



# ANNUAL REPORT 2011

2011

## Performance Highlights

- Revenues USD 399 Million
- EBITDA USD 134 Million
- Net Loss USD 33 Million
- Adjusted Net Profit USD 2 Million
- Fleet Utilization 68%

- Execution of 71 contracts with 15\* vessels in Heavy Marine Transport and Transport & Installation:
  - transportation of 34 jack-up and 7 semi-submersible drilling rigs;
  - execution of Bongkot and CoroCoro float-overs offshore Thailand and Venezuela respectively.
- Letter of Intent to sell Dockwise Yacht Transport (DYT);
- Sale of Type IV vessel MV Explorer to optimize fleet;
- Master Service Agreements with Seadrill and Keppel for transportation of offshore drilling units;
- Agreement with COOEC to manage their new Type II vessel;
- Construction of Dockwise Vanguard underway and first two contracts for the vessel booked for execution in 2013;
- Increased security of crew by Governmental Vessel Protection Detachments;
- Agreed waiver request with lender syndicate to relax leverage ratio.

\*MV Explorer not included

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# Message from the Chairman

## PREPARING FOR HARVEST

Dear stakeholder,

In 2011 the Company faced a fresh set of challenges. We had both to deliver sufficient EBITDA to comply with banking covenants while also investing money and effort in three vital tasks for the future: building our new vessel, expanding our portfolio of services and growing the backlog for 2013 and beyond.

As the Board of Directors we have ultimate responsibility for the Company's fortunes and progress. CEO André Goedée is member of the Board and as Directors we are all closely engaged in the management of the Company. The full Board has five regular meetings per calendar year, complemented in 2011 by five additional meetings on strategy, investments and the group's financial position. This may indicate the level of involvement of the Board but even more the variety of topics and demands upon our attention that characterized 2011. To prepare for meetings of the full Board, three Committees were instituted; the Audit Committee, the Remuneration Committee and the Project Committee. The Audit Committee meets every month in addition to the five regular annual meetings and has three members who are also member of the Board of Directors. The Remuneration and Project Committees meet half yearly and have two members each who are also members of the Board of Directors. Other significant themes that featured the Board's agenda included investor feedback, risk management and compliance.

Sustaining our leadership position at the premium end of heavy lift transport and expanding our services in transport and installation were the growth themes for 2011. However, securing performance within covenant ratios was a significant task, successfully met by management, during the same year. The drive to maintain leadership in part reflects fiercer and broader competition. Our aim is to raise the competitive bar by adding proprietary know-how to our existing transport solutions and by building on our reputation as the supplier of incomparable services. This should confirm our unique position with clients, increase return on investment and give better visibility on earnings. Our backlog at year end, an all time record high of USD 531 million, is the best proof that our strategy responds to customer requirements.

In particular, the investment in the MV Dockwise Vanguard has confirmed our leadership position and our passion for groundbreaking innovations. Although not yet completed in the yard, contracts booked during 2011 confirm our assumptions of the new vessel's encouraging economics. The MV Dockwise Vanguard is on schedule to load its first cargo during the fourth quarter of 2012, all according to the original plan and has an immediately following second contract in hand, covering most of 2013 remaining availability.

Balancing longer term growth measures with uncertainty in the short term market was a significant challenge in 2011, exacerbated as the subdued conditions persisted longer than assumed at outset. This was mainly a consequence of the uncertain economic climate across Europe, the travails of the Euro currency and global economic conditions. However, longer term drivers like oil price and hence oil industry CAPEX remained supportive and these reassured us regarding sustaining investment levels in Dockwise. That trust was shared by many and in particular by both employees and shareholders. On behalf of the Company, I express my gratitude to them for their confidence and perseverance.

**Adri Baan**

Chairman of the Board of Directors



## Executive Report

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# Message from the CEO

## OUR PERFORMANCE IN 2011

The fragile economic recovery that we observed in 2010 has not persisted. The debt crisis, especially the subsequent effects on the Euro region, has pushed large parts of the world into recession and economic uncertainty. Where the stable oil price has not slowed down investments in the energy sector, the slowdown in GDP has paralyzed world trade and, more relevant to us, trade amongst the ports. Although 2011 was not our best year in terms of profitability, it has not impacted our long-term ambition to grow the Company and improve the balance between large, multi-year projects and short term cargoes. The opportunities to achieve that goal are imminent.

Aside from the Bongkot and CoroCoro float-over projects, 2011 was mainly about short term cargo assignments. Visibility on revenues quarter on quarter was low. Dockwise maintained its leadership position in the transportation of offshore mobile drilling units with 34 jack-ups and 7 semi-submersibles (34 jack-ups and 7 semi-submersibles in 2010). Total revenues for 2011 were USD 399 million with USD 134 million EBITDA and USD 33 million net loss.

The world's need for energy and its dependence on oil and gas remains unchanged. 'Easy oil' has - in the main part - been discovered and produced, hence there is a greater reliance on deep-water fields and hydrocarbon sources in more remote and harsh environments, for example the Arctic. Development in these regions requires larger, heavier equipment, re-designed jack-up drilling rigs and 6<sup>th</sup> generation semi-submersibles. However, the transport available to ship this technology into the field is limited in size, quantity and availability. This especially applies to state-of-the-art production equipment currently under development or construction. That's why Dockwise can look to the future with confidence, putting to one side the current cycle and investing in a new, larger vessel for the production cycle to come. The delivery of MV Dockwise Vanguard in December 2012 will be timely - its inaugural assignment will be to transport the first of a series of new (integrated) production structures.

We expect that the presence of this vessel will ignite the market by demonstrating previously unthought-of levels of capacity, performance and proficiency.

The first two bookings for MV Dockwise Vanguard are the Jack St. Malo production facility for Chevron and the Goliat FPSO for ENI. Both projects underline the critical need for larger transportation devices to execute more challenging Oil & Gas projects. They also endorse our decision to invest in the new vessel, based on our economic forecasts. Our thanks go to the clients and shareholders that trusted in our reputation as the market leader, and believed in our ability to realize the inconceivable.

Our assets and projects are important, but they are nothing without the dedicated individuals that crew, operate and manage them. Successful projects demand the highest standards of safety performance and operational competence and there are none more dedicated and safety-aware than those executing the Dockwise projects, whether on the vessels or in the offices.

We appreciate the Dutch government's acknowledgement of the dangers faced by maritime companies operating in the waters between Asia and Africa. Protection Detachments of the Royal Netherlands Navy have accompanied Dockwise vessels across the Indian Ocean and Gulf of Aden, providing invaluable reassurance both to our crews and management. Dockwise is very grateful for the assistance that it has received, and wishes to express its thanks to the Navy and the specific detachments that provided that assistance.

As we move into 2012, we continue to face a somewhat subdued and uncertain period. However, despite it being difficult to predict where the inflection point will be, our backlog and tender pipeline clearly indicate improving market conditions in the second half of 2012 and beyond. I am looking forward to it.

**André Goedée**  
Chief Executive Officer

## Our 2011 Environmental, Safety, Health and Security Performance

Dockwise operates an integrated management system and continued its certification in accordance with ISO 9001-2008, ISO 14001-2004 and OSHA 18001-2007.

Dockwise partnered with Anglo-Eastern from Hong Kong and Scotland to provide maintenance and crewing of its vessels. Various international standards apply to the management of the vessels, such as ISM (International Safety Management) and ISPS (International Ship and Port Security), in addition to flag state requirements.

The majority of health, safety, environmental and security-related risks pertain to operations conducted on and with our vessels.

### Health and Safety

In order to effect positive safety behavior, a genuine, positive safety culture is required. Processes and procedures may well differ in the detail from those observed implemented on the like of bulk or container vessels, so appropriate messages and expectations are key. Effective safety management requires visible safety leadership from senior management, and the continual re-emphasis of safety messages as well as daily crew training.

Dockwise's performance on health and safety is measured by the type and number of incidents reported. These reports can relate to vessels, projects or the office environment. In 2010, a set of leading performance indicators was developed; its aim: to reduce reliance on lagging indicators such as Lost Time Injuries (LTI) to illustrate safety performance. The main leading performance indicators were implemented in 2011 and include Management Safety Visits to vessels and projects, and the so called STOP™, Safety Training Observation Program, developed by Dupont. Unchanged the target remains a zero safety and security incident policy. As always, our target is to reduce safety and security-related incidents to As Low As Reasonably Practical (ALARP) and to eradicate them completely, where possible.

Overview of the 2011 health and safety performance compared to previous years, including statistics of subcontractors on Dockwise projects.

