non current liabilities		9,519	7,326
Financial debts	26	137,027	153,890
Fair value of derivative instruments liabilities	25	1,016	3,845
Deferred tax liabilities	9	12,439	20,646
<b>Total non current liabilities</b>		<b>178,979</b>	<b>204,980</b>
Provisions for termination losses	24	22,601	15,421
Provisions for other current risks	24	21,552	23,012
Trade payables & other operating liabilities	20	370,042	367,115
Tax liability due for payment		39,150	25,053
Current financial debts	26	151,182	114,430
Other current liabilities	20	170,103	105,989
<b>Total current liabilities</b>		<b>774,630</b>	<b>651,020</b>
<b>Total equity and liabilities</b>		<b>1,223,230</b>	<b>1,055,137</b>

## Consolidated cash flow statement

For the year ended 31 December (in thousand Euro)	2006	2005
<b>Operating activities</b>		
Net profit	40,705	25,502
Depreciation of property, plant & equipment (PPE) and investment property	53,525	42,519
Amortization of intangible assets	397	236
Impairment losses	533	-
Net increase/decrease of provisions	4,983	(1,242)
Write-off on current assets	1,402	(2,921)
Foreign exchange difference not realized (gain)/loss	(648)	663
Interest & investment income	(4,594)	(3,776)
Interest expense	15,041	11,728
Fair-value adjustment on derivatives	(662)	(420)
Loss/(profit) on sale of property, plant & equipment	(4,879)	(1,213)
Income tax expense	15,663	13,377
Minority interests	1,301	1,381
Share in the result of companies consolidated by the equity method	(357)	(329)
<b>Operating profit before changes in working capital and current provisions</b>	<b>122,410</b>	<b>85,505</b>
Decrease/(increase) in trade receivables and other current and non current receivables	(35,257)	(105,481)
Decrease/(increase) in inventories	(3,388)	(6,203)
Increase/(decrease) generated in trade payables and other short term payables	64,507	71,516
<b>Cash flow from operating activities</b>	<b>148,272</b>	<b>45,337</b>
Interest paid	(14,010)	(9,614)
Interest received	4,521	3,761
Income tax paid/received	(9,880)	(8,936)
<b>Net cash flow from operating activities</b>	<b>128,903</b>	<b>30,548</b>
<b>Investment activities</b>		
Proceeds from the sale of fixed assets	3,595	3,965
Acquisition of fixed assets	(132,002)	(83,889)
Acquisition/Cession of subsidiaries, net of cash acquired and impact of capital increase in consolidated entities	(6,522)	(15,889)
<b>Cash flow from investing activities</b>	<b>(134,929)</b>	<b>(95,814)</b>
<b>Financing activities</b>		
Proceeds from borrowings	58,338	78,475
Debts reimbursements	(38,449)	(19,291)
Dividends paid	(6,110)	(4,946)
Capital increase	45,625	
<b>Cash flow from financing activities</b>	<b>59,404</b>	<b>54,238</b>
<b>Net Increase/(Decrease) of cash</b>	<b>53,378</b>	<b>(11,027)</b>
Cash and cash equivalents at the beginning of the year	88,357	98,393
Translation differences	(1,011)	991
Cash and cash equivalents at the end of the year	140,724	88,357

The operating profit before changes in working capital includes the variation in current provisions.



## Statement of changes in Equity

For the year ended December, 31 2005

	Issued Capital	Share premium	Retained earnings	Result directly recognized in Equity	Con- solidated reserves	Trans- lation dif- ferences	Equity part of the group	Minority interests	Total
(in thousand Euro)									
<b>As per December, 31 2004</b>	<b>19,000</b>	<b>18,213</b>	<b>129,467</b>	<b>5,942</b>	<b>63</b>	<b>[2,515]</b>	<b>170,170</b>	<b>7,799</b>	<b>177,969</b>
Financial instruments: change in fair value on cash flow hedge				(4,244)			(4,244)		(4,244)
Translation differences for the period						2,942	2,942		2,942
Net result for the period			25,502				25,502	1,381	26,883
Dividends paid to shareholders			(4,946)				(4,946)		(4,946)
Revaluation surplus					1,025		1,025		1,025
Change in the consolidation scope & dividends of minorities								(492)	(492)
<b>As per December 31, 2005</b>	<b>19,000</b>	<b>18,213</b>	<b>150,023</b>	<b>1,698</b>	<b>1,088</b>	<b>427</b>	<b>190,449</b>	<b>8,688</b>	<b>199,137</b>

For the year ended December, 31 2006

	Issued Capital	Share premium	Retained earnings	Result directly recognized in Equity	Con- solidated reserves	Trans- lation dif- ferences	Equity part of the group	Minority interests	Total
(in thousand Euro)									
<b>As per December, 31 2005</b>	<b>19,000</b>	<b>18,213</b>	<b>150,023</b>	<b>1,698</b>	<b>1,088</b>	<b>427</b>	<b>190,449</b>	<b>8,688</b>	<b>199,137</b>
Capital Increase	2,375	44,392					46,767		46,767
Capital increase related costs		(1,142)					(1,142)		(1,142)
Financial instruments: change in fair value on cash flow hedge				(1,237)			(1,237)		(1,237)
Translation differences for the period						(3,969)	(3,969)		(3,969)
Net result for the period			40,705				40,705	1,301	42,006
Dividends paid to shareholders			(6,110)				(6,110)		(6,110)
Change in the consolida- tion scope & dividends of minorities								(5,831)	(5,831)
<b>As per December 31, 2006</b>	<b>21,375</b>	<b>61,463</b>	<b>184,618</b>	<b>461</b>	<b>1,088</b>	<b>[3,542]</b>	<b>265,463</b>	<b>4,158</b>	<b>269,621</b>

## Capital and reserves

November 13<sup>th</sup>, 2006 in the context of a capital increase with subscription right, the group CFE issued 72,734 additional shares in public subscription.

The capital was increased by an amount of 45,625 thousand Euro of which 2,375 thousand Euro represent the 72,734 additional shares at the price of one existing ordinary share (32.65 Euro per action). The remaining 43,250 thousand Euro consists of the share premium amounting to 44,393 thousand Euro of which 1,142 thousand Euro capital increase related costs are deducted.

The capital as per December 31, 2006 consists of 654.613 ordinary shares (581,879 existing as per December 31, 2005 and 72,734 additional shares). These shares are without any nominal value. The shareholders of ordinary shares have the right to receive dividends and the right of one vote per share at the General Assembly of Shareholders.

In March 6, 2007 the Board of Directors proposed a dividend of 10,474 thousand Euro, corresponding to 16 Euro gross per share. The final dividend proposed is submitted to the shareholder's approval at the General Assembly of Shareholders. The appropriation of the result has not been accounted for in the financial statements as per December 31, 2006. The final dividend for the year ended December 31, 2005 was 10.5 Euro gross per share.

Translation differences include all the differences from the conversion of the financial statements of foreign companies.

The reserves include, on the one hand, the hedging reserves that contain the effective part of the cumulative net change in the fair-value of all cash flow hedges, for which the hedged transactions still not occurred.

On the other hand, the consolidated reserves also include the revaluation surplus recognized in 2005 on property, plant & equipment.

The decrease of minority interests by 5,831 thousand Euro is mainly due to the acquisition of the remaining shares (+20% in share CFE) of the companies DOS and Deeprock at DEME.

The basic profit by share is detailed in note 10.

The impact of the non current assets held for sale on the result of the exercise is not significant.

## Notes to the consolidated financial statements for the year ended December 31 2006

1. **Significant accounting principles**
2. **Segment reporting**
  - Revenue
  - Breakdown of the revenue generated by the construction segment
  - Net profit—part of the group CFE
  - Other information for the exercise 2006
  - Other information for the exercise 2005
  - Balance sheet at December 31 2006
  - Balance sheet at December 31 2005
  - Revenue
3. **Acquisitions and disposals of subsidiaries**
  - For the exercise 2006
  - For the exercise 2005
  - Disposals for the exercise 2006
4. **Revenue from auxiliary activities and other operating charges**
5. **Wages, salaries and social charges**
6. **Net finance cost**
7. **Other financial charges and income**
8. **Minority interests**
9. **Income tax expenses**
  - Recognized in the income statement
  - Reconciliation of the effective tax rate
  - Deferred tax assets and liabilities recognized
10. **Profit per share**
11. **Property, plant & equipment**
12. **Property investments**
13. **Goodwill**
14. **Intangible assets other than goodwill**
15. **Investments available for sale**
16. **Investments in associates and joint ventures**
  - Associates
  - Jointly controlled entities
17. **Other non current assets**
18. **Construction contracts**
19. **Inventories**
20. **Trade receivables and payables and other operating receivables and payables**
21. **Cash and cash equivalents**
22. **Grants**
23. **Employee benefits**
24. **Provisions other than pensions and non current employee benefits**
25. **Financial instruments**
  - Risks related to raw materials
  - Interest rate risk
  - Risk of foreign currency fluctuations
  - Credit risk
  - Fair value
26. **Financial debts**
27. **Operating leases**
28. **Finance lease debts**
29. **Other commitments granted**
30. **Other commitments received**
31. **Claims**
32. **Related parties**
33. **Major subsequent events**
34. **Companies owned by the group CFE**

## Preamble

### Texts or current IFRS projects potentially subject to an early application in 2006

The company decided to not anticipate the application of the new standards and interpretations here below that have been issued before the authorization date of the publication of the Financial Statements but which not yet entered in force at the closing date:

- IFRS 7- Financial instruments: disclosures (applicable as from the exercise 2007)
- IFRS 8 – Operating segments (applicable as from the exercise 2009)
- IFRIC 7 – Applying the restatement approach under IAS 29 Financial information within hyperinflation’s economies (applicable as from the exercise 2007)
- IFRIC 8 – Scope of IFRS 2 (applicable as from the exercise 2007)
- IFRIC 9 – Revaluation of incorporated derivatives (applicable as from the exercise 2007)
- IFRIC 10 – Interim Financial Reporting and Impairment (applicable as from the exercise 2007)
- IFRIC 11 – group and Treasury shared transactions (applicable as from the exercise 2008)
- IFRIC 12 – Service concession arrangements (applicable as from the exercise 2008)

## 1. Significant accounting principles

The “Compagnie d’entreprise CFE Ltd”(referred to “the Company” or “CFE”) is a company based in Belgium. The Consolidated Financial Statements of the company for the year ending December 31, 2006 include the company and its subsidiaries, the shares in jointly controlled entities (“the group CFE”) and the company’s interest in associates.

### A. Statement of compliance

The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the European Union. With the first application of the IFRS in 2005, the Consolidated Financial Statements were prepared in accordance with IFRS 1 – First-Time adoption of IFRS.

### B. Basis of presentation

The Financial Statements are stated in thousand of Euro, rounded to the nearest thousand. They are prepared on basis of the historical cost except for derivative financial instruments, investments held for trading and investments available-for-sale that are stated at fair value.

Instruments or equity derivatives are stated at cost when such equity instruments do not have a quoted market price in an active market and for which other methods of reasonably estimating fair value are clearly inappropriate and/or inapplicable.

Recognized assets and liabilities that are hedged are stated at fair value in respect of the risk that is hedged.

Accounting policies have been applied consistently.

They are presented before the effect of the profits appropriation of the parent company proposed to the General Assembly of Shareholders.

The Financial Statements prepared in accordance with IFRS requires estimates to be used and assumptions to be made affecting the amounts presented in these Financial Statements, in particular as regards the following items:

- the period over which assets are depreciated;
- the measurement of the provisions and pensions;
- the percentage of completion method used in construction contracts to measure the result;
- the values used in the impairment tests;
- the valuation of financial instruments at fair value;
- the measurement of share based payments (expenses IFRS 2).

These estimations assume the operations in going concern and are made based on the information available at the time. These estimations can be revised if the circumstances on which they are based alter or if new information becomes available. The actual results can be different from these estimates.

### C. Principles of consolidation

The global method of consolidation is used for subsidiaries. Subsidiaries are the companies consolidated by the mother company which is presumed when the mother company holds, directly or indirectly, more than one half of the voting rights or otherwise has control, directly or indirectly, so as to obtain benefits from the companies' activities. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date that control starts until the date that control ceases.

Jointly controlled entities are consolidated using the proportionate method of consolidation.

Associates are undertaking in which the group CFE has significant influence over the financial and operating policies, but which it does not control. This is generally evidenced by ownership of between 20% and 50% of the voting rights.

They are accounted for by the equity method of accounting from the date that significant influence starts until the date that significant influence ceases. When the group share of losses exceeds the carrying amount of the associates, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that has incurred obligations in respect of the associates.

All transactions, balances and unrealised gains and losses on transactions between group companies have been eliminated.

### D. Foreign currencies

#### 1. Foreign currency transactions

Foreign currency transactions are accounted for at exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date rate. Gains and losses resulting from the creation of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Non-monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction.

#### 2. Financial statements of foreign operations

The company's foreign operations are considered as foreign entities. Accordingly, assets and liabilities are translated to Euro at foreign exchange rates prevailing at the balance sheet date. Income statements of foreign entities, excluding foreign entities in hyperinflationary economies, are translated to Euro at an average exchange rate for the year (approximating the foreign exchange rates prevailing at the dates of the transactions).