	2011	2010	2009	2008
Fatalities	-	-	-	-
Lost Time Injuries (LTI)	4	4	3	6
Medical Treatment Case / Restricted Workday Case (MTC/RWC)	11	8	10	4
First Aid Case (FAC)	2	10	4	9
Damage Reports	54	68	36	38
Near Miss Reports	118	109	102	72
Environmental Incidents	6	9	3	1
Security Incidents	-	1	-	-
Lost Time Injury Frequency (LTIF) per 1,000,000 hours	0.74	0.79	0.56	1.56
Total Recordable Case Frequency (LTI+RWC+MTC per 1,000,000 hours)	2.76	2.36	2.43	2.60

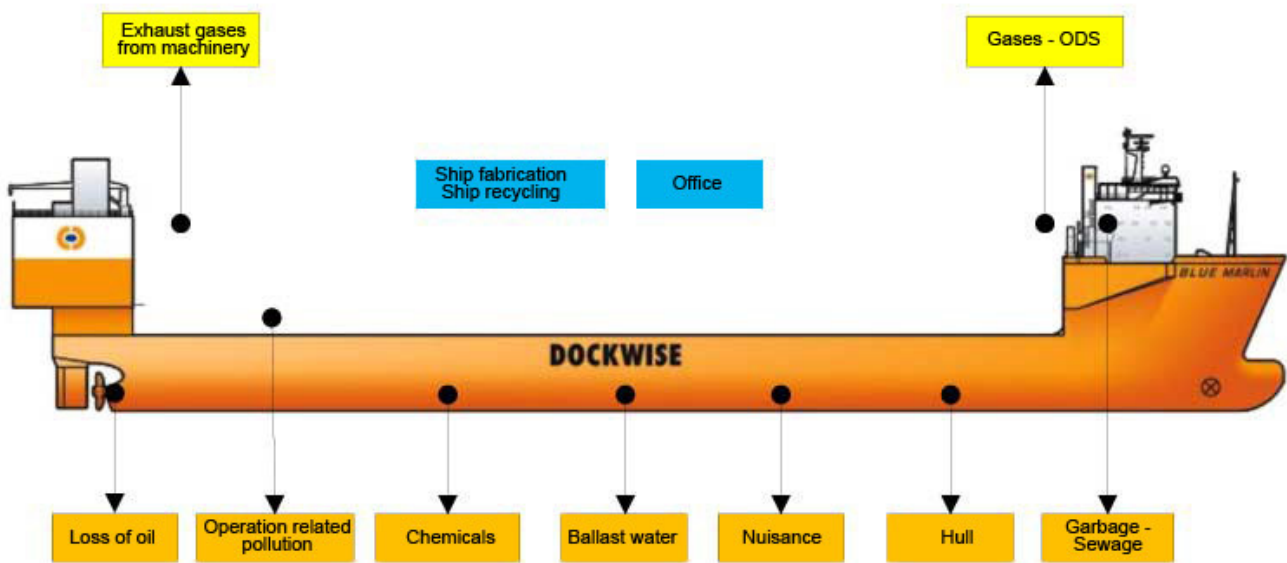
LTIF at Dockwise has decreased from 0.79 to 0.74. Analysis from LTI's revealed that most of the 4 LTI's were related to slips, trips and falls onboard the vessels. To address this, a joint Dockwise/Anglo-Eastern safety campaign was launched in early 2011 to focus on the recognition and prevention of such incidents.

LTIF/TRCF values are calculated in accordance with IMCA guidelines.

Management considers the continued increase in near miss reports a positive development. The fact that unsafe issues are reported in an open transparent and supportive safety culture ensures a continued process towards implementation of effective safety counter measures.

Dockwise health and safety engineers delivered both shore-based (Bongkot float-over, SHWE float-over) and on-site support. Health and safety engineers are also actively involved in the tendering process for projects and the execution of HAZID's for various clients.

*Environmental*



Dockwise is fully appraised of the environmental risks associated with all operations executed by the Company. The basis for addressing identified risks is in compliance with applicable rules and regulations as laid down in international and local legislation. In 2011, Dockwise registered 6 environmental incidents compared to 9 in 2010. All incidents were related to small, rapidly containable (hydraulic) oil spills on decks of vessels.

The effluents - carbon emissions - of our vessels, and their use of ballast water, which is essential for safe operations, have the most significant environmental impact. The consequence of both factors will feature in the strategic business planning of the Company.

*Emissions*

International shipping is by far the most carbon efficient mode of commercial transport – some 30 times more efficient than cargo aviation.

An intergovernmental package of technical and operational measures has been developed and put forward for adoption by the IMO Marine Environment Protection Committee as an amendment to Annex VI of the MARPOL Convention. This package includes the Energy Efficiency Design Index (EEDI) and the use of Ship Energy Efficiency Management Plans (SEEMP). The 2011 performance records of Dockwise on environmental impact are indicated in below table.

	Unit	2011
Total Greenhouse Gas Emissions CO <sub>2</sub> Eq.	Tonnes	465,051
Sulphur Oxide (SO <sub>x</sub> ) Emissions	Tonnes	7,155
Nitrogen Oxide (NO <sub>x</sub> ) Emissions	Tonnes	12,349
Spills in the water	Number	1
Spills on deck <1 barrel	Number	3
Spills on deck >1 barrel	Number	1
Solid waste		
- Discharged at sea	Cubic meters	282
- Incinerated onboard	Cubic meters	402
- Disposed ashore	Cubic meters	1101
Ballast water Exchange	Tonnes	1,467,524

In 2011:

- An increased awareness program for fuel consumption was implemented, creating focus on vessel planning, scheduling, bunker planning, weather routing, hardware improvements and crew training in order to reduce consumed fuel quantities. Hardware improvements consisted of installation of OCTOPUS, a motion monitoring system and SPOS, a vessel weather routing tool. Furthermore, hull efficiency has been targeted by applying silicon based paint on rudders and propellers to reduce drag;
- 75% of all cleaning chemicals on board of ships have been replaced by bio degradable chemicals;
- A hardware replacement program was implemented to provide the vessels with refrigerating plants and gases with a lower Ozone Depleting Program (ODP) level. In addition, vessels were provided with recovery kits to mitigate leakage during maintenance and repair.

Improvements to reporting systems and the definition of targets for impact reduction will continue. For Transport & Installation projects, the project management structure facilitates the evaluation of our environmental performance. As an example, all the environmental influences associated with the execution of the Gorgon and SHWE projects are documented in the 'environmental aspects and impact register'.

The new build MV Dockwise Vanguard has been designed to achieve DNV's Clean Design Notation and will be equipped with hardware and management systems that further minimize the vessel's impact on the environment. Ballast water is a vector for the transfer of potentially invasive marine species. The industry has been searching for solutions to limit the impact from ballast water exchange, but options such as ballast water exchange on high seas presents unacceptable risks to the safety of the crew and vessel. To date, 34 ballast water management systems that make use of active substances have received basic approval under the BWM Convention's approval process (2004 Convention for the Control and Management of Ships' Ballast Water and Sediments, but this convention is still not officially in force). Future legislation will, at some unforeseeable point in the future, require ballast water treatment before discharge. A completely acceptable solution however will require a breakthrough in technology. Dockwise is actively pursuing ways to reduce the quantity of ballast water needed to be transported around the globe, without compromising safety. A program to measure the volume of ballast water affected by vessel operations has been started, enabling Dockwise to enhance its environmental performance in that area.

Throughout the year reviews have been undertaken to identify and evaluate potential hazardous substances contained in essential equipment parts such as brake-pads, seals and gaskets. Such inspection and surveys concluded that the levels present on Dockwise vessels are within the boundaries of all global applicable legislation. In case of repairs replacement parts are examined and tested if required for presence of asbestos particles, even if parts come with appropriate certificates.

In its drive towards improving its environmental performance, Dockwise conducted a study to find alternative solutions to the use of cribbing wood needed for the safe stowage of cargo. The outcome suggested that a blanket replacement of cribbing wood with an alternative solution was unfeasible. However for certain projects, where extreme high deck loads are anticipated, the use of an alternative to cribbing wood is still under review.

### Security

Worldwide operations inevitably mean operating in higher risk areas. In 2011, the main high risk areas in which Dockwise operated were the Gulf of Aden and the Indian Ocean. The area of risk has shifted eastwards from the Gulf of Aden and precautions currently need to be taken for the whole of the Indian Ocean. The Dockwise Security Council has proven its effectiveness in reviewing security risks for individual journeys through higher risk areas, as well as implementing the Company's overall security policy. Assessments carried out by the Dockwise Security Council can result in navy escorts through high risk areas.

In 2011, various transports through the Gulf of Aden took place. Management continuously assesses the situation to ensure that adequate policies are in place to protect the crews and assets of Dockwise and our clients. Dockwise has piloted an anti-piracy prototype system on one of its vessels. The system is designed to prevent small boats from coming alongside the vessel as it transits areas of high risk. The tests were successful and the system has been implemented and expanded as appropriate.

Dockwise travel security arrangements have been enhanced through the use of one of the world's most respected security consultant organizations. This organization provides security advice whenever Dockwise employees encounter security risks, wherever they are in the world. In certain emergency situations, a rapid evacuation may be required and using the resources of this organization, such measures can be planned and carried out swiftly. Over the course of 2011, the situation has worsened and the threat of piracy is more serious than ever before. A larger number of pirates equipped with heavier arms are operating across a wider region. Convoying or area surveillance by military forces is no longer sufficient and Dockwise has appealed to the Dutch Government to provide protection. At the end of the year under review, this appeal appeared to have been successful. Meanwhile, five journeys by Dockwise vessels were assisted by Vessel Protection Detachments (VPDs), implying armed marines on board Dockwise vessels.

# Our 2011 Governance, Compliance and Risk Management Performance

## Corporate Governance

Dockwise is an exempted limited liability company organized under the laws of Bermuda. Dockwise is registered with the Bermuda Registrar of Companies under registration number 39466. The Company's head office is in the Netherlands, where Dockwise is registered in the trade register of the Dutch Chamber of Commerce under registration number 20161638.

Dockwise's primary listing is at the Oslo Stock Exchange in Norway, hence the Company is subject to the Norwegian Code of Practice for Corporate Governance (hereafter referred to as 'Code of Practice'). The Corporate Governance Policy of Dockwise is based on this Code of Practice and should ensure efficient management and control over the operations of the Dockwise Group of Companies. To create this efficient management and control, Dockwise developed Values and Principles and improved systems for Information, Monitoring and Communication. In addition, the Company applies stringent accountability and remuneration policies designed to optimize corporate profits, the long term health of the business, continued growth and, ultimately, the success of the Dockwise Group.