The components of shareholders' equity are translated at historical rates.

Exchange differences arising from the translation of shareholders' equity to Euro at year-end exchange rates are taken in another heading named "Translation differences". These exchange differences are recognized in the income statement in the exercise during which the entity is ceased or liquidated.

### 3. Exchange rate

Currencies	Closing rate 2006	Average rate 2006	Closing rate 2005	Average rate 2005
Polska Zloty	3.829	3.918	3.853	4.018
Hungary Forint	251.459	266.478	252.770	248.516
Slovakia Corunna	34.476	37.643	37.853	38.558
US Dollar	1.318	1.250	1.1776	1.1803
Singapore Dollar	2.021	1.992	1.970	2.063
Rial of Qatar	4.797	4.550	4.297	4.511
1 Euro = X Currency				

## E. Intangible assets

### 1. Research and development

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognized in the income statement as an expense as incurred.

Expenditures on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes are capitalized if the product or process is technically and commercially feasible and the company has sufficient resources to complete development.

The expenditure capitalized includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditures are recognized in the income statement as an expense as incurred.

Capitalized development expenditures are stated at cost less accumulated amortization (see below) and impairment losses.

### 2. Other intangible assets

Other intangible assets, acquired by the company, are stated at cost less accumulated amortization (see below) and impairment. Expenditure on internally generated goodwill and brands is recognized in the income statement as an expense as incurred.

### 3. Subsequent expenditure

Subsequent expenditures on capitalized intangible assets are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates, above the performance level defined at the origin. All other expenditures are expensed as incurred.

### 4. Amortization

Intangible assets are amortized using the straight-line method over their estimated useful lives at the following rates:

Minimum	5%	Operating concessions
	33.33%	Software's licenses

## F. Goodwill

### 1. Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired subsidiary, jointly controlled entity or associate at the date of acquisition.

Goodwill is not amortized but will be subject to an impairment test on an annual basis. Goodwill is expressed in the currency of the subsidiary to which it relates. Goodwill is stated at cost less accumulated amortization and impairment losses. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

### 2. Negative goodwill

Negative goodwill represents the excess of the fair value of the company's share of the net identifiable assets acquired over the cost of acquisition.

Negative goodwill is recognized immediately in the income statement.

## G. Property, plant and equipment

### 1. Measurement & recognition

All property, plant and equipment are recorded in assets only when it is probable that future economic benefits will impact the entity and if the cost can be evaluated in a reliable way. These criteria are applicable at the time of initial accounting and for later expenditure.

All property, plant and equipment are recorded at historical cost less accumulated depreciation and impairment losses.

Historical cost includes the original purchase price and other direct acquisition costs (e.g. non refundable tax, transport). The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

### 2. Subsequent expenditures

Subsequent expenditures are capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. Repairs and maintenance, which do not increase the future economic benefits of the asset to which they relate, are expensed as incurred.

### 3. Depreciations

Depreciations are calculated from the date the asset is available for use, using the straight-line method over the estimated useful lives of the assets:

Trucks:	3 years
Vehicles:	3 to 5 years
Other material:	5 years
Computer installation:	3 years
Office machines:	5 years
Office equipment:	10 years
Constructions:	25 to 33 years

Dredges with disintegrator & suction dredges:	18 years with residual value of 5%
Floating dredges & navigator boats:	25 years with residual value of 5%
Landing stages, boats, ferries & boosters:	18 years without residual value
Cranes:	12 years with residual value of 5%
Mechanical diggers:	7 years without residual value
Pipes:	3 years without residual value
Chain & site installations:	5 years
Diverse site materials::	5 years

Land is not depreciated as it is deemed to have an infinite life.

The loan costs directly linked to the acquisition, the construction or the production of an asset that needs a long time of preparation is not included in the cost of the asset.

#### 4. Accounting method of the fleet

The acquisition value is divided in two parts: a component vessel (92% of the acquisition value) amortized according to the straight-line method and with a depreciation rate defined by kind of boat and a component maintenance (8% of the acquisition value) amortized in 4 years using the straight-line method.

At the acquisition of a boat, spare parts are capitalized in proportion of the purchases with a maximum of 8% on the total purchase price of the boat (100%) and are amortized according to the straight-line method on the remaining useful life as from the date the asset is available for use.

Some repairs are capitalized and amortized using the straight-line method on 4 years as from the starting up again of the boat.

## H. Property investments

A property investment is an asset held in order to get rentals or valorise the invested capital or both.

A property investment is different from a property occupied by its owner or buyer since it generates cash revenue independently of the other assets held by the company.

Property investments are evaluated at the balance sheet at their acquisition cost, less amortizations and depreciations.

Depreciations are calculated as from the date the asset is available for use, according to the straight-line method and according to a rate corresponding to the estimated economic useful life of these assets.

Land is not depreciated as it is deemed to have an infinite life.

## I. Leasing

Leases contracts where the company assumes substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalized at the lower of the fair value and the estimated present value of the minimum lease payments at inception of the lease, or at the market value if it is lower, less accumulated depreciation and impairment losses.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in financial debts. The interest element is charged to the income statement as a finance charge over the lease period.

Property, plant and equipment acquired under finance leasing contracts are depreciated over the useful life of the asset.



Leases of assets under which the lesser substantially retains all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the term of the lease.

When an operating lease is terminated before the lease period has expired, any payment to be done to the lesser by way of penalty is recognized as an expense in the period in which termination takes place.

## **J. Investments**

Each category of investment is accounted for its acquisition value.

### **1. Investments in equity securities**

Investments in equity securities (available for sale) are undertakings in which the group CFE does not have significant influence or control. This is generally evidenced by ownership of less than 20% of the voting rights. Such investments are designated as available for sale financial assets and are recognized at their fair value unless the fair value cannot be reliably determined in which case they are carried at cost less impairment losses.

Impairment charges are recognized in the income statement. Changes in fair value are recognized through equity. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to income.

### **2. Investments in debt securities**

Investments in debt securities are classified as being held to maturity financial assets and are stated at their amortized cost, determined on basis of the "effective interest rate method". Gain or loss is recognized in the income statement. Impairment charges are recognized in the income statement.

### **3. Other investments**

Other investments held by the company are classified as being available-for-sale and are stated at fair value, with any resulting gain or loss recognized through equity. Impairment charges are recognized in the income statement.

## **K. Inventories**

Inventories are valued at the lower of cost and net realizable value. Cost is determined by the weighted average method.

The cost of finished products and work in progress comprises raw materials, other production materials, direct labour, other direct costs and an allocation of fixed and variable overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling costs.

## **L. Trade receivables**

Trade receivables are carried at cost less impairment losses. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified.

## M. Construction contracts

When the outcome of a construction contract can be reliably estimated, revenue and cost of the contract are recognized respectively in revenue and charges depending of the level of completion of the activity of the contract at year-end (% of completion method). An expected loss on the construction contract is immediately recognized in charges.

According to the percentage of completion method, revenue of the contracts is recognized in the income statement of the periods of the works done. Costs of the contract are usually recognized in charges under the income statement of the periods during which work related is achieved.

Costs incurred related to future activities on the contract are capitalized if it is probable that it will be recovered.

The group CFE has taken the option to not present separately the information related to construction contracts in the balance sheet but only in the notes.

## N. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

## O. Impairment

The carrying amounts of the company's non current assets, other than financial assets in accordance with IAS 39, deferred tax assets and non current assets held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For intangible assets that are not yet available for use, and for goodwill amortized over a period exceeding twenty years from initial recognition, the recoverable amount is estimated at each balance sheet date. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

### 1. Calculation of recoverable amount

The recoverable amount of the company's investments in debt securities and receivables originated by the company is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset.

The recoverable amount of other assets is the greatest of their net selling price and value in use. The value in use is the discounted value of estimated future cash flows.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

### 2. Reversal of impairment

An impairment loss in respect of investments or receivables originated by the company is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized.

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature, which is not expected to recur, and the increase in recoverable amount relates clearly to the reversal of the effect of that specific event.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

## P. Share capital

Own shares purchase

When shares capital (recognized as equity) is repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a change in equity. Repurchased shares are directly included in equity, without any impact on the income statement.

## Q. Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as provision corresponds to the best estimate of the necessary expenditure to stop the current obligation at the balance sheet date. This estimation is obtained by using a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provisions for restructuring are recognized when the company has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Costs relating to the ongoing activities of the company are not provided for.

The current provisions correspond to the provisions directly related to the operating activities of each site, whatever their estimated due date.

The provisions for after-sale services are recognized in respect of the entities obligations of the group of legal guarantees concerning sites delivered.

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

The provisions for claims related to the activity concern mainly client claims, sub-contractors, co-contractors and suppliers claims. The other provisions for current risks are mainly composed of provisions for penalties and other risks attached to the operating cycles.

The non-current provisions correspond to the provisions not directly linked to the operating cycle and for which the due date is generally greater than one year. It includes in particular provisions for restructuring, when these have been announced before the closing date of the exercise.

## R. Employee benefits

### 1. Post employment benefits

Post employment benefits include pension plans and life insurances.

The company operates a number of defined benefits and defined contribution plans throughout the world. The assets of which are generally held in separate trustee-administered funds and financed through contributions from subsidiaries and from employees. These contributions are determined on basis of independent actuarial recommendations.

The pension benefits obligations at the group CFE are either covered or non-covered by funds.

#### a) Defined contribution plans

Contributions to defined contribution plans are recognized as an expense in the income statement when incurred.

## b) Defined benefit plans

For defined benefit plans, the pension accounting costs are assessed separately for each plan using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately.

Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who carry out a full valuation of the plans at least every three years. The amounts charged to the income statement consist of current service cost, interest cost, the expected return on any plan assets, actuarial gains or losses and past service costs.

The pension obligations recognized in the balance sheet are measured as the present value of the estimated future cash outflows using interest rates of high quality corporate bonds, which have terms to maturity approximating the terms of the related liability, adjusted for the unrecognised actuarial gains and losses and less any past service costs not yet recognized and the fair value of any plan assets.

The recognition of actuarial gains and losses is determined separately for each defined benefit plan. Actuarial gains and losses comprise the effects of differences between the previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions.

All actuarial gains and losses exceeding a corridor of 10% of the higher of the fair value of plan assets and the present value of the defined benefit obligations are recognized in the income statement over the average remaining service lives of employees participating in the plan. Otherwise, the actuarial gain or loss is not recognized.

Past service costs are recognized as an expense over the average period until the benefits become vested, unless they are already vested following the introduction of or changes to a defined benefit plan, in which case the past service costs are recognized as an expense immediately.

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

The expected charges of these benefits are written-off during the active career of the employee by applying similar accounting methods as the one's used for defined benefits plan. Independents qualified actuaries realize the calculation of these obligations.

## 2. Bonus

Bonuses received by company employees and management is based on financial key indicators. The estimated amount of the bonus is recognized as an expense in the year.

## S. Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at cost, less attributable transaction costs. Any difference between this net value and the redemption value is recognized in the income statement over the period of borrowings on an effective interest rate basis.

## T. Trade and other payables

Trade and other payables are stated at cost.

## U. Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years. It is calculated using tax rates enacted at the balance sheet date.

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values. Currently or substantially enacted tax rates are used to determine deferred income tax.

Under this method the company is required to make a provision for deferred income tax on the difference between the fair values of the net assets acquired and their tax base as a result of a business combination.

The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

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

## V. Revenue

### 1. Revenue from construction contracts

Revenue of the contract should include the initial amount of revenue defined in the contract and the modifications in the work specified by the contract, claims & performance bonuses when it is probable that these will generate products and when it can be reliably measured.

Revenue of the contract is calculated at the fair value of the counterpart received or to be received.

A modification can lead to an increase or a decrease of contract revenue. A modification is an instruction given by the client in order to change the scope of the work to be realized according to the contract. A modification is included in the contract revenue when it is probable that the client will approve the modification as well as the amount of revenue resulting from this modification and that the amount can be reliably measured.

Performance bonuses form part of the contract revenue when the completion of contract is so that it is probable that the specified performance will be reached or overtaken and that the amount of the performance bonus can be reliably measured.

Contract revenue is recognized according to the level of completion of the activity of the contract at the closing date (according to the percentage of completion).

An expected loss on the construction contract is immediately recognized.

### 2. Goods sold and services rendered

In relation to the sale of goods and property items, revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, and no significant uncertainties remain regarding recovery of the consideration due, associated costs or the possible return of goods.

### 3. Rental income & fees

Rental income is recognized on a straight-line basis over the term of the lease.

### 4. Financial income

Financial income comprises interest receivable on funds invested, dividend income, royalty income, foreign exchange gains and gains on hedging instruments that are recognized in the income statement.

Interest, royalties and dividends arising from the use by others of the company's resources are recognized when it is probable that the economic benefits associated with the transaction will flow to the company and the revenue can be measured reliably.

Interest income is recognized as it accrues (taking into account the effective yield on the asset) unless collectibility is in doubt. Royalty income is recognized on an accrual basis in accordance with the substance of the relevant agreement. Dividend income is recognized in the income statement on the date that the dividend is declared.

### 5. Government grants

A government grant is recognized in the balance sheet initially as deferred income when there is reasonable assurance that it will be received and that the company will comply with the conditions attached to it. Grants that compensate the company for expenses incurred are recognized as revenue in the income statement on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the company for the cost of an asset are recognized in the income statement as revenue on a systematic basis over the useful life of the asset. These grants are deducted from the related asset value.