On the basis of 'comply or explain', a paragraph-by-paragraph discussion of the principles of the Norwegian Code of Practice is included in this Annual Report.

In 2010, Dockwise redefined and revived its Values and Principles. Management leads by example and strives to ensure that all employees are aware of the Values and Principles and behave accordingly. Business partners are encouraged to adopt the same Values and Principles.

These Values and Principles are supported by a "whistleblower policy", which encourages Dockwise employees to express their concerns about suspected misconduct. Values and Principles are standardized in various policies, including Dockwise's Insider Trading Policy, Fair Disclosure Policy, Contracting Policy and Code of Conduct. In 2011, training sessions were held on anti-trust legislation and behavior, as well as on general integrity dilemmas.

Dockwise's internal control framework ensures the integrity of financial reporting and compliance with all relevant rules and regulations. Additional support was introduced in 2009 in the form of the NAVI (NAVIGating into the future) Project. This has helped to streamline many of the Company's processes and expand and enhance use of the Enterprise Resource Planning (ERP) system. As well as safeguarding assets, the initiatives help to ensure that records properly reflect transactions necessary to permit preparation of financial statements; that procedures are carried out by qualified personnel; and that published financial statements are properly prepared and do not contain any material misstatements. To support this, a formal Manual of Authority was introduced in 2010.

As part of the Annual Report process, management's accountability for business controls is enforced through the formal issuance of Letters of Representation by department managers to Executive Management and by Executive Management to the Board of Directors.

During 2010, the NAVI Project considered the Company's primary processes, together with related procurement and financial processes before recommending a rearrangement of these into five main processes. In 2011, further documentation of most of these main processes was finalized in the Dockwise management system.

## Remuneration Policy

The remuneration of the Board of Directors is determined by the shareholders in their Annual General Meeting. For 2011, the annual remuneration for Board membership was USD 84,000. In addition a remuneration of USD 7,000 was paid for each Board Committee Chairmanship that a Board member is fulfilling. The remuneration for Chairmanship of the Board of Directors was USD 140,000. Each Board member is compensated for travel, hotel and incidental expenses. Mr. André Goedée does not receive compensation for serving on the Board of Directors.

No contracts have been entered into with any of the Directors entitling them to any benefits upon termination of their function as a Director. However Mr. André Goedée is entitled to termination benefits upon termination of his function as Chief Executive Officer.

## Executive Management

The remuneration policy for management should ensure that Dockwise:

- Provides competitive rewards that attract, retain and motivate executives of the highest caliber;
- Sets demanding levels of performance that support the Company's core values;

- Structures remuneration at a level that reflects the executive's duties and accountabilities and is competitive within the Netherlands and, for certain roles, internationally;
- Benchmarks remuneration against appropriate comparison groups at the 50th percentile up to the 70th percentile in exceptional cases;
- Aligns executive incentive rewards with the creation of value for shareholders;
- Complies with applicable legal requirements and appropriate standards of governance.

Unless otherwise terminated, the employment agreement of each executive manager terminates on the first day of the month in which the senior manager reaches the age of 65. In the event of earlier termination of his employment agreement, the executive manager is subject to a non-competitive and non-solicitation provision applicable for 12 months after the date of termination. All employment agreements of executive managers contain a severance arrangement and most of the agreements contain a Change of Control Agreement.

In addition to fixed base salaries, specific benefits and pension premiums, executive managers (and certain key employees) are incentivized through a Long Term Incentive Plan (LTIP), as approved during the Annual General Meeting of Shareholders in 2010. The LTIP replaces – to a certain extent – the Economic Value Added (EVA) bonus system that Dockwise has in place for all its employees. EVA is hereby calculated as the difference between net operating profit and Weighted Average Cost of Capital (WACC). Apart from financial criteria, the EVA plan includes an appraisal of individual performance against annually set individual targets. For LTIP participants, the annual percentage under the EVA plan is limited to 150% of the target incentive paid in cash and results from the EVA performance over the previous book year. Under the LTIP, the Board has the discretionary power to award executive managers and certain key individuals conditional shares. This follows a three-year vesting period and is subject to continued employment and certain performance conditions. Part of this criteria is the performance on Total Shareholder Return (TSR) of Dockwise compared to a defined peer group. After the second year, TSR performance for Dockwise and its peers was as indicated in the table below. The grant of conditional shares varies between 10% of base salary for key employees and up to 60% of base salary for executive managers.

Name	Currency	Price	Market Value (m)	- 3 Month % Change	- 1 Yr % Change	- 2 Yr % Change	BETA <sup>1</sup> (Vs. Peers)	BETA <sup>2</sup> (Vs. Total Market)	DY 2011E <sup>4</sup>	TSR <sup>5</sup>
Dockwise (AEX)	EUR	12.27	310	31%	(37%)	N/A	N/A	N/A	N/A	(37%)
Dockwise (Oslo)	NOK	96.25	2,434	30%	(39%)	(46%)	0.8	0.9	-	(39%)
Subsea 7	NOK	111.00	39,049	(2%)	(22%)	21%	1.0	0.8	0.4%	(22%)
Aker Solutions	NOK	62.95	17,248	11%	(27%)	(5%)	1.3	1.0	3.5%	(26%)
Petrofac	GBP	1,441.00	4,983	20%	(9%)	49%	0.8	1.3	2.4%	(7%)
Saipem	EUR	32.85	14,496	24%	(11%)	36%	1.0	0.8	2.1%	(9%)
SBM Offshore	EUR	15.92	2,729	21%	(5%)	16%	1.2	1.0	2.7%	(3%)
Technip	EUR	72.02	8,006	20%	5%	47%	1.0	1.2	2.1%	7%
Technicas Reunidas	EUR	27.77	1,552	15%	(42%)	(31%)	1.1	1.0	4.7%	(40%)
Wood Groep	GBP	641.00	2,380	21%	13%	105%	1.0	1.1	1.3%	14%
McDermott	USD	11.51	2,705	7%	(44%)	(7%)	1.5	1.0	-	(44%)
Fluor	USD	50.25	8,526	8%	(24%)	12%	1.0	1.5	1.0%	(24%)
Foster Wheeler	USD	19.14	2,238	8%	(45%)	(35%)	1.4	1.0	-	(45%)
Worley Parsons	AUD	25.67	6,205	(2%)	(4%)	(12%)	0.7	1.4	3.8%	(1%)
Helix	USD	15.80	1,666	21%	30%	34%	1.2	0.7	-	30%
<b>Peer Average<sup>3</sup></b>				<b>13%</b>	<b>(14%)</b>	<b>18%</b>	<b>1.10</b>	<b>1.07</b>	<b>2.4%</b>	

Source: Thomson-Reuters

1) 2 Year Beta using weekly intervals regressed against an index comprised of Dockwise and its peers.

2) Beta is calculated against total domestic market.

3) Average excludes Dockwise AEX and Oslo entities.

4) All Estimates are an analyst consensus taken from IBES and are denominated in USD.

5) TSR is shareholder return over the last 12 months.

At the end of 2011, Board members and members of Executive Management held the following number of vested and unvested shares under different ownership, retention and performance plans:

<b>Number of shares</b>							
	<b>Full (vested) ownership</b>	<b>Feb 2009</b>	<b>Sep 2009</b>	<b>Nov 2009</b>	<b>Jan 2010</b>	<b>Feb 2011</b>	<b>Total</b>
A. Baan	1,884	-	-	-	-	-	1,844
A. Goedée	135,600	-	-	15,018	9,429	11,100	171,147
P. Wit	1,000	-	24,633	11,553	6,044	6,475	49,705
M. Adler	-	10,172	-	11,091	5,803	6,216	33,282

For all unvested shares a vesting condition of 3 years continued employment is applicable and for the unvested shares in 2010 and 2011 additional performance criteria are set.

Dockwise makes contributions to two defined benefit plans that provide pension benefits for its employees upon retirement. Dockwise's pension obligations are insured.

## Enterprise Risk Management

Dockwise performs proactive risk management in its portfolio of proposals and projects. It considers this to be a fundamental part of the Company's Enterprise-wide Risk Management (ERM). In addition to the Project Risk Management function, the Dockwise ERM framework comprises integrated processes for Security Risk Management, Business Risk Management, Corporate Risk Management and Risk Based Auditing.

For active risk identification, risk control and risk reporting purposes, a set of risk management support functions and support systems have been developed, which includes:

- Framework of risk management procedures;
- Project Board and Security Council, supervising all projects;
- Risk Audit Committee;
- Integrated risk management and planning and control cycle;
- Quantitative risk analysis system.

On a quarterly basis, the Dockwise risk matrix is analyzed and individual risks are assessed for their likelihood and impact and risk level trend to set priorities in risk management activities.

## Project and Portfolio Risk Management

At the outset of every project, a proactive risk management process is initiated and applied throughout the proposal and execution stages. The purpose is to safely realize budget and planning objectives. Risks associated with Heavy Marine Transport differ from those inherent in the Transport & Installation of offshore structures or onshore industrial projects. All risks can affect business, operations, financial conditions and future prospects.

The Dockwise proposal scan triggers early identification of minimum risk management requirements during the early proposal phase. It recognizes three types of risk profiles (Types "A", "B" and "C"), differentiated according to project complexity, contractual and operational scope, management responsibilities and liabilities, whereby Type "A" projects are deemed to be of lower risk or easier to manage than those classified as Type "B" or "C" projects.

## Top-5 risks in Type "A" and "B" Projects

Projects with a Type "A" risk profile generally cover contracts concluded on the basis of a standard industry shipping contract (a so-called Heavycon Agreement) without additional services and/or liabilities. These contracts are subject to a qualitative process of key threat identification and risk management follow-up.