## W. Expenses

### 1. Financial expenses

Financial expenses comprise interest payable on borrowings, foreign exchange losses, and losses on hedging instruments that are recognized in the income statement.

All interest and other costs incurred in connection with borrowings are expensed as incurred as part of financial expenses. The interest expense component of finance lease payments is recognized in the income statement using the effective interest rate method.

### 2. Research and development, advertising and promotional costs and systems development costs

Research, advertising and promotional costs are expensed in the year in which these costs are incurred. Development costs and systems development costs are expensed in the year in which these costs are incurred if they do not meet the criteria for capitalization.

## X. Derivative financial instruments

The company uses derivative financial instruments primarily to reduce the exposure to adverse fluctuations in interest rates, foreign exchange rates, commodity prices and other market risks. The company's policy prohibits the use of derivatives for speculation.

The company does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognized initially at historical cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. Recognition of any resulting unrealised gain or loss depends on the nature of the item being hedged.

The fair value of swaps interest rates is the estimated amount that the company will receive or paid when exercising the swaps at the closing date, taking into account the current interest rates and the solvability of the counterpart of the swap.

The fair value of a "forward exchange contract" is the quoted value at the closing date, then the current value of the "forward" price quoted.

### 1. Cash flow hedges

Where a derivative financial instrument hedges the variability in cash flows of a recognized liability, a firm commitment or a forecasted transaction, the effective part of any resulting gain or loss on the derivative financial instrument is recognized directly in equity.

When the firm commitment or the forecasted transaction results in the recognition of an asset or liability, the cumulative gain or loss is removed from equity and included in the initial measurement of the asset or liability.

Otherwise the cumulative gain or loss is removed from equity and recognized in the income statement at the same time as the hedged transaction.

The ineffective part of any gain or loss is recognized in the income statement. Gains or losses from the temporary value of the financial derivative instruments are recognized in the income statement.

When a hedging instrument or hedge relationship is terminated but the hedged transaction still is expected to occur, the cumulative unrealised gain or loss (at that point) remains in equity and is recognized in accordance with the above policy when the transaction occurs.

If the hedged transaction is no longer probable, the cumulative unrealised gain or loss recognized in equity is recognized in the income statement immediately.

### 2. Hedging of recognized assets and liabilities

Where a derivative financial instrument hedges the variability in fair value of a recognized receivable or payable, any resulting gain or loss on the hedging instrument is recognized in the income statement. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognized in the income statement.

The fair values of covered items, related to the risk covered, are the carrying amounts at the closing date converted in Euros at the applicable exchange rate of the closing period.

### 3. Hedging of net investment within a foreign entity

Where a foreign currency liability hedges a net investment within a foreign entity, foreign exchange differences arising on translation of the liability to Euro are recognized directly in "Translation reserves" in shareholders' equity.

Where a derivative financial instrument hedges a net investment in a foreign operation, the portion of the gain or the loss on the hedging instrument that is determined to be an effective hedge is recognized directly in "Translation reserves" in shareholders' equity, and the ineffective portion is reported in the income statement.

## Y. Segment reporting

A segment is a distinguishable component of the company that is engaged in providing products or services within a particular economic environment (operational segment). The risks and returns are different from those of other segments. The group is composed of 4 segments: construction, real estate development and management services, multitechnics and dredging & environment.

## 2. Segment reporting

### Operating segments

The segment reporting is presented in respect of the operational segments. The results and asset and liability items of the segment include items that can be attributed to a sector, either directly, or allocated on a reasonable basis.

The group CFE is composed of four operating segments: construction, real estate development and management services, multitechnics and dredging & environment:

#### Construction

Within the construction sector, the construction segment is active in civil engineering (execution of infrastructure works: tunnels, bridges, walls, gas terminals...) and building (offices, industrial buildings, residences).

#### Real estate development and management services

The real estate development and management services segment develops real estate projects with a "promoter-constructor" approach, in association with the construction segment. In addition, through specific subsidiaries, the segment offers services associated to its basis skills: the "project management" and the building management and maintenance.

#### Multitechnics

The multitechnics segment, through specific subsidiaries, is specialized in tertiary electricity (offices, hospitals, parking,...), electrification and rail signalisation as well as assembly of low and high-voltage lines.

#### Dredging & environment

The dredging & environment segment through its subsidiary DEME held by 50% is active in dredging (investing dredging and maintenance dredging) and in the treatment of polluted grounds and sludge.

Revenue from the sale of goods in 2006 amounts to 6,012 thousand Euro (2005: 4,684 thousand Euro). It consists mainly of sales from the subsidiary Electronizet (Voltis).



## Revenue

(in thousand Euro)	2006	2005
Construction	537,223	489,651
Real estate development and management services	28,380	22,839
Inventory effects (*)	(1,268)	(5,211)
<b>Sub-total</b>	<b>564,335</b>	<b>507,279</b>
Dredging and environment	538,735	422,563
Multitechnics	60,949	45,564
<b>Total consolidated</b>	<b>1,164,019</b>	<b>975,406</b>

(\*) The group CFE recognizes in the construction activity the revenue realized for the real estate development and management services segment. At the level of real estate development and management services, the group CFE recognizes the revenue less the portion of the construction activity. The absence of simultaneity between the construction and the sale by the real estate development and management services segment is because the internal sales are stocked under work in progress and taken out from the stock at the moment of the sale. The difference between the inventory increase and decrease constitutes the main part of this entry.

## Breakdown of the revenue generated by the construction segment

(in thousand Euro)	2006	2005
Building	366,785	365,932
Civil engineering	98,253	86,508
Roads	55,190	33,544
Other	16,995	3,667
<b>Total</b>	<b>537,223</b>	<b>489,651</b>

## Net profit – part of the group CFE

(in thousand Euro)	2006	2005
Construction	6,238	5,020
Real estate development and management services	7,591	3,128
Eliminations	268	(1,167)
<b>Sub-total</b>	<b>14,097</b>	<b>6,981</b>
Dredging and environment	23,441	17,386
Multitechnics	2,392	1,049
Holding	775	86
<b>Total consolidated</b>	<b>40,705</b>	<b>25,502</b>

## Other information for the exercise 2006

(in thousand Euro)	Construc- tion	Real estate development and manage- ment services	Multi- technics	Dredging and environ- ment	Holding and elimi- nations	Total con- solidated
Depreciations	(5,226)	(372)	(738)	(47,220)	(366)	<b>(53,922)</b>
Impairment loss recognized in income statement	-	-	-	(573)	-	<b>(573)</b>
Other non cash elements	(4,215)	(2,931)	(127)	3,080	(539)	<b>(4,732)</b>
Share in result of associated companies	-	412	-	(55)	-	<b>357</b>
Operating result	11,755	12,121	3,489	39,148	(619)	<b>65,894</b>
EBITDA/segment (*)	21,196	15,836	4,354	83,806	286	<b>125,478</b>
Investments	5,873	3,249	1,609	122,199	932	<b>133,862</b>

(\*) EBITDA/segment = EBIT + depreciations + other non cash elements + part in the result of associated companies.

## Other information for the exercise 2005

(in thousand Euro)	Construc- tion	Real estate development and manage- ment services	Multi- technics	Dredging and environ- ment	Holding and elimi- nations	Total con- solidated
Depreciations	(3,616)	(645)	(772)	(37,458)	(264)	<b>(42,755)</b>
Impairment loss recognized in income statement	-	-	-	-	-	<b>-</b>
Other non cash elements	8,706	1,010	(221)	(4,947)	758	<b>5,306</b>
Share in result of associated companies	-	106	-	223	-	<b>329</b>
Operating result	10,150	4,513	2,340	36,713	(1,534)	<b>52,182</b>
EBITDA/segment (*)	5,060	4,254	3,333	79,341	(2,028)	<b>89,960</b>
Investments	5,160	307	838	88,542	496	<b>95,343</b>

(\*) EBITDA/segment = EBIT + depreciations + other non cash elements + part in the result of associated companies.

## Balance sheet at December 31 2006

(in thousand Euro)	Construc- tion	Real estate development and manage- ment services	Multi- technics	Dredging and environ- ment	Holding	Eliminations	Total con- solidated
<b>Assets</b>							
Sector-based assets	385,347	169,403	37,306	658,917	153,558	(184,404)	1,220,127
Investments in associates	-	2,804	-	299	-	-	3,103
<b>Total consolidated assets</b>	<b>385,347</b>	<b>172,207</b>	<b>37,306</b>	<b>659,216</b>	<b>153,558</b>	<b>(184,404)</b>	<b>1,223,230</b>
<b>Liabilities</b>							
Sector-based liabilities	385,347	172,207	37,306	659,216	153,558	(184,404)	1,223,230
<b>Total consolidated liabilities</b>	<b>385,347</b>	<b>172,207</b>	<b>37,306</b>	<b>659,216</b>	<b>153,558</b>	<b>(184,404)</b>	<b>1,223,230</b>

## Balance sheet at December 31 2005

(in thousand Euro)	Construc- tion	Real estate development and manage- ment services	Multi- technics	Dredging and environ- ment	Holding	Eliminations	Total con- solidated
<b>Assets</b>							
Sector-based assets	361,201	159,767	27,340	536,654	115,102	(150,969)	1,049,095
Investments in associates	-	5,552	-	490	-	-	6,042
<b>Total consolidated assets</b>	<b>361,201</b>	<b>165,319</b>	<b>27,340</b>	<b>537,144</b>	<b>115,102</b>	<b>(150,969)</b>	<b>1,055,137</b>
<b>Liabilities</b>							
Sector-based liabilities	361,201	165,319	27,340	537,144	115,102	(150,969)	1,055,137
<b>Total consolidated liabilities</b>	<b>361,201</b>	<b>165,319</b>	<b>27,340</b>	<b>537,144</b>	<b>115,102</b>	<b>(150,969)</b>	<b>1,055,137</b>

## Geographical sectors

The operations of the group CFE (excluding DEME) are mainly based in the Benelux and in Central Europe.

The property, plant & equipment of the group CFE excluding DEME are mainly based in Belgium and Luxembourg. However, the main activity of DEME is performed by the fleet which is recognized in different companies, and the legal localisation do not reflect the economic reality of the activity executed by this fleet for the same companies. As a consequence, a detail of property, plant & equipment by company is not presented; it was not practical to give a presentation reflecting the geographical sectors in which the activity is performed.

## Revenue

(in thousand Euro)	2006	2005
Europe	873,062	775,253
Asia - Pacific	53,572	32,874
Middle East	133,098	84,946
Africa	49,602	60,193
Rest of the world	54,685	22,140
<b>Total consolidated</b>	<b>1,164,019</b>	<b>975,406</b>

### 3. Acquisitions and disposals of subsidiaries

#### For the exercise 2006

Fair value of assets and liabilities of subsidiaries acquired within the year.

(in thousand Euro)	
Property, plant & equipment and property investments	1,909
Inventories	6,124
Trade receivables and other operating receivables	1,610
Other current assets	18
Pensions	(120)
Deferred tax liabilities	(1,747)
Provisions for other current risks	(2,000)
Other debts and taxes	(5,393)
Cash and cash equivalents	10
<b>Fair value of assets and liabilities</b>	<b>411</b>
<b>Acquisition price</b>	<b>(1,382)</b>
<b>Non allocated Goodwill</b>	<b>971</b>
Purchase price paid	(1,382)
Acquired cash	10
<b>Cash Flow</b>	<b>1,372</b>

As of July 18, 2006 the group CFE acquired the shares of the company "Pré de la Perche Construction" Ltd. Consequently, the acquisition date is the date when the group CFE acquired the control on the net assets and the operations, being September 1<sup>st</sup> 2006. This company has been consolidated by the global method of accounting as from this date. The purchase price of 257 thousand Euro has been paid in 2006. Assuming that this business combination would have occurred as per January 1<sup>st</sup> 2006, the impact on sales and the net result of the year would have been insignificant. The goodwill has been definitively allocated to the inventories (1,495 thousand Euro) and to deferred taxes liabilities (508 thousand Euro).

In addition, the group CFE through its jointly controlled entity DEME increased during the 3d quarter its participation in Geo@Sea and HSS (50% at the end of 2006 share CFE). The acquisition price for these participations amounts to 1,125 thousand Euro share CFE. Assuming that this business combination would have occurred as per January 1<sup>st</sup> 2006, the impact on sales and the net result of the year would have been insignificant.

The non-allocated goodwill is justified since the group CFE through its subsidiary DEME does not control the customers of Geo@Sea. It is nevertheless justified by the fact that the group through its subsidiary DEME could dispose of a network available to develop itself in the specialized technical fields managed by this company.

## For the exercise 2005

Fair value of assets and liabilities of subsidiaries acquired within the year

(in thousand Euro)	
Property, plant & equipment and property investments	14,588
Financial assets	77
Other non current assets	22
Inventories	2,812
Trade receivables and other operating receivables	21,300
Non current assets held for sale	643
Other current assets	123
Non current financial debts	(2,152)
Pensions	(9)
Deferred tax liabilities	(3,284)
Current financial debts	(575)
Provisions for other current risks	(1,119)
Other debts and taxes	(16,938)
Cash and cash equivalents	779
<b>Fair value of assets and liabilities</b>	<b>16,267</b>
<b>Revaluation surplus recognized in equity</b>	<b>(1,025)</b>
<b>Sub-total</b>	<b>15,242</b>
<b>Acquisition price</b>	<b>(17,975)</b>
<b>Non allocated Goodwill</b>	<b>2,733</b>
Purchase price paid	(17,975)
Acquired cash	779
Deferred payment	6,940
<b>Cash Flow</b>	<b>(10,256)</b>

On April 15<sup>th</sup>, 2005 and October 15<sup>th</sup>, 2005 the group CFE acquired respectively 51% and 25% of Abeco Ltd and Egide Van Ophem Ltd. According to the share acquisition agreement, the group CFE had a firm obligation to acquire the remaining shares in 2006. The outstanding part was acquired on February 15<sup>th</sup>, 2006. As a consequence, the acquisition date is the date when the group CFE acquired the control on the net assets and operations, being June 1<sup>st</sup> 2005. These companies are consolidated by the global method of accounting. The acquisition price amounted to 1,520 thousand Euro (among which 372 thousand Euro has been presented at the end of 2005 in other non-current liabilities) and has been paid in February 2006.

On November 30<sup>th</sup>, 2005 the group CFE through its subsidiary the "Compagnie Luxembourgeoise Immobilière" Ltd acquired all shares of Climmolux Ltd. The acquisition price amounts to 4,455 thousand Euro and the payment of 1,000 thousand Euro was deferred in the time with a due date within five years. This discounted liability is presented under the "other non-current liabilities" for 814 thousand Euro. The acquisition date is the date when the group CFE obtained the control on the net assets and operations being December 1<sup>st</sup> 2005 and is consolidated as of this date by the global method of accounting. Assuming that the business combinations of the above described companies would have occurred at January 1<sup>st</sup> 2005, the impact on revenue and on net result of the year would have been insignificant.

On November 30<sup>th</sup>, 2005 the group CFE acquired all the remaining shares of Van Wellen Ltd and its subsidiaries Annemingen Van Wellen Ltd and Projectontwikkeling Van Wellen Ltd for 12,000 thousand Euro, among which 6,000 thousand Euro are due in December 2006. The discounted amount is presented under the "other current liabilities". The measurement of property, plant & equipment at fair value is based on an internal evaluation using the market price as benchmark. The impact of the fair value adjustment on these property, plant & equipment corresponding to the previously held part, is recognized in equity for 1,025 thousand Euro (after deferred taxes).

Assuming that the business combinations of these companies would have occurred as from January 1<sup>st</sup> 2005, the impact on revenue and on net result of the year would have been respectively 48,995 thousand Euro and 3,100 thousand Euro higher. The non-allocated goodwill originates in the fact that the group CFE does not control the clients of these entities; it is nevertheless justified by the fact that the group CFE could have a network to develop its activities in Flanders and within the road - building sector.

In addition, the group CFE through its subsidiary DEME increased its participation in Europe Aggrégats (35% at the end of December 2004 and 50% at the end of 2005). The acquisition price amounts to 347 thousand Euro. The fair value of assets and liabilities of this subsidiary are not included in the table here above, as the impact was not material. Assuming that these business combinations would have taken place as per January 1<sup>st</sup> 2005, the impact on revenue and net result of the year would have been insignificant.

In the assumption that these business combinations would have taken place as per January 1<sup>st</sup> 2005, revenue and net result of the year would have been respectively 1,024,401 thousand Euro and 28,602 thousand Euro.

In 2005 the group CFE decided to reverse the write-off recognized on deferred tax assets recognized when allocating the goodwill of BPC Ltd. As the goodwill was completely allocated to the fair value of assets and liabilities, this adjustment has been recognized in the result of the year.

## Disposals for the exercise 2006

Fair value of assets and liabilities of subsidiaries disposed within the year

(in thousand Euro)	
Property, plant & equipment and property investments	3
Inventories	27,988
Trade receivables and other operating receivables	2,577
Trade payables	(2,258)
Current financial debts	(21,220)
Other debts and taxes	(8,100)
Cash and cash equivalents	133
<b>Fair value of assets and liabilities</b>	<b>(877)</b>

End November 2006, as a result of the successful marketing of the "Dôme" project in partnership with VINCI immobilier, the group CFE through CFE Ltd and Elinvest Ltd, sold the company Libertim Lux Ltd to an investor.

The cash flow variation is included into the operating profit before changes in working capital; consequently it is not considered as an investment activity and the realized gain is recognized in sales.

## Income statement

### 4. Revenue from auxiliary activities and other operating charges

(in thousand Euro)	2006	2005
Services and other goods	(164,118)	(131,937)
Depreciation of assets		
• Inventories	(450)	1,056
• Trade receivables & other operating receivables	(952)	1,866
• Goodwill	(533)	0
Other operating charges	(13,429)	(15,939)
<b>Total consolidated</b>	<b>(179,482)</b>	<b>(144,954)</b>

The increase of services and other goods is related to the increased activity.

In 2006, the inventories write-off is mainly explained by an additional depreciation on the Frontispice building as well as by the reversals on the buildings Jardins de Jette, Crespel, Jambes and at DEME.

The receivable write-off is mainly explained by a write-off recognized on the expected return of a receivable related to a real estate project, compensated by a reversal of write-off's at DEME on a subsidiary.

The decrease in other operating charges is mainly explained by the increase of capitalized assets at DEME.

The revenue from auxiliary activities include, besides the other compensations and re invoicing of charges, the gains realized on property, plant & equipment (4,879 thousand Euro), leasings received (2,907 thousand Euro), fees re invoiced (2,962 thousand Euro) and the impact of a real estate operation in Luxembourg (3,924 thousand Euro).

### 5. Wages, salaries and social charges

(in thousand Euro)	2006	2005
Wages and salaries	(148,849)	(134,424)
Mandatory contributions to the social security	(44,988)	(40,448)
Other salary costs	(10,700)	(7,870)
Contribution to defined contributions plans	(197)	(207)
Cost of services rendered related to defined benefits plans	(2,800)	(2,511)
<b>Total consolidated</b>	<b>(207,534)</b>	<b>(185,460)</b>

The number of full time equivalents for 2006 amounts to 3,913 (2005: 3,867).

The salary costs and other social benefits do not increase in the same proportion as the activity growth. This is mainly explained by the evolution at DEME.

## 6. Net finance cost

(in thousand Euro)	2006	2005
Financial income from cash investments	4,582	3,761
Gross finance cost	(15,041)	(11,728)
<b>Total consolidated</b>	<b>(10,459)</b>	<b>(7,967)</b>

The evolution of interest charges reflects the evolution of short-term interest rates in 2006 as well as the evolution of the net finance cost of the group CFE at DEME.

## 7. Other financial charges and income

(in thousand Euro)	2006	2005
Fair value adjustment	4	(1,523)
Exchange gain (loss) realized / not realized	1,562	(4,179)
Dividends from non-consolidated companies	10	13
Gain/loss on hedging instruments	1,052	643
Other financial income and charges	(751)	762
<b>Total consolidated</b>	<b>1,877</b>	<b>(4,284)</b>

The evolution of the other financial charges and income is mainly explained by the floating of the dollar and the foreign currencies related to the dollar.

## 8. Minority interests

As per December 31, 2006 the part of minority interests in the result amounts to -1,301 thousand Euro (2005: -1,381 thousand Euro) and is related to the group DEME. This evolution is explained by the evolution of the result of De Vries & Van de Wiel, Grond Recyclage Center, Scaldis and DEC, compensated by the acquisition of the remaining shares of DOS and Deeprock.



## 9. Income tax expenses

### Recognized in the income statement

(in thousand Euro)	2006	2005
Current taxes		
• Tax expense of the year	20,740	10,586
• Under/(over) provided in prior years	(398)	(1,151)
<b>Total current tax expense</b>	<b>20,342</b>	<b>9,435</b>
Deferred taxes		
• Origination and reversal of temporary differences	(9,146)	(300)
• Use of losses from previous exercises	4,629	5,863
• Deferred taxes calculated on the losses of the exercise	(145)	(431)
• Write-off reversal	-	(1,239)
• Deferred taxes calculated by a change of tax rate	(17)	49
<b>Total deferred tax (expense)/income</b>	<b>(4,679)</b>	<b>3,942</b>
<b>Total of tax expenses recognised in the income statement</b>	<b>15,663</b>	<b>13,377</b>

The variation in the heading "origination and reversal of temporary differences" is mainly explained by the recognition of tax credits at DEME.

### Reconciliation of the effective tax rate

(in thousand Euro)	2006	2005
Profit for the year before taxes	57,669	40,260
- (+) Share in profit (losses) from associates	(357)	(329)
<b>Profit before taxes and revenues from associates</b>	<b>57,312</b>	<b>39,931</b>
<b>Taxes on the profit calculated at the rate of 33,99%</b>	<b>19,480</b>	<b>13,573</b>
Tax impact of non deductible expenses	1,962	2,616
Tax impact of non taxable revenues	(2,636)	(393)
Tax credit and impact on notional interests	(3,504)	-
Other taxable revenues	625	367
Effect of different tax rate of subsidiaries acting in other legal environments	(3,489)	(3,798)
Tax impact of the use of losses not recognized previously	(1,671)	(2,214)
Tax impact of current and deferred tax adjustments related to prior years	952	301
Tax impact of deferred tax assets on losses of the year not recognized	3,944	4,164
Reversal of valuation allowances on deferred tax assets		(1,239)
<b>Tax charge and effective tax rate of the exercise</b>	<b>15,663</b>	<b>13,377</b>
	<b>27.3%</b>	<b>33.5%</b>

## Deferred tax assets and liabilities recognized

(in thousand Euro)	Assets		Liabilities		Net	
	2006	2005	2006	2005	2006	2005
(In) tangible assets			25,670	24,296	(25,670)	(24,296)
Property, plant & equipment/ trade debtors				3,428		(3,428)
Employee benefits	4,509	4,540			4,509	4,540
Provisions		539	5,449	5,448	(5,449)	(4,909)
Fair value adjustments on derivatives	191	661	379	788	(188)	(127)
Other items	18,770	13,569	11,345	9,712	7,425	3,857
Tax losses/credits	29,549	24,654			29,549	24,654
<b>Gross deferred taxes assets/ (liabilities)</b>	<b>53,019</b>	<b>43,963</b>	<b>42,843</b>	<b>43,672</b>	<b>10,176</b>	<b>291</b>
Write-off on deferred taxes assets	(19,689)	(15,179)		-	(19,689)	(15,179)
Tax compensation	(30,404)	(23,026)	(30,404)	(23,026)		-
<b>Net deferred taxes assets/ (liabilities)</b>	<b>2,926</b>	<b>5,758</b>	<b>12,439</b>	<b>20,646</b>	<b>(9,513)</b>	<b>(14,888)</b>

The evolution of net deferred taxes at the balance sheet compared to 2005 is mainly explained by the increase of tax credits on the realized gains disclosed in the other items of deferred tax liabilities. The evolution is also driven by the recognition of deferred taxes in profit & loss accounted for in the context of a real estate operation that is definitively realized in the 1<sup>st</sup> half year 2006.

## Temporary differences for which no deferred tax liabilities is recognized

There is no significant temporary difference for which no deferred tax liability is recognized.

## Temporary differences for which no deferred tax assets is recognized

Tax losses reported for which no deferred tax assets is recognized amounts to 23,574 thousand Euro. Deferred taxes assets have not been recognized for these elements because it is not certain that a future taxable profit would be sufficient to allow the subsidiaries to recover tax losses.

The group CFE has not recognized deferred taxes on carry forward tax losses that are limited in the time.

## Deferred tax charge (income) directly recognized in Equity

(in thousand Euro)	2006	2005
Deferred tax on revaluation surplus		527
On the effective part of fair value changes in cash flow hedge	151	434
<b>Total</b>	<b>151</b>	<b>961</b>

## 10. Profit per share

The basic result per share is the same as the diluted result per share due to the absence of potential dilutive ordinary shares in circulation. It is calculated as follow:

### Net result per share

(in thousand Euro)	2006	2005
Net profit attributable to shareholders	40,705	25,502
Number of ordinary shares at the end of the period	654,613	581,879
Weighted average of the number of ordinary shares	592,440	581,879
<b>Basic (diluted) profit by share in Euro</b>	<b>68.9</b>	<b>43.8</b>

## Balance sheet

### 11. Property, plant & equipment

#### Exercise 2006

(in thousand Euro)	Land & buildings	Installations & equipments	Furniture & fittings	Other assets	Under construction	Total
<b>Acquisition cost</b>						
<b>Balance at the end of the previous period</b>	<b>32,145</b>	<b>624,858</b>	<b>30,218</b>	<b>5,003</b>	<b>19,475</b>	<b>711,699</b>
Exchange differences	(84)	(2,448)	(163)	(112)	(20)	(2,827)
Acquisitions through business combinations	9	5,156	65			5,230
Acquisitions	307	83,403	4,230	2,535	39,666	130,141
Transfers from one asset to another	1,077	22,695	307	809	(25,008)	(120)
Disposals	(1,182)	(17,446)	(1,750)	(4,150)	(92)	(24,620)
Change in the consolidation scope		(3,317)	9			(3,308)
<b>Balance at the end of the year</b>	<b>32,272</b>	<b>712,901</b>	<b>32,916</b>	<b>4,085</b>	<b>34,021</b>	<b>816,195</b>
<b>Depreciations &amp; impairment</b>						
<b>Balance at the end of the period</b>	<b>(16,878)</b>	<b>(360,496)</b>	<b>(25,038)</b>	<b>(3,383)</b>	<b>0</b>	<b>(405,795)</b>
Exchange differences	(1)	564		(2)		561
Acquisitions through business combinations	(9)	(3,259)	(53)			(3,321)
Depreciations	(1,591)	(47,849)	(2,435)	(1,650)		(53,525)
Transfers from one asset to another	321	665	(180)	(93)		713
Disposals	35	16,196	1,550	4,155		21,936
Change in the consolidation scope		3,152	(9)			3,143
<b>Balance at the end of the period</b>	<b>(18,123)</b>	<b>(391,027)</b>	<b>(26,165)</b>	<b>(973)</b>	<b>0</b>	<b>(436,288)</b>
<b>Net carrying amount</b>						
<b>At January, 1 2006</b>	<b>15,267</b>	<b>264,362</b>	<b>5,180</b>	<b>1,620</b>	<b>19,475</b>	<b>305,904</b>
<b>At December, 31 2006</b>	<b>14,149</b>	<b>321,874</b>	<b>6,751</b>	<b>3,112</b>	<b>34,021</b>	<b>379,907</b>

The transfer from one heading to another includes a transfer to property investments.