Projects with a Type "B" risk profile generally contain an additional scope of services and are subject to a semi-quantitative process of risk analysis. Risks, opportunities and control measures are qualified for all applicable technical and non-technical risk aspects within the project scope. As part of risk management follow-up, all initial and residual risk levels for relevant project result parameters are quantified, and mitigation actions are selected.

### *1. Timing of vessel and cargo availability*

This risk is mitigated via a functional and project-specific notification mechanism, which is acceptable to the client and Dockwise, along with maintaining a feasible vessel planning.

### *2. Availability of services arranged by the client, on time and as per specification*

This risk is mitigated via explicit contract qualification and regular expediting by experienced Operations Management as part of work preparation.

### *3. Cargo lay-out as per drawing*

Incorrect drawings can have serious consequences. For example, cargo protrusions can damage or even penetrate the deck of the vessel. In the worst case scenario, this may lead to flooding and sinking of the vessel. This risk is mitigated by establishing and maintaining direct contact between the client and Dockwise's engineers to identify any potential risk of protrusions via diver inspections prior to and during the loading process.

### *4. Reliability of significant weather data*

This risk is mitigated by close involvement of Dockwise's engineering departments during the entire project lifecycle, from the commercial phase onwards. This may result in the selection of a longer, but safer voyage route.

### *5. Last minute expenses on procurements*

Additional, unforeseen costs represent a commercial exposure for Dockwise, and are not always covered under the client contract. This project and business risk is gradually reduced by the development and proactive involvement of Dockwise's Procurement and Subcontracting Department.

## **Top-5 Risks in Type "C" Projects**

Projects with a Type "C" risk profile are generally multi-disciplinary offshore and onshore Transport & Installation projects with raised Dockwise exposure due to contractual liquidated damages and overall project management responsibilities. In addition to Type "B" risk management requirements, these projects are subject to a regime of full quantitative risk analysis. Quantitative risk modeling techniques have become an integrated part of Dockwise's cost estimation and project planning processes.

### *1. Health, safety and/or environmental incident*

The overall Health, Safety, Environmental and Security (HSES) risk is reduced by establishing and maintaining an appropriate safety culture. The timely involvement of experienced HSES engineers from the commercial phase onwards enables operations to be assessed in line with Dockwise's internal HSES Management System and the specific requirements of the client.

### *2. Qualification and contracting process*

In general, Dockwise is willing to accept increased responsibility and liability in Type "C" transport management projects. However, a general principle in the Company's contracting philosophy is that both the client and Dockwise should be jointly responsible for risks that either party is more capable of managing, together with related technical and non-technical control measures. This risk for Dockwise is mitigated by introducing the Risk Register as an explicit part of the contracting process. This accelerates the contract negotiation process and, by involving skilled commercial and operational experts in the contracting process, defines the preferred division of risk accountability using best practices and other examples.

### *3. Cargo not available due to fabrication delays*

This risk is mitigated by maintaining a flexible but feasible notification mechanism between the client (and yard) and Dockwise.

### *4. Cargo exceeds load-out and/or transportation limits*

In general, Dockwise mitigates this risk by establishing clear contractually defined interface responsibilities between the yard, the client and Dockwise and by regularly performing site visits and audits at the fabricator's premises.

### *5. Spot market contracting and availability of qualified support spreads*

This risk is mitigated by maintaining a detailed overview and network of operators around the globe and by anticipating on cost overruns in Dockwise's internal quotations. Availability of qualified tugs is frequently a problem and sometimes remains a 'last minute surprise'. This risk is mitigated by maintaining an historic record of support spreads used in various operations and, where possible, by performing audits on a spread of support vessels.

The Project Board monitors quality and compliance with project risk management processes from the business acquisition phase onwards. As a result, the Project Board controls the overall risk level of the proposals and projects portfolio. When a project or vessel transit crosses security exposed regions, the Security Council is involved in bid/no-bid decision making at the commercial phase, and becomes responsible for monitoring regional security conditions and developments. Furthermore, it approves the technical and non-technical measures identified to mitigate the security risk exposure for crews and assets.

## Top Business and Corporate Risks

Business and corporate risk management is the process of early identification and follow-up on risks and opportunities emerging in economic or reputational terms from technical, commercial and general market developments (strategic) as well as from internal business processes (tactical).

Key risks for the Dockwise Group are related to possible non-compliance with local regulations and subsequent government litigation, the general ability to maintain all vessels in their respective Class (certified and properly outfitted for diverse operations), the above mentioned staff risk and the security threat for people and assets when working in security exposed regions (eg. crime, piracy and terrorism).

Prospects and business results depend largely on developments in the Oil & Gas industry and the willingness and ability of Oil & Gas companies to invest in the exploration and production of new oil and gas fields. Client willingness and ability is driven by macroeconomics and geopolitical factors beyond the control of Dockwise. They are subject to business cycles and volatility. To mitigate the risk of operating in a cyclical Oil & Gas market, Dockwise aims to provide services that bridge different cycles in the Oil & Gas industry. The Company also provides services to other marine related industries and the military, which has its own cycles and macroeconomic dependencies.

### *1. Business is dependent on capital expenditures by Oil & Gas companies and general economic conditions*

Dockwise's business largely depends on the robustness of the Oil & Gas industry, on the ability of oil companies to fund the exploration and production of oil and gas fields, actual price levels and anticipated increases in global oil and gas demand. For non-energy related activities, Dockwise depends on general economic conditions and trade amongst ports. Factors influencing this robustness are beyond Dockwise's control, but may cause short-term and long-term material-adverse effects on business and results of operations. This risk is reduced by actively exploring new markets, with focus on onshore civil works and special projects.

### *2. Dockwise operates in a maritime environment*

Maritime environments are subject to forces of nature, environmental and climatological conditions. These represent a risk to operations in the event of damage, loss or suspension of operations; or through capsizing, grounding or sinking. Any reduction in the operational capability of the Dockwise fleet could result in reduced levels of offshore activity and the consequences thereof.

### *3. Crime, piracy, terrorism and war could have a materially negative impact on business continuity*

Dockwise operations are exposed to acts of crime, piracy, terrorism and war in regions characterized as 'war risk zones' by the Joint War Committee, but also in a number of other regions around the globe. As a Heavy Marine Transport company with slow-moving vessels, Dockwise is particularly vulnerable to these kind of activities. Employment of the vessels in 'war risk zones' could cause higher premiums for insurance coverage. To mitigate the Company's overall security risk, Dockwise established a Security Council and implemented a Security risk management process that forms an integral part of project management from the commercial stage onwards. Generic and project specific security measures are implemented for each transit through - or loading & discharge operation - within a security exposed region.

### *4. Competition could either enter the market or expand existing capacity*

The addition of competing vessels in the Heavy Marine Transport industry could adversely affect Dockwise's competitive position and the rates that it was able to charge for its services.

### *5. Serious incidents involving people and vessel assets*

Although Health Safety Environment and Security (HSES) management is a top priority for Dockwise management and employees, the nature of Dockwise's business means that safety risks can and do exist. In the unlikely event that multiple serious incidents should occur during a limited period of time, it would have a direct impact on business continuity, potentially damage Dockwise's market reputation and consequently influence the valuation of the Company by shareholders. To mitigate this risk, the Company insists on rigorous training and regular drills in HSES procedures, work instructions and project specific HSES management plans.

### *6. Failure to maintain one or multiple vessels 'in Class'*

This risk is mitigated by proactively investing in lifetime extension programs for part of the fleet, by proactively performing vessel audits and by planning robust time windows for dockings, as part of vessel portfolio planning.

### *7. Dockwise decided to build MV Dockwise Vanguard*

This new vessel is designed to serve the absolute premium end of our Heavy Marine Transport (HMT) market. Risks identified are the relevant market demand, meeting the building schedule and cost overrun due to construction issues.

### *8. Dockwise may fail to successfully expand both its Transportation & Installation of offshore structures and onshore modules business or to manage the risks associated with operating such businesses*

Dockwise's future success depends on its ability to expand its business. To this end, Dockwise invested in the acquisition of an engineering firm in 2007 and continues to employ high caliber, experienced personnel. Further

investments, for example in a launch barge, are considered to enable Dockwise to offer more adjacent services to Transport & Installation in order to offer a more complete package to the client, inclusive of jacket launch and installation and eventually also subsea connection of risers and mooring.

#### *9. Non-compliance by employees or subcontractors*

To limit these risks, a careful subcontractor selection process is implemented and training is organized to ensure that project management is sensitive to risks and their potential for arising.

#### *10. Implementation of environmental taxes or regulations but also of health, security and safety laws may increase the Company's taxation or other costs or limit the Company's ability to operate*

This could, for example, apply in the case of CO<sub>2</sub> emissions or new ballast water regulations, or in the failure to obtain or maintain regulatory permissions or approvals, or necessary waivers from such laws, regulations and standards.

#### *Insurance*

Dockwise maintains insurance policies to cover risks relating to damages to, or loss of, its heavy lift vessels and its equipment. Moreover, Dockwise insures many liabilities that may arise through the course of its normal business operations.

All vessels are insured under policies for damage and/or loss of the hull and machinery and for claims arising from collisions. Dockwise insures each vessel for at least its market value. Dockwise's basic war policy also covers the fleet for losses due to war and acts of terrorism, except when these vessels operate in excluded warzones, in which case, additional war risk insurance is taken out. Those additional premiums are generally charged to Dockwise's customers.