## Exercise 2005

(in thousand Euro)	Land & buildings	Installations & equipments	Furniture & fittings	Other assets	Under construction	Total
<b>Acquisition cost</b>						
<b>Balance at the end of the previous period</b>	<b>30,166</b>	<b>572,404</b>	<b>28,219</b>	<b>5,052</b>	<b>8,795</b>	<b>644,636</b>
Exchange differences	74	2,444	229	(1)	57	2,803
Acquisitions through business combinations	1,548	9,370	1,352	11	297	12,578
Acquisitions	778	32,872	2,318	21	58,989	94,978
Transfers from one asset to another	953	46,098	13	(80)	(48,440)	(1,456)
Disposals	(1,374)	(39,883)	(1,913)	-	(223)	(43,393)
Revaluations	-	1,553	-	-	-	1,553
<b>Balance at the end of the year</b>	<b>32,145</b>	<b>624,858</b>	<b>30,218</b>	<b>5,003</b>	<b>19,475</b>	<b>711,699</b>
<b>Depreciations &amp; impairment</b>						
<b>Balance at the end of the period</b>	<b>(16,706)</b>	<b>(352,700)</b>	<b>(23,455)</b>	<b>(2,374)</b>	<b>0</b>	<b>(395,235)</b>
Exchange differences	(16)	(1,606)	(170)	1	0	(1,791)
Acquisitions through business combinations	(676)	(7,074)	(1,131)	(5)	0	(8,886)
Depreciations	(1,716)	(37,003)	(2,107)	(1,079)	0	(41,905)
Transfers from one asset to another	535	(442)	(3)	74	0	164
Disposals	1,701	38,329	1,828	0	0	41,858
<b>Balance at the end of the period</b>	<b>(16,878)</b>	<b>(360,496)</b>	<b>(25,038)</b>	<b>(3,383)</b>	<b>0</b>	<b>(405,795)</b>
<b>Net carrying amount</b>						
<b>At January, 1 2005</b>	<b>13,460</b>	<b>219,704</b>	<b>4,764</b>	<b>2,678</b>	<b>8,795</b>	<b>249,401</b>
<b>At December, 31 2005</b>	<b>15,267</b>	<b>264,362</b>	<b>5,180</b>	<b>1,620</b>	<b>19,475</b>	<b>305,904</b>

As per December 31, 2006 the property, plant & equipment acquisitions amounts to 130,141 thousand Euro among which 124,265 thousand Euro were paid in 2006. The increase of investments in 2006 is mainly driven by DEME (119,525 thousand Euro, being 91% of the total of the investments) that invested 53,634 thousand Euro (among which 41,500 thousand Euro were already paid) in the suction dredges Brabo & Breydel (under construction), Marieke, Reynaert and Melina. The other significant investments at DEME are related to its operations in the Middle East (26,823 thousand Euro), in pipes for an amount of 5,981 thousand Euro and in the environment field for an amount of 3,167 thousand Euro. The rest of the investments amounting to 29,920 thousand Euro, represents spare parts and other small materials. The adoption of the component approach at DEME increased the investments by 12,128 thousand Euro. Excluding DEME, the investments for the group CFE amount to 11,620 thousand Euro and are mainly situated within the subsidiaries Engema Ltd, Van Wellen Ltd and Benelmat Ltd. Depreciations on property, plant & equipment amount to 53,525 thousand Euro (2005: 41,905 thousand Euro).

The amount of property, plant & equipment constituting a caution for some borrowings is 68,890 thousand Euro (2005: 68,836 thousand Euro). The group CFE received approximately 3,517 thousand Euro (2005: 1,340 thousand Euro) of compensations for damages on property, plant & equipment.

## Assets items under lease

Certain assets held by the group CFE are subject to finance leases. As per December 31, 2006 these lease contracts concern the following assets (in net value):

- land and buildings under lease contracts reached 962 thousand Euro at the end of 2006 (2005: 1,041 thousand Euro)
- installations & equipments amounted to 22,646 thousand Euro at the end of 2006 (2005: 14,693 thousand Euro)
- furniture & fittings amounted to 85 thousand Euro at the end of 2006 (2005: 112 thousand Euro).

## 12. Property investments

(In thousand Euro)	Gross Value	Depreciations	Net Value
<b>Balance at the end of the previous period</b>	<b>31,645</b>	<b>(6,978)</b>	<b>24,667</b>
Change in the consolidation scope	(578)	0	(578)
Depreciations and impairment / reversal	0	(7)	(7)
Acquisitions	1,004		1,004
Transfers between property investment, buildings in inventory and used by the owner	120	(713)	(593)
<b>Balance at the end of the period</b>	<b>32,191</b>	<b>(7,698)</b>	<b>24,493</b>

Over the period, property investments influenced the income statement for 438 thousand Euro of rental income (2005: 302 thousand Euro) and 83 thousand Euro of direct operating charges (123 thousand Euro in 2005) that generated rental income.

As per December 31, 2006 the property investments at the balance sheet for 24,493 thousand Euro (2005: 24,667 thousand Euro) have a market value estimated at 22,909 thousand Euro (2005: 22,551 thousand Euro). The difference can be mainly explained by the project Climmolux, company acquired by the group, and for which it estimated that the value in use was greater than the market value.

Property investments are depreciated in accordance with the same valuation rules as of property, plant & equipment items.

The transfers on property investments correspond with transfers from property, plant & equipment and relates to the evolution of the carrying amount of the assets for which IAS 40 is applied.

## 13. Goodwill

(in thousand Euro)	2006	2005
<b>Acquisition costs</b>		
<b>Balance at the end of the previous period</b>	<b>8,152</b>	<b>5,511</b>
Acquisitions through business combinations	1,504	2,733
Adjustments from the identification or changes in identifiable asset & liability value	9	(92)
<b>Balance at the end of the period</b>	<b>9,665</b>	<b>8,152</b>
<b>Depreciations and impairment</b>		
<b>Balance at the end of the previous period</b>	<b>(557)</b>	<b>(557)</b>
Impairment of the period	(533)	0
<b>Balance at the end of the period</b>	<b>(1,090)</b>	<b>(557)</b>
<b>Net carrying amount</b>		
<b>At January, 1<sup>st</sup></b>	<b>7,595</b>	<b>4,954</b>
<b>At December, 31<sup>st</sup></b>	<b>8,575</b>	<b>7,595</b>

The non-allocated goodwill relates to the acquisitions through business combinations at DEME. It refers to the goodwill generated by the acquisition of the remaining 50% of Geo@Sea (971 thousand Euro) and HSS (533 thousand Euro).

The most important goodwill as per December 31, 2006 are on Roodebeek (8 thousand Euro), Amca (127 thousand Euro), group Van Wellen (2,733 thousand Euro) and the goodwill from DEME mainly related to DIAP (1,512 thousand Euro), Geo@Sea (971 thousand Euro) and the group Ecoterres Holding (2,757 thousand Euro) as well as to other entities of the group DEME (467 thousand Euro).

In accordance with IAS 36 – Impairment of assets, goodwill has been subject to impairment tests as per December 31 2006.

The value of use of the CGU (Cash-Generating Unit) is obtained on the basis of the discounted operating cash flows forecasts before taxes over a period of 5 years. The CGU's are evaluated by activity. The group CFE considers DEME as one CGU.

The carrying amount of the goodwill acquired through business combinations is allocated to each Cash-Generating Unit on a consistent and reasonable manner.

In 2006 and in accordance with IFRS 3 – Business Combinations, the goodwill acquired through the acquisition of HSS at DEME was submitted to a depreciation test performed according to IAS 36 – Impairment of assets and was completely depreciated for an amount of 533 thousand Euro.

## 14. Intangible assets other than goodwill

### Exercise 2006

(in thousand Euro)	Concessions, patents and licenses	Development costs	Total
<b>Acquisition costs</b>			
Balance at the end of the previous period	4,792	590	5,382
Exchange differences	(122)		(122)
Acquisitions through business combinations			
Acquisitions	2,717		2,717
Disposals	(498)	(2)	(500)
Change within the consolidation scope	66		66
<b>At the end of the period</b>	<b>6,955</b>	<b>588</b>	<b>7,543</b>
<b>Depreciations and impairment</b>			
Balance at the end of the previous period	(2,091)	(507)	(2,598)
Exchange differences	2		2
Acquisitions through business combinations			
Depreciations of the period	(339)	(58)	(397)
Impairment			
Disposals	492	2	494
Change within the consolidation scope	(67)		(67)
<b>At the end of the period</b>	<b>(2,003)</b>	<b>(563)</b>	<b>(2,566)</b>
<b>Net carrying amount</b>			
At January, 1 <sup>st</sup> 2006	2,701	83	2,784
At December, 31 <sup>st</sup> 2006	4,952	25	4,977

## Exercise 2005

(in thousand Euro)	Concessions, patents and licenses	Development costs	Total
<b>Acquisition costs</b>			
Balance at the end of the previous period	4,816	1,859	6,675
Exchange differences	16	0	16
Acquisitions through business combinations	74	0	74
Acquisitions	359	6	365
Disposals	(600)	(1,275)	(1,875)
Transfers from one asset to another	127	0	127
<b>At the end of the period</b>	<b>4,792</b>	<b>590</b>	<b>5,382</b>
<b>Depreciations and impairment</b>			
Balance at the end of the previous period	(1,812)	(1,704)	(3,516)
Exchange differences	(3)	0	(3)
Acquisitions through business combinations	(72)	0	(72)
Depreciations of the period	(161)	(75)	(236)
Impairment	0	0	0
Disposals	78	1,272	1,350
Transfer from one asset to another	(121)	0	(121)
<b>At the end of the period</b>	<b>(2,091)</b>	<b>(507)</b>	<b>(2,598)</b>
<b>Net carrying amount</b>			
At January, 1 <sup>st</sup> 2005	3,004	155	3,159
At December, 31 <sup>st</sup> 2005	2,701	83	2,784

The total of intangible assets acquired amounts to 2,717 thousand Euro and is mainly related to concessions costs related to a quarry in the Middle East for an amount of 2,674 thousand Euro. The rest is related to software expenses. Amortizations on intangible assets are recognized under heading "depreciations" in the income statement.

Amortizations on intangible assets amount to 397 thousand Euro.

All the intangible assets responding to the IAS 38 definitions – Intangible assets are recognized if and only if future economic benefits are probable.



## 15. Investments available for sale

Investments available for sale amount to 5,113 thousand Euro as per December 31, 2006 against 3,961 thousand Euro as per December 31, 2005.

(in thousand Euro)	2006	2005
Balance at the end of the previous period	3,961	6,737
Acquisitions	1,152	214
Cessions	0	(17)
Change in the consolidation scope	0	(2,973)
Fair value	0	0
<b>Balance at the end of the period</b>	<b>5,113</b>	<b>3,961</b>

The amount of 1,152 thousand Euro of acquisitions is mainly related to the acquisitions performed within the promotion and real estate segment as well as within the subsidiary Van Wellen Ltd.

The group CFE does not held investments available for sale quoted on a public stock exchange.

## 16. Investments in associates and joint ventures

### Associates

Interests in associates are detailed as follow:

(in thousand Euro)	2006	2005
Balance at the end of the previous period	6,042	711
Transfers	(2,741)	0
<b>Balance at the end of the previous period restated</b>	<b>3,301</b>	<b>711</b>
Acquisitions of subsidiaries	70	5,596
Share of the group in the result after taxes and minorities	357	329
Dividends	(625)	(594)
<b>Balance at the end of the period</b>	<b>3,103</b>	<b>6,042</b>
<b>Goodwill included in associates</b>	<b>0</b>	<b>1,370</b>

End 2006, the group CFE decided to present its 25% participation in the companies' Promotion Liégeoise, Immgest and Immobilière Grétry as a financial receivable. This participation was acquired in the context of the "Mediacité" project and explains the 2,741 thousand Euro disclosed in the heading "transfers", which corresponds to the acquisition price. The transfer has been made to better reflect the "substance over form" principle.