Dockwise also maintains protection and indemnity policies for all vessels for third party claims arising from the carriage of goods and for claims arising from the operation of owned and chartered vessels including injury or death to crew, passengers or others; for damage to third party property; for pollution arising from oil and other substances and salvage and other related costs. Dockwise does not accept liability for the cargoes that it carries, nor consequential damages irrespective of their nature.

Dockwise maintains various other insurance policies to cover a number of other risks related to its business, including director and officer insurance, loss of income and professional liability insurance.

#### *Risk Based Auditing*

Internal and external audits are used to back up Dockwise's risk management processes. These include an annual assessment of the risk management framework itself.

#### *Foreign Exchange and Interest Rate Risk*

SG&A related net cash flows in EUR (related to the head office in Breda) are defined as economic risks that cannot realistically be hedged for their duration. In 2011, approximately 65% of EUR needs of some EUR 30 million were bought on spot basis, the remaining 35% were hedged via forward contracts. For 2012, the Group hedged the 'tail risks' of some 90% of the SG&A related net cash flows in EUR. For more detailed information reference is made to Note 27 in the Consolidated Financial Statements.

The Group adopts an interest rate policy that ensures at least 80 percent of its exposure to changes in interest rates on borrowings on a fixed rate basis. This is achieved by entering into interest rate swaps. For more detailed information reference is made to Note 27 in the Consolidated Financial Statements.

# Our 2011 Operational Performance

Dockwise offers a range of marine transportation and related services. Alongside the transportation, installation and logistical management services relating to exceptionally large and heavy structures and equipment, primarily for the Oil & Gas Industry, Dockwise provides marine transportation and related services in other industries such as Port & Marine and Yachting.

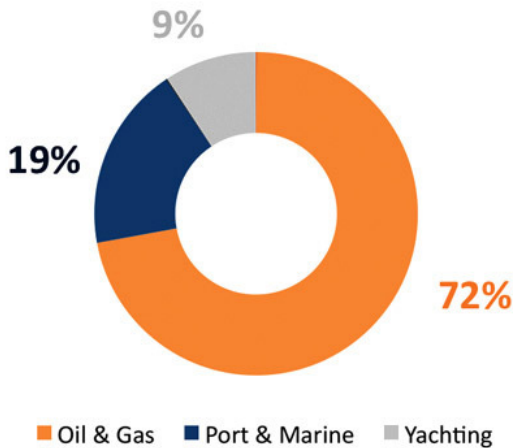


Figure: Revenues 2011

## Oil & Gas Industry

Dockwise’s clients engage in the following activities within the Oil & Gas Industry:

- Exploration & Development Segment: operating offshore jack-up, semi-submersible drilling rigs and drill ships that locate and develop new oil and gas sources;
- Production Segment: operating various types of offshore oil and gas production structures, which can be fixed, floating or gravity-based;
- Processing Segment: operating various onshore and offshore industrial projects using oil and gas as feedstock, such as LNG terminals, refineries and chemical plants.

During the economic crisis of 2008 the oil price fell from peak records above USD 140 per barrel to under USD 40 per barrel in 2009. Over the course of 2010 and the first half of 2011, the world economy slowly recovered and oil price levels increased to exceed USD 80 per barrel. In the second half of 2011 the global economy stagnated again, in part due to the financial crisis in Europe. Despite this economic downturn, the consumption of oil and gas grew moderately throughout 2011.

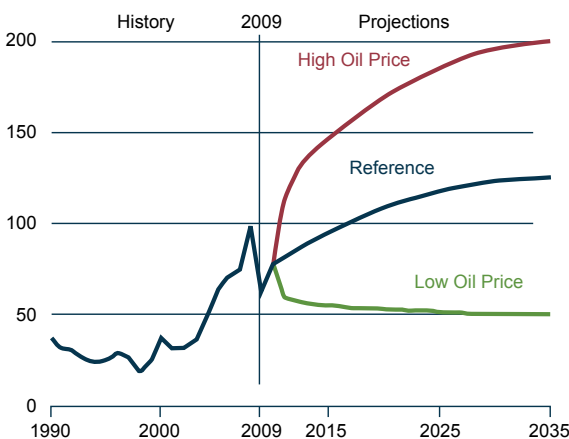


Figure: World oil prices in three cases, 1990-2035 (2009 dollars per barrel). (Source: EIA, International Energy Outlook 2011)

Dockwise believes that long-term prospects for the Oil & Gas Industry are positive. This belief is consistent with the expectations of the International Energy Agency (IEA) which refers to the current oil price experiencing a "reference" scenario. This anticipated price is based on projected changes in demand and supplies of oil. Crude oil demand is expected to grow and existing oil field output is estimated to decrease between 5% and 7.5% per year.

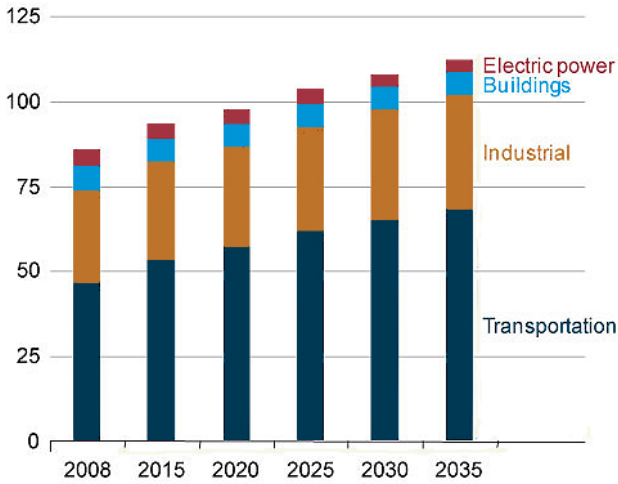


Figure: World's liquids consumption by sector 2008 – 2035 in mbpd (Source: EIA, 2011)

Driven by the increasing demand from India and China liquids consumption is expected to grow from around 88 million barrels per day (mbpd) in 2011 to over 100 mbpd in the next decade (EIA, 2011). In the light of increasing demand, the Oil & Gas industry stands to replace current production fields. In the 2012-2017 timeframe, 23.6 mbpd is required just to offset declines of existing production. To put this in context, 23.6 mbpd represents 26% of existing supply in 2011 and replacing this volume over the specified timeframe, before taking into account any demand growth, is a significant challenge. (Morgan Stanley, 2011) This leads to an increased appetite for new investments in the Oil & Gas industry. In 2012 the global Oil & Gas Exploration and Production spending is expected to increase with 10% to USD 598 billion from USD 544 billion in 2011. The common belief is that the industry is in the early stage of a multi-year, double-digit growth spending up cycle internationally characterized by increased drilling in complex geologies on land and exploration and development of traditional and emerging deepwater basins (Barclays Capital, 2011).

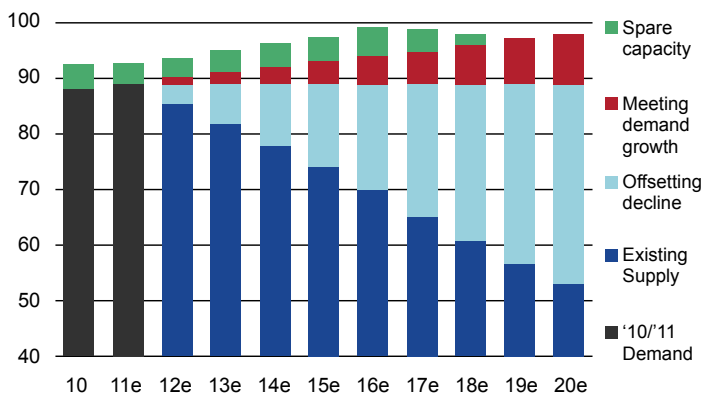


Figure: Offsetting declines (mbpd) over the next 5-8 years is the key challenge in Global Oil Supply (Source: Morgan Stanley Research, 2011)

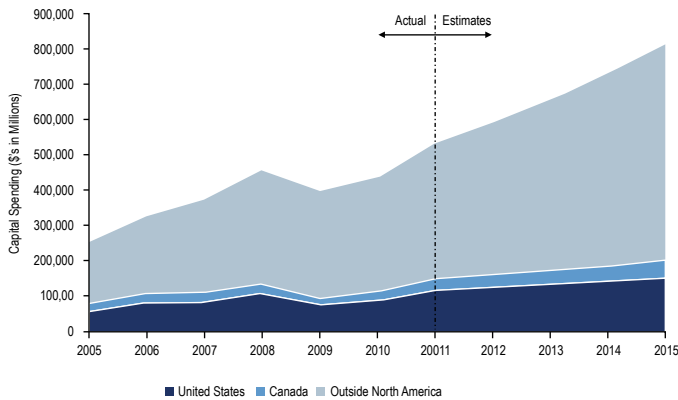


Figure: Capital Multi-Year E&P Spending Forecast (Source: Barclays Capital, 2011)

## Oil & Gas Industry – Exploration and Development

Transport requirements for offshore drilling rigs consist primarily of (i) delivery from the construction shipyard to the initial exploration or production location (referred to as “new builds”), (ii) movements of existing offshore drilling rigs between different exploration basins (referred to as “inter-basin moves”) and (iii), intra-basin movements, which are generally carried out over short distances. In general, movements of more than 1,000 miles represent a better target market for Dockwise’s Heavy Marine Transport services than shorter movements of less than 1,000 miles. There are two types of drilling rigs in general use today: Jack-up rigs for water depths up to 500 feet and semi-submersible rigs for water depths beyond 500 feet up to 10,000 feet.