All the entities in which the group CFE has a significant influence are consolidated by the equity method of accounting. The group CFE does not held associates quoted on a public stock exchange.

The condensate financial statements of these entities are detailed as follow:

(in thousand Euro)	2006	2005
Total assets	22,733	51,917
Total liabilities	10,416	31,658
<b>Net assets</b>	<b>12,317</b>	<b>20,259</b>
<b>Share in the net asset of the group CFE</b>	<b>3,571</b>	<b>4,672</b>
<b>Incomes</b>	<b>3,947</b>	<b>4,571</b>
<b>Net result of the year</b>	<b>(16)</b>	<b>2,423</b>
<b>Share in the net result of the year</b>	<b>357</b>	<b>329</b>

### Jointly controlled entities

The group CFE reports its interests in jointly controlled entities (including temporary companies) by using a reporting format line by line for the proportionate method of consolidation.

The total amounts of the interests of the group CFE in the consolidated financial statements are detailed as follow:

(in thousand Euro)	2006	2005
Total non current assets	422,947	314,921
Total current assets	505,500	440,897
Total non current liabilities	357,697	293,577
Total current liabilities	570,760	462,241
<b>Incomes</b>	<b>756,850</b>	<b>640,999</b>
<b>Charges</b>	<b>(715,700)</b>	<b>(603,479)</b>

The most significant jointly controlled entities are detailed in the note 34. In addition, the group CFE sets up temporary companies for the execution of some markets with associates. The most significant are the followings: JV CFE/MINCI Construction Grands Projets E.I.B. New Building, SM GlaxoSmithkline, SM Guillemins 2, SM BPI-CIB Jardins de la Couronne Logements, SM CIR, SM D4/D5.

## 17. Other non current assets

As per December 31, 2006 the other non current assets amount to 10,296 thousand Euro and include non-current receivables detailed as follow:

(in thousand Euro)	2006	2005
Deferred payment – Property operations	0	6,000
Non current receivables Forem	3,751	4,258
Bank deposits	1,423	1,458
Finance lease receivables DEME	0	1,660
Other non current receivables	5,122	3,536
<b>Total consolidated</b>	<b>10,296</b>	<b>16,912</b>

## 18. Construction contracts

(in thousand Euro)	2006	2005
Contract revenue recognized in the period	1,158,007	970,721
Contract charges incurred and profits realized until the period	1,242,987	1,744,497
Progress billings	1,138,039	1,620,671
Gross amount due by the clients	119,379	131,837
Gross amount due to the clients	(14,431)	(8,011)
Advances received - construction contracts	(45,949)	(35,880)

The advances received on construction contracts are disclosed in the heading "other current liabilities".

## 19. Inventories

As per December 31, 2006 the stocks amount to 98,190 thousand Euro (2005: 95,252 thousand Euro) and are detailed as follow:

(in thousand Euro)	2006	2005
Raw materials and consumables (acquisition value)	9,789	5,993
Goods	1,030	927
Property held for sale	87,371	88,332
Stocks recognized at net realisable value	98,190	95,252

The heading "property held for sale" contains the unsold part of lands (build or not) and buildings (under construction or finished). It mainly includes the following projects:

- Rue de Laeken	- Barbarahof	- Réduit des Dominicains
- Calevoet	- Greenwood	- Espace Rolin
- Les Jardins de Jette	- Les Jardins de la Couronne offices	- Agora
- Brugmann	- Rue des Sables	- Antwerpsesteenweg

Inventories constituting a guarantee amount to 91,902 thousand Euro (2005: 181,239 thousand Euro). This amount is composed of mortgage mandates for 90,225 thousand Euro and mortgage inscriptions for 1,677 thousand Euro. These mortgage mandates are often granted to special purpose companies.

The variation of stocks write-off amounts to 1,507 thousand Euro comparing to the previous year (2005: 2,024 thousand Euro).

In the exercise 2006, there was no significant reversal of stock write-off (2005: 1056 thousand Euro).

The stock variation amounts to -15,924 thousand Euro at the end of 2006 (2005: -10,504 thousand Euro) and is related to the non sold part of the Jardins de la Couronne, Calevoet, Espace Rolin and Barbarahof. This heading was influenced by the sale of the real estate project "Dôme" for -1,129 thousand Euro.

## 20. Trade receivables and payables and other operating receivables and payables

(in thousand Euro)	2006	2005
Trade receivables	451,037	388,179
Minus: provision doubtful debtors	(4,963)	(5,415)
Net trade receivables	446,074	382,764
Receivables from third parties	48,298	44,125
Receivables linked to construction contracts	26,007	38,664
<b>Total consolidated</b>	<b>520,379</b>	<b>465,553</b>
<b>Other current assets</b>	<b>12,185</b>	<b>19,050</b>
Trade payables and other operating debts	370,042	367,115
Other current liabilities	170,103	105,989
<b>Consolidated total of trade payables and other operating debts</b>	<b>540,145</b>	<b>473,104</b>
<b>Net situation of trade receivables and payables</b>	<b>(7,581)</b>	<b>(11,499)</b>

## 21. Cash and cash equivalents

(in thousand Euro)	2006	2005
Short term bank deposits	82,996	42,721
Cash at bank	57,714	45,560
Cash in hand	14	75
<b>Cash and cash equivalent</b>	<b>140,724</b>	<b>88,356</b>

## 22. Grants

The group CFE received in 2006 149 thousand Euro of government grants (2005: 1,041 thousand Euro). It relates to cash grant of 43 thousand Euro and a land grant of 106 thousand Euro for the construction of the project "Yser Anvers" both granted by the Société de Développement pour la Région Bruxelloise (SDRB).

## 23. Employee benefits

The group CFE participates to benefit plans and pre-pension plans in many countries where the group operates its activities. These benefits are recognized in compliance with IAS 19 and considered as "post-employment" and "long-term benefit plans". At December 31, 2006 the net debt of the obligations of the group CFE for "post employment benefits" and for pension and pre-pension plans amounted to 15,172 thousand Euro (2005: 16,086 thousand Euro).

These amounts are disclosed in the heading "Pensions and non-current employee benefits". This heading includes also a provision for 1,082 thousand Euro (2005: 941 thousand Euro) at the level of the group DEME for share-based payments. These plans are considered as cash based. This heading also includes other employee benefits for 15 thousand Euro (2005: 22 thousand Euro).

### Debt related to the obligations of defined benefit plans and pre-pensions

(in thousand Euro)	Defined plans 2006	Pre-pensions 2006	Defined plans 2005	Pre-pensions 2005
Present value of funded benefit plans	(53,123)	-	(48,412)	-
Fair value of plan assets	42,041	-	39,479	-
<b>Present value of net obligations funded</b>	<b>(11,082)</b>	<b>-</b>	<b>(8,933)</b>	<b>-</b>
Present value of not funded benefit plans	(1,122)	(1,982)	(1,081)	(2,698)
<b>Present value of net obligations</b>	<b>(12,204)</b>	<b>-</b>	<b>(10,014)</b>	<b>-</b>
Unrecognised actuarial gain/losses	(986)	-	(3,374)	-
<b>Net assets / (liabilities) recognized at balance sheet</b>	<b>(13,190)</b>	<b>(1,982)</b>	<b>(13,388)</b>	<b>(2,698)</b>
<b>Liability amount recognized at the balance sheet</b>	<b>(13,190)</b>	<b>(1,982)</b>	<b>(13,388)</b>	<b>(2,698)</b>

## Movement in the net liability recognized in the balance sheet for defined benefit plans and pre-pensions

(in thousand Euro)	Defined plans	Pre-pensions	Defined plans	Pre-pensions
	2006	2006	2005	2005
<b>Net assets/(liabilities) at January, 1<sup>st</sup></b>	<b>(13,388)</b>	<b>(2,698)</b>	<b>(14,154)</b>	<b>(2,333)</b>
Change in the consolidation scope	(120)	-	(141)	-
Contributions paid	3,791	-	4,226	-
Expense recognized in the income statement	(3,473)	716	(3,319)	(365)
Exchange differences				
<b>Net assets/(liabilities) at December, 31</b>	<b>(13,190)</b>	<b>(1,982)</b>	<b>(13,388)</b>	<b>(2,698)</b>

## Expense recognized in the income statement related to defined benefit plans

(in thousand Euro)	2006	2005
Current service cost	2,800	2,511
Interest on obligations	2,284	2,603
Expected return on plan assets	(1,599)	(1,599)
Actuarial gain/(losses)	(142)	(364)
Other	130	-
<b>Total</b>	<b>3,473</b>	<b>3,151</b>

Costs of pension plans for the period are included into the following heading of the income statement: "Wages, salaries & social charges".

Plan assets neither include own financial instruments of the group CFE nor any real estate used by the fund or used by the group CFE.

## Movement in the net present value of the obligations related to the defined benefit plans

(in thousand Euro)	2006	2005
Present value of the obligations as per January 1 <sup>st</sup>	49,493	53,385
Current service cost	2,800	2,511
Interest on obligations	2,284	2,602
Amounts paid	(4,355)	(4,196)
Actuarial gain/(losses)	3,102	(2,298)
Contribution of employees	482	444
Transfers	439	(2,955)
<b>Present value of the obligations as per December 31</b>	<b>54,245</b>	<b>49,493</b>

## Movement in the fair value of the assets plan

(in thousand Euro)	2006	2005
Fair value of the assets plan as per January 1 <sup>st</sup>	39,479	39,062
Expected return of the assets plan	2,457	2,812
Contribution of the employer	3,791	4,228
Contribution of the employee	482	444
Amounts paid	-4,355	-4,196
Transfers in/out	187	-2,871
<b>Fair value of the plan assets as per December 31</b>	<b>42,041</b>	<b>39,479</b>

## Main actuarial assumptions at the end of the period (expressed in weighted averages)

(in thousand Euro)	2006	2005
Discounting rate at December, 31	4.75%	4.50%
Expected rate of return of assets plan at December, 31	4.00%	4.00%
Forecasted rate of salary increase	3.50% < 60 years and 2.00% > 60 years	3.50% < 60 years and 2.00% > 60 years

The discounted rate at the end of 2006 is higher than the one applied in 2005. This is explained by the evolution of credit rates on the financial markets.

## 24. Provisions other than pensions and non current employee benefits

As per December 31, 2006 these provisions amount to 46,862 thousand Euro, which represents an increase of 6,203 thousand Euro compared to end 2005 (40,659 thousand Euro).

(in thousand Euro)	Termination losses	After - sale service	Other current risks	Other non current risks	Total
Balance at the end of the previous period restated	15,421	8,123	14,891	2,224	40,659
Exchange differences	28	56		3	87
Change in the consolidation scope				2,000	2,000
Provisions recognized	11,623	887		3,113	15,623
Provisions used	(2,319)	(1,164)	(1,211)		(4,694)
Provisions reversed	(2,152)	(30)		(4,631)	(6,813)
<b>Closing balance</b>	<b>22,601</b>	<b>7,872</b>	<b>13,680</b>	<b>2,709</b>	<b>46,862</b>

of which current: 44,153

non-current: 2,709

The effect of the change in the consolidation scope for 2,000 thousand Euro is due to the acquisition of 25% (in share CFE) of the remaining shares of the entity HSS at DEME.

The provision for termination losses increased by 7,180 thousand Euro and amount to 22,601 thousand Euro at the end of 2006. This is explained by the recognition of provisions for contracts in deficit. A provision is accounted for when the expected economic benefits of these contracts are lower than the unavoidable related costs in respect of the contract's obligations. This is mainly the case for a contract in Luxembourg, contracts in Wallonia and a contract in Holland. The use of termination losses depends on the execution of the related contract.

The provision for after-sale service decreased by 251 thousand Euro and amount to 7,872 thousand Euro at the end of 2006. The decrease is mainly driven by the reversal of a provision constituted for the renovation project of a hotel in Hungary, compensated by the additional provisions recognized in particular on projects in Brussels and Wallonia.

Other current risks include provisions for client claims (3,082 thousand Euro), provisions for remaining work to be done (1,485 thousand Euro) and other risks (9,113 thousand Euro).

The other non-current risks include provisions for restructuring of which a large part was used in 2006.

The group CFE, through its subsidiary DEME, was condemned following a client claim related to a dredging site realized in 2002. As a consequence, a debt amount of 2,750 thousand Euro was recognized. Moreover, 1,250 additional thousand Euro were charged. The contingent liability disclosed in the financial report of 2005 is then not applicable anymore.

## 25. Financial instruments

### Terms, conditions and valuation rules

The group CFE is threatened by interest rate, exchange rate, credit and raw material risks as part of its normal activity. The objective of the group CFE is to understand each of these risks and define the strategy to limit the risk impact on the group's performance. The group's policy consists in not participating in speculative transactions.

Derivative financial instruments are used to mitigate those risks. Derivatives are instruments for which the value floats according to one or several underlying assets referring to prices or indices. Derivatives generate rights and obligations that partially or totally transfer one or many financial risks inherent to primary financial instruments between the parties involved.

Derivatives used by the group are mainly "forward exchange contracts" (forwards contracts in foreign currency), "interest rate swaps", "caps" and fuel futures (for gas-oil).