### Jack-up rigs

Jack-up rigs are drilling platforms typically used in water depths up to 500 feet. They are carried out to sea and then jacked up on three or four (hydraulic) legs attached to the platform. There were approximately 56 jack-up drilling rigs under construction as of January 2012 with scheduled delivery in 2012 and 2013. These will need to be transported from the construction site to oil fields. In addition, the percentage of existing jack-up rigs projected to be moved inter-basin is expected to remain fairly stable between 2012 and 2015 at 7% or 8% per annum.



Picture: West Elara on MV Mighty Servant 1

The jack-up newbuild cycle which started in October 2010 continued throughout 2011. It was driven by a continued bifurcation towards higher quality assets, aging equipment and an increased focus on safety in a post-Macondo world. Concerns over shipyard capacity had also accelerated the ordering process. Tender activity picked up through the year too, with many rig owners deciding to order or acquire newly built jack-up rigs.

In 2011 approximately 10% of the world’s jack-up rigs, including newly built rigs were moved to another region. This was 1% more than in 2010. The number of transports was supported by 17 newly built jack-up rigs entering the market. Dockwise moved 34 jack-up rigs in 2011 (equal to 2010), of which eight were new builds (equal to 2010). In 2012 the world’s jack-up fleet is expected to grow with the addition of 22 newly built rigs. At the end of 2011, 83 jack-up rigs were stacked, of which 80 were aged 25 years and older. As more companies lean towards newer and larger rigs, deeper water depths and harsher environments, it remains questionable whether older generation jack-ups will return to the active global fleet. Although this development reduces the total number of active jack-up drilling rigs, Dockwise vessels are better placed to handle in-demand rigs and their increased water depth and size profiles.

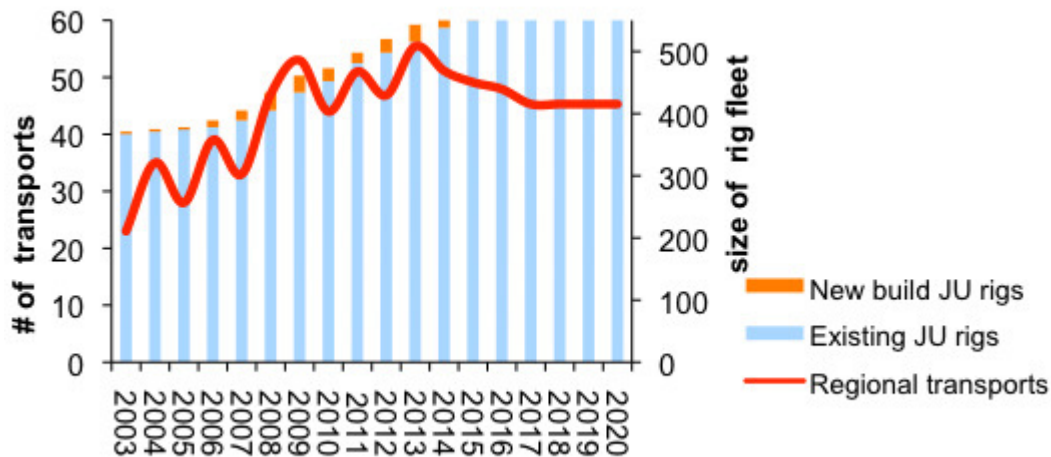


Figure: Jack-up Rig Transports (Source: ODS-Petrodata)

#### Semi-submersible rigs

Semi-submersible rigs are floating drilling rigs used in water depths from 500 feet and up to 10,000 feet. Six generations of semi-submersible rigs have been developed by the Oil & Gas industry to date, each with higher degrees of sophistication and greater size than preceding generations. All six generations remain in use. Most of the recently built semi-submersible rigs are self-propelled and can travel at a speed of six to eight knots. However, this is still significantly slower than a dry-transport aboard a Heavy Marine Transportation vessel, with average speeds of approximately 10 to 12 knots. There are approximately 14 semi-submersible drilling rigs under construction as of January 2012 with scheduled delivery from 2012 to 2014. These offshore drilling rigs are primarily constructed in Asia for operation in the deep waters offshore Brazil, the US Gulf of Mexico and West Africa.



Picture: Amazonia on MV Trustee

Contractors owning these drilling rigs are typically paid based on a daily rate. Due to the high drilling day rates paid in these oil fields, the Company expects that these offshore drilling rigs, when completed, will need to be transported by the fastest transportation method available. Furthermore, the percentage of existing semi-submersible rigs projected to be moved inter-basin is expected to be relatively stable between 2012 and 2016 at 25%.

By the end of 2011 there were 206 semi-submersible drilling rigs in operation around the world, including 14 newly built and delivered structures. Dockwise moved seven of these in 2011 (equivalent to 2010) of which three were new deliveries (two in 2010). Eight newly-built semi-submersible rigs are expected to be added to the market in 2012.

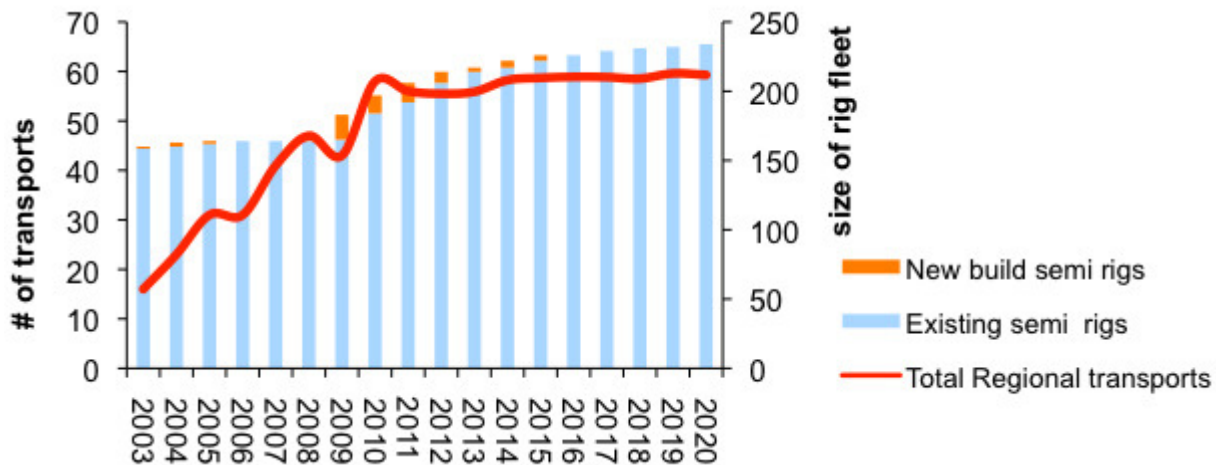


Figure: Semi-submersible Rig Transports (Source: ODS-Petrodata)

### Drillships

Drillships are floating vessels equipped with oil and gas drilling equipment, with the ability to drill in deeper water depths, in harsher environments, and can easily sail from one location to another without the need of towing assistance. There are currently 16 drillships under construction as of January 2012, for operations in West Africa, Brazil and Arctic regions. With another 33 drillships on order, the market is expected to grow rapidly in the upcoming years.

Dockwise offers the ability to transport drillship hull sections between shipyards and dry-docking facilities close to construction sites. In Brazil, the demand for drillships is increasing, but there the local construction capacity is limited, hence stern blocks for newbuild or refurbished drillships are often constructed elsewhere and shipped to Brazil for completion and integration. In 2011, Dockwise transported ship blocks from Singapore to Brazil for final completion.

## Oil & Gas Industry – Production

Offshore production structures include fixed platforms, floating platforms and gravity based structures. Examples of floating platforms are semi-submersible production structures, stabilized spar buoy structures, floating production storage and offloading structures (FPSOs) and tension-leg platforms (TLPs). These structures are mainly built in Asia and typically need to be moved and installed over long distances. Most of these structures, as whole or modularized units, are transported from the fabrication yard to the installation site on board a Heavy Marine Transportation vessel or towed via a tug or tug & barge combination.

As production locations shift into deeper water and more remote areas, there is a tendency for new projects to opt for floating production facilities such as FPSOs and floating LNG (FLNG) units. Since these are equipped with production and storage facilities onboard, the need for onshore facilities and extensive subsea structures is reduced. The ability to relocate the production facilities also enables new discoveries to be developed much quicker. FPSOs are becoming popular in regions such as Brazil, as they are cheaper and easier to construct than other types of production structures.

Fixed platforms or “topsides” can be installed using several types of heavy crane vessels or by using the “float-over” technique, illustrated below. The ongoing trend towards the construction of larger fully integrated offshore structures with a weight greater than approximately 14,000 tonnes, which is the maximum weight cranes can carry, combined with the high cost and time required to assemble, hook-up and commission a structure offshore, is driving the market towards the use of the float-over technique and towards the development of larger transportation devices.

Float-Over Installation (shown on the pictures below):



Transportation



Approach Jacket



Docking



Installation



Completion

A float-over is basically a two-in-one discharge-installation operation. The large topside constructions, which will remain above water once installed, are built onshore, at a significantly lower cost than construction at the offshore production site. They are then transported on the deck of a Heavy Marine Transportation vessel. On location, the construction is discharged from the vessel and directly installed onto a jacket or floating hull during one single operation.

In order to accomplish this, the vessel maneuvers between the legs of a pre-installed jacket or floating hull, so that the top construction stabilizes precisely above the structure. The vessel then slowly lowers itself by ballasting, combined with a load transfer system until the topside and jacket mate, resulting in the platform "resting" on the jacket. With the platform in position, the construction is installed and the final commissioning continues. Driven by customer demand, Dockwise has developed the skills and capabilities to launch and install jackets prior to the float-over operation.

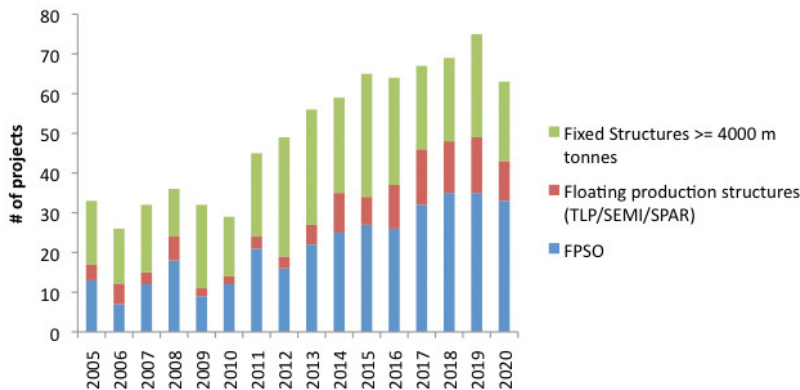


Figure: Potential number of offshore projects (Source: Infield systems November 2011)

In 2011 Dockwise transported the Deep Panuke production platform and executed the Bongkot and CoroCoro transport and installation projects. The Company also signed contracts for amongst others the Big Foot Spar, Gudrun Module, Jack St. Malo platform, Mars B tension leg platform and Cheviot Octabuoy project.

## Oil & Gas Industry – Processing

For the Oil & Gas processing industry, marine transport services are required for heavy onshore structures that include modules for LNG plants, refineries and petro-chemical plants. Transporting large integrated units provides customers with a number of benefits, including the option to build and assemble large projects or parts of projects in lower cost environments.

Shorter transit times and operating efficiencies arise from the reduced need for on-site support equipment. In this industry segment, LNG projects in Australia have been less affected by the economic downturn and are needed to help meet the demand for LNG supplies in Asia and the Far East. It is expected that a number of LNG projects will come on-line between 2013 and 2017 to help meet this demand. Because the bulk of heavy transport services for an LNG project are executed one to two years before the project comes on-line, additional business opportunities for Dockwise exist between 2012 and 2015.

In contrast to LNG projects, investments in refineries and petro-chemical plants have been delayed as a result of the recession. Oil companies are driven to reduce costs by re-bidding and postponing Final Investment Decisions with respect to major projects.

In 2011 Dockwise was awarded a LNG modules transportation contract for the Gorgon Project in Western Australia.

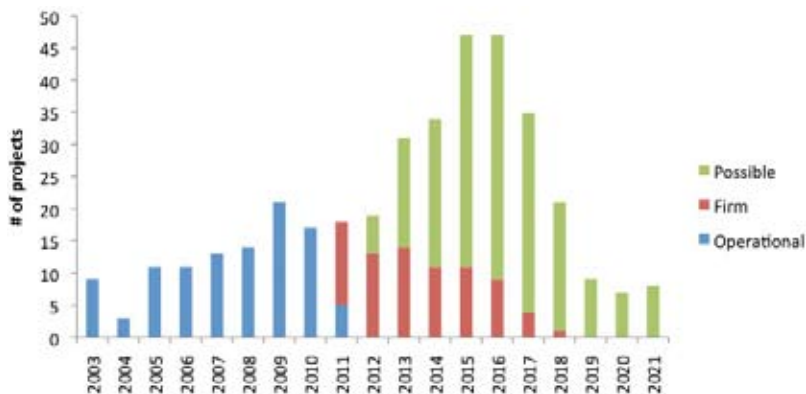


Figure: Potential number of LNG projects (Source: Infield systems November 2011)

## Other Energy & Resources Industry

Large infrastructure projects such as desalination plants, power plants and mining projects will require transport services including heavy marine and onshore transport. In contrast to the Oil & Gas industry, this industry has been less affected by the economic downturn and large power and drinking water projects have continued. The mining industry has been more affected by swings in commodity prices, particularly during 2007 and 2008. However, since 2010, these markets have shown signs of recovery, driven in part by demand in developing countries and government-supported infrastructure projects and are expected to develop along with the general global economic development.

In 2011 Dockwise transported the floating powerbarge Seaboard from Thailand to the Dominican Republic.

## Military Industry

In the military segment, new-build and decommissioning programs often require Heavy Marine Transport services to transport newly-built vessels from fabrication yards to operational zones or to transport modules between shipyards during new-build projects or to transport completed hulls. In addition, the transfer of used Navy vessels between developed and developing countries and the transport of damaged submarines and other Navy vessels as part of salvage operations, create transport opportunities. The continuing economic downturn and reductions in defense budgets resulted in some new-build projects being delayed, postponed or cancelled. Developed countries in particular continue to reduce defense and common government budgets in favor of programs that support local economies and employment.

The Company has been awarded two military contracts for the transportation of hull sections for an Australian Landing Helicopter Dock (ALHD).

## Port and Marine (P&M) Industry

The P&M industry segment consists of various types of equipment such as dredging equipment, container cranes, offshore services (e.g. floating cranes, floating hotels and dry docks), construction (e.g. bridge modules) and river and coastal vessels. Currently this market is driven by activities in developing countries and major projects such as the expansion project for the Panama Canal or LNG projects in Western Australia. The trend in this market segment is influenced by the Gross Domestic Product ("GDP"). According to the International Monetary Fund (IMF) the global recovery is threatened by intensifying strains in the Euro area and fragilities elsewhere. Global output is projected to expand by 3¼ percent in 2012, a downward revision relative to earlier projections, largely because the euro area economy is now expected to go into a mild recession in 2012.

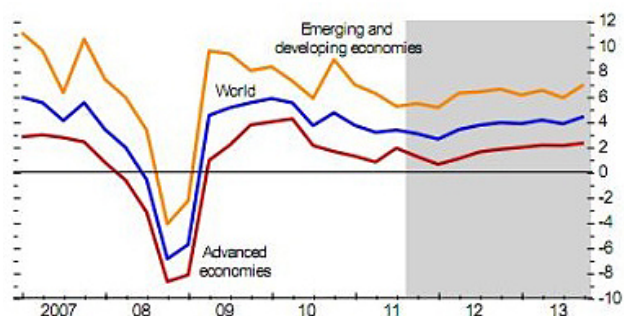


Figure: Percent: quarter over quarter, annualized. (Source: IMF World Economic Outlook Update January 24, 2012)

In 2011, Dockwise executed various transportation contracts in the P&M Industry. Projects included the transportation of jack-up barge GMS Endurance, SEP Orion, liftboat Endeavor, various crane and accommodation barges, dredgers and floating restaurants.



Picture: barges on MV Swan

## Yacht Transport Industry

Yacht owners request that their yachts be transported when they are out of cruising range, or to save on wear and tear, engine hours fuel and other related costs. Yacht owners and yacht charter companies may also seek expansion of their cruising grounds to benefit from two seasons within one year. For example, yachts are transported from the Mediterranean to the Caribbean during the fall and vice versa during the spring season. In addition to yacht owners and yacht charter companies, Dockwise Yacht Transport (DYT) transports yachts for yacht builders and shipyards. The market can be divided into the float-on / float-off and lift-on / lift-off segments. In the first option, the carrier submerges and the yachts are floated on. In the lift-on / lift-off segment, yachts are loaded and unloaded using cranes on a general cargo vessel. Dockwise is the only operator in the float-on / float-off segment, a method that is believed to be safer. Furthermore, yachts in excess of 120 feet or more can only be transported by means of float-on / float-off transport due to their weight. The current trading conditions continue to be negatively impacted by the overall economic developments.

## Our 2011 Financial Performance

The following table sets out the Company's margins and profits for the periods indicated:

<i>(x USD 1 million)</i>	<b>2011</b>		2010		2009	
Revenue	399		439		478	
Contract related expenses	177		168		169	
<b>Gross margin</b>	<b>222</b>	<b>56%</b>	<b>271</b>	<b>62%</b>	<b>309</b>	<b>65%</b>
Vessel operating expenses	44		48		50	
Depreciation and amortization	123		98		96	
<b>Gross profit</b>	<b>55</b>	<b>14%</b>	<b>125</b>	<b>28%</b>	<b>163</b>	<b>34%</b>
Other income	-		-		3	
Administrative expenses	44		47		54	
Other expenses	-		9		-	
<b>Results from operating activities</b>	<b>11</b>	<b>3%</b>	<b>69</b>	<b>16%</b>	<b>112</b>	<b>23%</b>
Net finance income / (costs)	(43)		(52)		(74)	
Income tax credit / (expense)	(1)		-		(1)	
<b>Profit / (Loss) for the year</b>	<b>(33)</b>	<b>nm</b>	<b>17</b>	<b>4%</b>	<b>37</b>	<b>8%</b>

### Revenues

Dockwise is distinguishing between revenues relating to Heavy Lift and Yacht segments. Yacht Transportation is not a core business and, in 2011, the Company agreed in principal to sell the entire business to an interested buyer. Results are reported as 'discontinued operations', assets are reported under 'assets held for sale' and liabilities are reported under 'liabilities held for sale'. Heavy lift revenues are segmented into long-term Offshore / Onshore transportation (and installation) contracts and shorter-term Heavy Marine Transport contracts. Below is an overview of the revenue split according to the current segmentation.