### Risks related to raw materials

Raw materials and consumables included in the work constitute an important item of the cost price.

Even though some of the contracts contain price revision clauses or revision formulas and that the group CFE put in place, in specific cases, price hedges on furniture's (gas-oil), the risk of price fluctuation on raw materials can not be excluded.

At the end of 2006 the group CFE did not use any such financial instruments.



## Interest rate risk

The group CFE is exposed to important investments on long-term periods. In the context of long-term credits availability, project financing or major investments (dredging), the group CFE directly or through its subsidiaries (DEME) practices a dynamic approach and apply an interest rate hedge policy where necessary. The objective of this policy is to achieve an optimum balance between the cost of financing and the financial results volatility, taking into account the market conditions and the group CFE's global strategy.

The group CFE concluded many "Interest Rate Swaps" (IRS) and "CAP" to cover interest rate fluctuations. The table below gives an overview of the due date of derivative financial instruments existing on December 31, 2006 and the debt portion that is hedged.

(in thousand Euro)	< 1 year	1-5 years	> 5 years
Borrowings	151,182	103,769	33,258
Consisting of borrowings at floating rate	55,580	61,789	14,508
Consisting of borrowings at floating rate fixed by an IRS	7,916	42,569	9,001

## Risk of foreign currency fluctuations

The group CFE and its subsidiaries do not use exchange rate hedge for the construction, real estate management and multi-technical activities since its contracts are mainly situated within the Euro zone. Taking into account the international character of its activity and the execution of markets with foreign currency, DEME practices hedging. Currencies subjected to risk are disclosed in the note 1.

When it refers to an exchange risk related to an operational risk, the group CFE's policy is to limit the risk exposure of foreign currencies fluctuations.

The table below mentions the fair value and the notional amount of change instruments used:

(in thousand Euro)	Fair value					Notional				
	US Dollar	Other in USD	GBP Pound	Other	Total	US Dollar	Other in USD	GBP Pound	Other	Total
Forward purchase	(43)	3	20	(2)	(22)	14,325	444	130	886	15,785
Forward sale	524	(285)		(110)	129	30,579	4,848		5,551	40,978

## Credit risk

The credit risk covers all kinds of failure of the adverse part in particular when it does not respect its commitments towards the group CFE.

Considering the nature of its clients that are essentially either public clients of similar, or investors of well-known promoters, the group CFE does not use credit insurance.

For large-scale export, if the country is eligible and the risk covered by credit insurance, DEME covers itself regularly through competent bodies in this matter (Office national du Ducroire).

In order to reduce the current risk, the group CFE monitors regularly its outstanding clients and adapts its position towards them. The credit risk is however not totally eliminated, but is limited.

## Fair value

The fair value is the amount to which an asset item can be changed, or to which an obligation can be concluded, between well-informed parties disposed to conclude a transaction according to the principle of competitive market (by reference to a technical method of valorisation).

The table hereafter show the fair value of all financial derivative instruments issued:

(in thousand Euro)	Carrying amount 2006	Fair Value 2006	Carrying amount 2005	Fair Value 2005
"Interests swap" - cash flow hedge:	-	-	-	-
Assets	-	-	-	-
Liabilities	48	48	231	231
"Interests swap" - held for trading:				
Assets	992	992	-	-
Liabilities	251	251	1,042	1,042
"Forward exchange contracts" - cash flow hedge:				
Assets	614	614	-	-
Liabilities	457	457	2,505	2,505
"Cap" - held for trading				
Assets	323	323	1,948	1,946
Liabilities	259	259	67	66

## Evolution of the impact of financial instruments on Equity

(in thousand Euro)	2006	2005
<b>Hedge reserve in opening equity</b>	<b>1,699</b>	<b>5,943</b>
Amount recognized in equity	(238)	(1,705)
Amount recognized in result	(1,000)	(1,648)
Fair value amount participation held for sale in result		(891)
<b>Hedge reserve in closing equity</b>	<b>461</b>	<b>1,699</b>

## Effective interest rates and analysis of rates before and after hedge

The fixed (variable) effective average rate before derivatives amounts to 3.89% (2005: 3.53%) for borrowings and other financial debts.

The fixed (variable) effective average rate after derivatives amounts to 4.32% (2005: 4.08%) for borrowings and other financial debts.

The effective average rate for borrowings related to finance leases at the end of 2006 amounts to 4.23%.

## 26. Financial debts

As per December 31, 2006 financial debts (excluding finance lease debts) are detailed as follow:

(in thousand Euro)	Within the year	Between 1 and 5 years	After 5 years	Total long term or within the year
Subordinated loans	33,720	147		33,867
Financial institutions	24,144	91,748	24,152	140,044
Other debts		1,747		1,747
<b>Total financial debts – long term</b>	<b>57,864</b>	<b>93,642</b>	<b>24,152</b>	<b>175,658</b>
Financial institutions	65,088			
Bank overdrafts	25,336			
<b>Total financial debts – short term</b>	<b>90,424</b>			

As per December 31, 2005 financial debts (excluding finance lease debts) are detailed as follow:

(in thousand Euro)	Within the year	Between 1 and 5 years	After 5 years	Total long term or within the year
Subordinated loans	1,859	5,807		7,666
Financial institutions	22,328	102,291	29,798	154,417
Other debts		1,930		1,930
<b>Total financial debts – long term</b>	<b>24,187</b>	<b>110,028</b>	<b>29,798</b>	<b>164,013</b>
Financial institutions	74,934			
Bank overdrafts	14,345			
<b>Total financial debts – short term</b>	<b>89,279</b>			

Carrying amounts are not significantly different from the fair value.

Outstanding debts amounts by currency are:

(in thousand Euro)	2006	2005
Euro	167,009	155,631
US Dollar	5,937	6,738
Indian rupee	1,103	1,644
Other currencies	1,609	-
<b>Total long term debts</b>	<b>175,658</b>	<b>164,013</b>

The syndicated loan at the International Coordination Centre of CFE is submitted to specific conditions taking into account the equity and its relation with the net financial debt and the generated cash flow.

The other debts, including DEME, are considered as special purpose financing without any resort against CFE.

The group CFE disposes as per December 31, 2006 through its subsidiary International Coordination Centre CFE of a credit line of 67,250 thousand Euro among which 4,750 thousand Euro is used.

## 27. Operating leases

The non cancellable operating leases of the group CFE, are:

(in thousand Euro)	2006	2005
Due within the year	4,467	4,973
More than 1 year but not higher than 5 years	12,948	16,211
More than 5 years	1,446	3,272
<b>Total</b>	<b>18,861</b>	<b>24,456</b>

## 28. Finance lease debts

Finance lease contracts concluded by Van Wellen Ltd refer to trucks leases. The finance lease contracts at DEME relates to the lease of a vessel and material for its subsidiary in Qatar.

(in thousand Euro)	2006	2005
Due within the year	2,893	1,004
More than 1 year but not higher than 5 years	10,126	15,028
More than 5 years	9,106	0
<b>Total of lease payments</b>	<b>22,125</b>	<b>16,032</b>
Future financial charges	2,893	1,004
<b>Present value of lease obligations</b>	<b>19,232</b>	<b>15,028</b>

## 29. Other commitments granted

The total amount of commitments accorded other than guarantees for the period ending December 31, 2006 is 298,982 thousand Euro (2005: 321,301 thousand Euro) and is detailed by nature as follows:

- good execution for an amount of 197,928 thousand Euro (2005: 185,300 thousand Euro) includes the guarantees accorded as part of work markets. In the event of constructor default, the bank will pay compensation to the client for an amount equal to the guarantee;
- submissions for 7,429 thousand Euro (2005: 28,500 thousand Euro) of guarantees granted in the context of adjudications related to the work markets;
- advance reimbursements of 12,898 thousand Euro (2005: 17,001 thousand Euro) regarding guarantees delivered by the bank to a client who guarantees the restitution of advances on contracts;
- the deductions of a guarantee of 14,381 thousand Euro (2005: 13,600 thousand Euro) includes the guarantees delivered by the bank to a client who takes the place of the guarantee deduction;
- commitments granted to a supplier for 8,489 thousand Euro (2005: 15,200 thousand Euro) as a warranty for the debt payment;
- other commitments accorded for an amount of 57,857 thousand Euro (2005: 61,700 thousand Euro).

## 30. Other commitments received

Commitments received by the group CFE amounted to 61,227 thousand Euro (2005: 40,400 thousand Euro) at the end of 2006. These are commitments received in the context of the good execution of the contract.

## 31. Claims

The group CFE is exposed to a number of claims that we qualify as normal for the construction segment. In most of the case, the group CFE expects to conclude a transactional convention with the adverse part, which substantially reduced the number of procedures in 2006.

## 32. Related parties

- VINCI Construction, simplified limited company under French law, is the reference shareholder and holds 306,644 shares being 46.84% of the capital of the group CFE.
- The amount recognized as expense for defined contribution plans or other employee benefits for the key employees (13 persons) amounts to 266 thousand Euro in 2006 (2005: 240 thousand Euro). These amounts include: extra-legal pensions, provident plans, industrial injuries, private life insurance, health insurance, yellow and white cross.
- The subsidiaries of the group CFE actives in real estate development (BPI or CLi) or branches (CFE Immo) act either directly, or through joint ventures when they have partners in promotion operations.
- Construction works are carried out by the subsidiaries "Bâtiments et Ponts Construction" Ltd or CLE Ltd or by the CFE Brabant and Bageci branches. They can set up temporary commercial companies to execute the work.

- The main operations in progress at the end of 2006 are:

- "Les Jardins de la Couronne" offices;
- "L'Espace Rolin";
- "Le projet Croix-Rouge", Brugmann place;
- The "Barbarahof" project.

"**Les Jardins de la Couronne**" offices are composed of three office buildings for a total surface of 32,000 m<sup>2</sup> among which the Federal government rent 16,000 m<sup>2</sup> in 2006.

Crown Avenue Ltd, 50% of which is controlled by BPI Ltd, subsidiary of the group, manages the promotion.

The property has been built by the temporary commercial company "Bâtiments et Ponts Construction / Louis de Waele" in which "Bâtiments et Ponts Construction" holds 50% and represents in share CFE an amount of 44,146 thousand Euro under the heading "Property held for sale" (2005: 34,254 thousand Euro).

In addition, BPI Ltd has a receivable with this company at the end of 2006 amounting to 7,561 thousand Euro in share CFE (2005: 1,766 thousand Euro).

The operations have been concluded "at arm's length".

The "**Espace Rolin**" area, marketed by the Espace Rolin Ltd held by 33% and jointly controlled by CFE, is also under progress. It is a large urban renovation project.

In coming years, the CFE Brabant branch will build the last 130 apartments of the total project, which participate to the association of entrepreneurs in charge of the work. For 2006, CFE Brabant recognized sales and operating charges for an amount of appreciatively 1,336 thousand Euro (2005: 1,067 thousand Euro).

The building is listed under "inventories" and amounts to 2,457 thousand Euro end 2006 (2005: 1,125 thousand Euro).

**Project RK Brugmann Ltd** of which BPI Ltd (subsidiary of CFE) holds 50% and set up with the purpose of renovating the old Belgian Red Cross headquarter contributes (in share CFE) for 5,450 thousand Euro under "Property held for sale".

BPI Ltd granted to this company a subordinated loan for an amount of 500 thousand Euro (in share CFE).

This subsidiary is jointly controlled.

The company **Barbarahof Ltd** was jointly set up by Resiterra Ltd and the group CFE, with respectively 60% and 40% of the shares. The whole project is the marketing of approximately 215 apartments and houses and several shops on the KBC previous headquarter, at the centre of Louvain.

- The group CFE sets up a temporary commercial company jointly controlled with the group VINCI for the execution of works on the building of the European International Bank (sales recognized in 2006: 19,413 thousand Euro).
- CFE has not concluded significant transactions with entities consolidated by the equity method.
- CFE concluded a service contract with its main shareholder VINCI Construction on October 24, 2001. The remuneration due by CFE for this contract amounts to 1,190 thousand Euro and are entirely paid for 2006 and 2005.
- There are no transactions with the CEO without prejudice to its remuneration.
- For the execution of some markets, the group CFE sets up temporary commercial companies with partners. The group CFE puts also people and material at disposal of these entities or re-invoices expenses. The amount of other income invoiced to these entities amounts to 9,951 thousand Euro and is mentioned in the heading "Revenue from auxiliary activities".

This presentation does not consider temporary companies included in entities in which CFE has a jointly controlled relation.

### 33. Major subsequent events

The Board of Directors is not informed of any subsequent events that could have consequences on the financial or commercial position of the company.

## 34. Companies owned by the group CFE

List of the most important consolidated subsidiaries consolidated with the global consolidation method of accounting

Names	Head office	group's interests (in % of economic interests)
<b>Belgium</b>		
ABEB LTD	Antwerp	100%
BATIMENTS ET PONTS CONSTRUCTION LTD	Brussels	100%
BATIPONT IMMOBILIER LTD	Brussels	100%
BENELMAT LTD	Limelette	100%
INTERNATIONAAL COÖRDINATIECENTRUM CFE LTD	Brussels	100%
CONSTRUCTION MANAGEMENT LTD	Brussels	100%
DEVELOPPEMENT D'HABITATIONS BRUXELLOISES LTD	Brussels	75.30%
ELECTRONIZET LTD	Louvain-la-Neuve	100%
ENGEMA LTD	Brussels	100%
NIZET ENTREPRISES LTD	Louvain-la-Neuve	100%
ROODEBEEK DEVELOPPEMENT LTD	Brussels	100%
SOGESMAINT - CBRE LTD	Brussels	71.90%
VANDERHOYDONCKS LTD	Alken	100%
VAN MAERLANT LTD	Brussels	100%
VILLAS ET ENTREPRISES LTD	Brussels	100%
PRE DE LA PERCHE LTD	Brussels	100%
<b>France</b>		
SNTP INTERNATIONAL	Paris	100%
SOCIETE FRANCAISE D'INGENIERIE ET D'ENTREPRISE SFIE LTD	Paris	100%
<b>Grand Duchy of Luxembourg</b>		
COMPAGNIE LUXEMBOURGEOISE D'ENTREPRISES CLE LTD	Luxembourg	100%
COMPAGNIE LUXEMBOURGEOISE IMMOBILIERE CLi LTD	Luxembourg	100%
COMPAGNIE IMMOBILIERE DE WEIMERSKIRCH LTD	Luxembourg	100%
SOCIETE FINANCIERE D'ENTREPRISES SFE LTD	Luxembourg	100%
SOGESMAINT LUXEMBOURG LTD	Luxembourg	100%
<b>Hungary</b>		
CFE HUNGARY CONSTRUCTION L.L.C.	Budapest	100%
<b>Holland</b>		
AANNEMINGSMAATSCHAPPIJ CFE BETON- EN WATERBOUW BV	Dordrecht	100%
AANNEMINGSMAATSCHAPPIJ CFE INDUSTRIE- EN UTILITEITSBOUW BV	Dordrecht	100%
CFE NEDERLAND	Dordrecht	100%
GEKA BOUW	Dordrecht	100%
<b>Poland</b>		
CFE POLSKA s.p. Z.o.o.	Varsovia	100%
<b>Slovakia</b>		
CFE SLOVAKIA	Bratislava	100%



## List of the most important subsidiaries consolidated with the proportional method of accounting

Names	Head office	group's interests (in % of economic interests)
<b>Belgium</b>		
DREDGING, ENVIRONMENTAL AND MARINE ENGINEERING NV	Zwijndrecht	50%
- BAGGERWERKEN DECLOEDT NV	Brussels	50%
- DREDGING INTERNATIONAL NV	Zwijndrecht	50%
- DEME BUILDING MATERIAL DBM NV	Zwijndrecht	50%
- IPEM NV	Zwijndrecht	50%
- HYDRO SOIL SERVICES NV	Dessel	50%
CEBRUVAL SA	Gosselies	37.45%
ECOTERRES SA	Gosselies	37.45%
SILVAMO NV	Koekelare	18.73%
ESPACE MIDI NV	Brussels	20%
ESPACE ROLIN NV	Brussels	33,33%
BRUSSILIA BUILDING NV	Brussels	50%
CROWN AVENUE NV	Brussels	50%
AMCA NV	Antwerp	28.33%
IMMOBILIERE DU BERREVELD NV	Brussels	50%
REGENT TWO NV	Brussels	50%
SOUTH CITY HOTEL NV	Brussels	20%
SOUTH CITY OFFICE NV	Brussels	20%
BARBARAHOF NV	Louvain	40%
<b>Grand Duchy of Luxemburg</b>		
ELINVEST SA	Luxembourg	50%
PARC RESIDENTIEL NEI ESCH SA	Luxembourg	50%
ECOTERRES LUXEMBOURG SA	Luxembourg	37.45%
<b>Hungary</b>		
BETON PLATFORM Kft	Budapest	50%
<b>Italy</b>		
SIDRA SPA	Rome	50%
<b>Singapore</b>		
DREDGING INTERNATIONAL ASIA PACIFIC PTE LTD	Singapore	50%

# AUDITOR'S REPORT TO THE SHAREHOLDERS' MEETING ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

To the shareholders

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As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us. This report includes our opinion on the consolidated financial statements together with the required additional comment.

## Unqualified audit opinion on the consolidated financial statements

We have audited the accompanying consolidated financial statements of COMPAGNIE D'ENTREPRISES CFE SA ("the company") and its subsidiaries (jointly "the group") for the year ended 31 December 2006, prepared in accordance with accounting principles applicable in Belgium, which show total consolidated assets of 1.223.230 (000) EUR and a consolidated profit (group share) for the year of 40,705 (000) EUR.

The financial statements of several significant entities included in the scope of consolidation which represent total assets of 171,077 (000) EUR and to total profit of 215,652 (000) EUR have been audited by other auditors. Our opinion on the accompanying consolidated financial statements, insofar as it relates to the amounts contributed by those entities, is based upon the reports of those other auditors.

The Board of Directors of the company is responsible for the preparation of the consolidated financial statements. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated 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.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the group's preparation and fair presentation of the consolidated 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 group's internal control. We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the consolidated financial statements, taken as a whole.

Finally, the Board of Directors and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence we have obtained, together with the reports of other auditors on which we have relied, provides a reasonable basis for our opinion.

In our opinion, and based upon the reports of other auditors, the consolidated financial statements as of 31 December 2006 give a true and fair view of the group's assets, liabilities, financial position and results, in accordance with accounting principles applicable in Belgium.

## Additional comment

The preparation and the assessment of the information that should be included in the Directors' report on the consolidated financial statements are the responsibility of the Board of Directors.

Our responsibility is to include in our report the following additional comment which does not change the scope of our audit opinion on the consolidated financial statements:

- The Directors' report on the consolidated financial statements includes the information required by law and is in agreement with the consolidated financial statements. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting the group, or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our appointment.

Brussels, 7 March 2007

**The statutory auditor**

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DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises  
BV o.v.v.e. CVBA / SC s.f.d. SCRL  
Represented by Rik Neckebroeck





# Statutory financial statements

## Statutory balans and income statement

For the year ended 31 December (in thousand Euro)	2006	2005
<b>Fixed Assets</b>	<b>180,819</b>	<b>182,041</b>
Formation expenses	510	588
Intangible assets	62	94
Tangible assets	2,346	1,918
Financial fixed assets	<u>177,901</u>	<u>179,441</u>
A. Associated companies	175,232	176,723
B. Other	2,669	2,718
<b>Current Assets</b>	<b>201,868</b>	<b>190,523</b>
Receivables after more than one year	122	0
Inventories & contracts in progress	20,116	22,191
Receivables within the year	<u>143,890</u>	<u>134,430</u>
- Trade receivables	116,964	105,218
- Other receivables	26,926	29,212
Short-term investments	13,482	11,500
Cash and cash equivalent	6,261	4,609
Overdue accounts	17,997	17,793
<b>Total Assets</b>	<b>382,687</b>	<b>372,564</b>
<b>Equity</b>	<b>144,911</b>	<b>88,194</b>
Capital	21,375	19,000
Share premiums	62,606	18,213
Revaluation surplus	12,395	12,395
Reserves	21,477	21,240
Transferred profit (+) or loss (-)	27,058	17,346
<b>Provisions and deferred taxes</b>	<b>37,655</b>	<b>34,256</b>
Provisions for risks and charges	37,655	34,256
<b>Debts</b>	<b>200,121</b>	<b>250,114</b>
Debts after more than one year	628	561
Debts due within the year	<u>169,833</u>	<u>219,636</u>
- Trade payables	82,578	86,695
- Taxes and advance payments	19,895	20,250
- Other debts	67,360	112,691
Overdue accounts	29,660	29,917
<b>Total Liabilities</b>	<b>382,687</b>	<b>372,564</b>

For the year ended 31 December (in thousand Euro)	2006	2005
<b>RESULT</b>		
Operating income	257,974	252,982
- Revenues	223,463	227,016
- Other operating income	34,511	25,966
Operating charges	(256,200)	(250,716)
- Purchases	(161,830)	(166,474)
- Services and other goods	(28,838)	(32,206)
- Payroll, social security costs and pensions	(58,050)	(59,258)
- Depreciations, write-off and provisions	(5,269)	9,223
- Other operating charges	(2,213)	(2,001)
Operating profit	1,773	2,266
Financial income	28,473	16,738
Financial charges	(4,490)	(4,186)
Current profit before taxes for the period	25,756	14,818
Extraordinary revenues	56	11
Extraordinary charges	(5,524)	(914)
Profit before taxes for the period	20,288	13,915
Taxes (adjustments and deductions)	135	246
Profit for the period	20,423	14,161
<b>PROFIT ASSIMILATION</b>		
Profit for the period	20,423	14,161
Retained earnings	17,346	9,295
Dividends	(10,474)	(6,110)
Legal reserve	(237)	0
Profit to be carried forward	27,058	17,346

## Analysis of the income statement and the balans

The fixed assets decreased by 1,222 thousand Euro compared to end 2005. This variation is mainly explained by a write-off on the participation in CFE Nederland for an amount of 5,511 thousand Euro. This amount was accounted for in extraordinary charges. In the course of 2006, CFE Ltd acquired Vanderhoydoncks Ltd for 2,160 thousand Euro and set up the companies CFE Qatar, Rent A Port (in joint venture with AvH) and Barbarahof (in joint venture with Resiterra) for 689 thousand Euro. In addition, an advance payment of 980 thousand Euro was given to the company Barbarahof.

The inventories decreased by 2,075 thousand Euro compared to end 2005. The decrease is explained by the use of steel stock for 452 thousand Euro and a decrease on buildings held for sale for 1,623 thousand Euro.

As far as equity is concerned, the main event of the year 2006 is the capital increase which, in accordance with the rules in force, increased the social capital by 2,375 thousand Euro and the share premiums by 44,393 thousand Euro. This represents then a total increase of 46,768 thousand Euro.

Through this operation, the CFE's objective is to acquire the necessary means to continue to develop its activities with strong added value and reinforce the recurrence of its work, in particular:

- construction segment: by participating actively on the main infrastructure development projects of type DBFO (Design, Build, Finance, Operate) led in public-private partnership
- Real estate development and management services segment: by ensuring the stock renewal and diversification
- multitechnics segment: by focusing on the complementarities of works and in particular, the maintenance.

The variation of provisions for risks and charges is mainly driven by the recognition of provisions in the Benelux where CFE Ltd recognized a provision of 1,500 thousand Euro on CFE Nederland, variation of provisions for loss on completion for 1,556 thousand Euro and diverse additional provisions and reversals for 343 thousand Euro.

The decrease in debts is mainly driven by the decrease in debts towards associates.

The sales slightly decreased, however, the other operating incomes include a gain realized on the disposal of a real estate participation amounting to 6,000 thousand Euro. The operating profit is almost equal to the operating profit of 2005.

The increase of financial income is mainly driven by the dividends received during the year.

The variation of financial charges is due to our share integration in the temporary commercial companies.

# AUDITOR'S REPORT TO THE SHAREHOLDERS' MEETING ON THE STATUTORY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

To the shareholders

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As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us. This report includes our opinion on the financial statements together with the required additional comments and information.

## **Unqualified audit opinion on the financial statements**

We have audited the financial statements of COMPAGNIE D'ENTREPRISES CFE SA for the year ended 31 December 2006, prepared in accordance with the accounting principles applicable in Belgium, which show total assets of 382,687 (000) EUR and a profit for the year of 20,423 (000) EUR.

The Board of Directors of the company is responsible for the preparation of the financial statements. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we have considered internal control relevant to the company'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 company's internal control. We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the financial statements, taken as a whole. Finally, the Board of Directors and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the financial statements as of 31 December 2006 give a true and fair view of the company's assets, liabilities, financial position and results in accordance with the accounting principles applicable in Belgium.

## **Additional comments and information**

The preparation and the assessment of the information that should be included in the Directors' report and the company's compliance with the requirements of the Companies Code and its articles of association are the responsibility of the Board of Directors.

Our responsibility is to include in our report the following additional comments and information which do not change the scope of our audit opinion on the financial statements:

- The Directors' report includes the information required by law and is in agreement with the financial statements. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting the company, or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our appointment.
- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- No transactions have been undertaken or decisions taken in violation of the company's articles or the Companies Code such as we would be obliged to report to you. The appropriation of the results proposed to the general meeting is in accordance with the requirements of the law and the company's articles.
- In accordance with article 524 of the Companies Code, we are required to report on the following operations which have taken place since your last Annual Shareholders' General Meeting: In the framework of the capital increase of the company which took place in 2006, the committee of 3 independent Directors assisted by an independent expert performed an analysis of the discount to apply to the issue price compared with market practices. The committee has concluded that this transaction would not result into abusive damage in comparison with market practices for this type of transactions.

Brussels, 7 March 2007

**The statutory auditor**

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Represented by Rik Neckebroeck



# The headquarter at your service

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## Colophon

### Full-page photo captions:

Cover: the new headquarter for the Dexia Bank in Brussels.  
Page 2: the real estate project "Dôme" in Luxembourg.  
Page 25: construction of the fourth reservoir of the gas terminal for Fluxys LNG.  
Page 49: renovation works of the "Réduit des Dominicains" in Tournai.  
Page 57: placing of the overhead lines on the railway line Louvain-Zaventem in Nossegem.  
Page 65: construction of a landfall by the CSD "Aquarius" in Nigeria.

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