<i>(x USD 1 million)</i>	<b>2011</b>		2010		2009	
Heavy Marine Transport	270	68%	276	63%	373	78%
Offshore / Onshore projects	93	23%	127	29%	61	13%
Yacht Transport	36	9%	36	8%	44	9%
<b>Total revenues</b>	<b>399</b>	<b>100%</b>	<b>439</b>	<b>100%</b>	<b>478</b>	<b>100%</b>
MS 3 compensation	-	-	-	-	13	-
<b>Adjusted revenues</b>	<b>399</b>		<b>439</b>		<b>491</b>	

Revenues at Dockwise are driven by the so-called early warning indicators: oil price, oil industry CAPEX, demand for oil (for energy markets) and gross world product (for Port & Marine industries and yacht transport). The following table outlines Key Performance Indicators (KPI) in the relevant periods.

	2011	2010	2009
Oil price WTI (USD) <sup>1</sup>	99	91	79
Oil demand (million barrels per day) <sup>2</sup>	89	88	84
Gross World Product growth <sup>3</sup>	4.9%	4.6%	3.1%

1) source west texas intermediate WTI

2) source international energy agency

3) source CIA world factbook; adjusted for inflation

### Dockwise Heavy Marine Transport and Offshore / Onshore Projects

Revenues in Heavy Marine Transport decreased by 2% to USD 270 million compared to 2010. This was largely due to lower utilization. Where the transportation of drilling rigs with 41 units was flat on 2010, less Port and Marine cargo was transported. Pricing during the year under review was fairly stable from the second quarter. Revenues from Offshore / Onshore Projects decreased by 27% to USD 93 million compared to 2010; in 2011 Offshore / Onshore projects were 26% of revenues from heavy lift operations compared to 32% in 2010.

### Dockwise Yacht Transport (DYT)

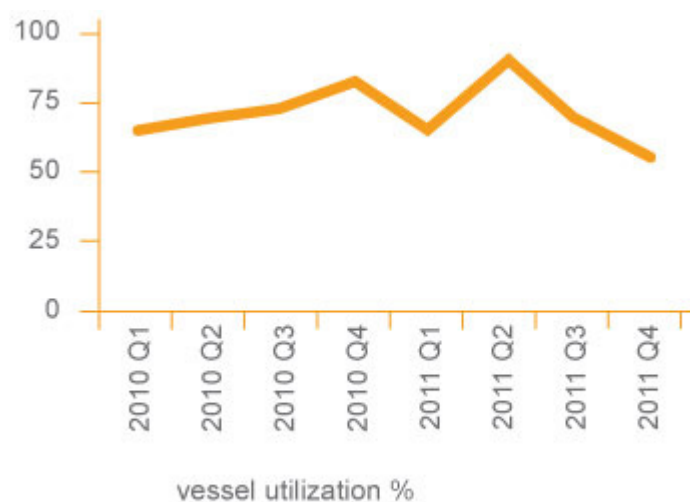
The yacht transportation business is seasonal. It experiences significantly greater activity in spring and fall than at other times in the year, principally because yacht owners tend to move their yachts from the Caribbean to the Mediterranean in the spring and back in the fall. As a result of these seasonal fluctuations, the Company's revenues are not evenly distributed throughout the year. With USD 36 million, revenues for yacht transport were equal to 2010.

### Utilization rate

The utilization rate for each of the vessels is calculated by dividing the number of days the vessels are booked (from the point of mobilization or start of preparation, to the point at which the contract is completed) by 365 days. With maintenance on average ten percent of days a year, maximum utilization would be around 90%.

The following table and graph show quarterly utilization rates for the previous two years. These rates do not include the vessels operated for the transportation of yachts.

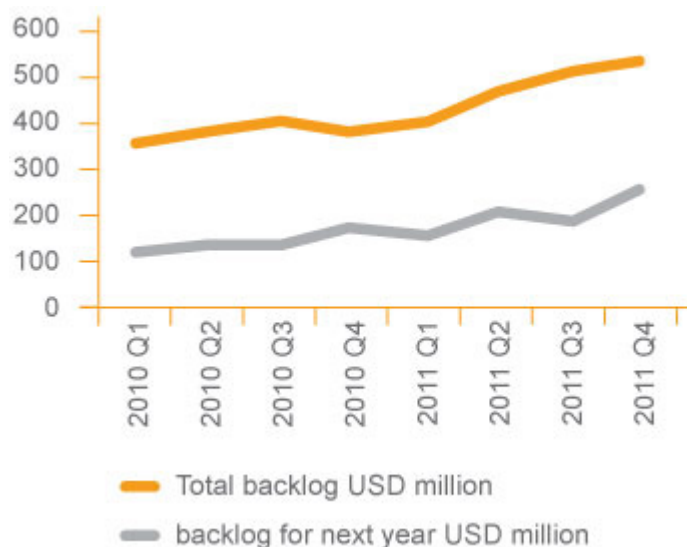
	2010					2011				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Utilization in %	64	66	73	84	71	64	85	70	55	68



### Revenue backlog

Revenue backlog represents the aggregate value of the Company's signed contracts (and letters of award or intent for large contracts) minus the revenues recognized from those contracts. The Dockwise revenue backlog only includes the contract price of signed contracts and letters of award or intent relating to its Heavy Marine Transport business, including transportation, installation and engineering contracts. References to Dockwise's revenue backlog do not include any revenue backlog for its yacht transportation business. To the extent work advances on contracts, revenue is recognized in accordance with the Company's revenue recognition policy.

(x USD 1 million)	2010				2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Backlog	366	389	400	380	397	471	512	531
For next year	107	126	125	174	151	200	186	245



### Gross margin, Gross profit

Gross margin for contracts is calculated by subtracting contract-related expenses from the revenues that such contracts generate. Gross profit represents revenue less direct costs. Direct costs are composed of contract-related expenses, vessel operating expenses, depreciation and amortization.

#### Contract related expenses

Contract related expenses include fuel, harbor dues, canal dues and expenses related to preparing a vessel and securing cargo for the voyage. At lower utilization rates and contract prices, the contract-related costs increased percentage wise, since these remained at the same levels as in previous years.

#### Vessel operating expenses

Vessel operating expenses are relatively fixed and consist of crewing costs, insurance premiums and repair and maintenance costs. Vessel operating expenses decreased by 8% (from USD 48 million in 2010 to USD 44 million in 2011). This is principally due to the divestment of MV Explorer in 2011 and of MV Enterprise in 2010.

#### Depreciation and amortization

Depreciation and amortization are rather equal on a quarter to quarter basis. In 2011, a USD 29.4 million impairment on the cash generating unit Dockwise Yacht Transport and USD 4.2 million impairment on the MV Explorer compared with a USD 6.2 million impairment on the MV Enterprise in 2010.

### Administrative expenses

Administrative expenses include the personnel expenses of management and office staff and other general expenses. The 2011 administrative expenses were USD 44 million, USD 3 million lower than for 2010.

## Other expenses

In November 2010, Dockwise settled a dispute with the former owners of MV Mighty Servant 3, relating to its reinstatement. This resulted in USD 9 million (non cash) other expenses in 2010. As a result, the Company will, in the event of an award, be entitled to the full proceeds of the arbitration that it initiated against its hull and machinery underwrites at the time of the sinking of the MV Mighty Servant 3. This occurred prior to the change in ownership of the Company in 2006. These proceeds would represent an amount of USD 9.5 million, interest and costs excluded.

Any proceeds from the arbitration process will be recognized as income through the profit and loss, if and when these are awarded.

## Results from operating activities

Profit from operations adjusted for the DYT impairment of USD 29.4 million decreased to USD 11 million from USD 69 million in 2010. This was primarily due to impairments and a combination of lower vessel utilization and lower prices throughout the year. This could only partly be compensated by lower vessel related costs and lower administrative expenses.

## EBITDA

EBITDA is calculated as profit for the period before interest, tax, depreciation and amortization. EBITDA margin is calculated by dividing EBITDA for the period by revenues for that same period. EBITDA margin for 2011 was 34% compared to 40% in 2010. During the year 2011 EBITDA margins varied from a 32% low in the first and second quarter to some 36% in the third and fourth quarter.

## Net finance income / (costs)

Net finance costs represent the difference between financial income and financial costs. Net finance costs decreased to USD 43 million from USD 52 million in 2010.

### Finance income

Finance income comprises interest income from cash deposits. 2010 also included positive results of USD 1 million on a debt buy back. Interest from cash deposits in 2011 are almost nil, due to low interest compensation in the market.

### Finance expenses

Finance expenses principally comprise interest expenses and financial charges on the indebtedness incurred during the periods. Financial expenses decreased to USD 43 million from USD 52 million in 2010 and include non-recurring items relating to loan redemptions and arrangement fees for a total of USD 7 million (same as 2010). Furthermore, lower outstanding debt had a positive effect on financial expenses. The average cash interest rate<sup>1</sup> for 2011 was some 7.4% and the average hedge ratio<sup>2</sup> for 2011 was some 99%. Finance expenses consequently included non-recurring costs relating to the waiver request of USD 3.2 million and a non-recurring positive non-cash effect of hedge accounting (USD 1.8 million).

1) Average cash interest rate is defined as interest expenses (Libor, margin and net expenses under IRS contracts excluding one-off and non-cash items) in the period divided by the average amount of loans outstanding in the period.

2) Average hedge ratio is defined as the average IRS notional amount in the period divided by the average amount of loans outstanding in the period.

## Profit / (Loss) before income tax

Profit before income tax is profit from operations less net financing costs. Profit before tax decreased to a loss of USD 32 million (USD 3 million profit before income tax on an adjusted basis) from a profit of USD 17 million for 2010 (USD 37 million on an adjusted basis). The reasons for this have been covered in earlier sections.

## Income tax credit / (expense)

Dockwise is considered a tax resident of The Netherlands. As such, it is subject to Dutch taxes. Dockwise pays only minimal tax because the majority of its income is subject to the Dutch tonnage tax regime. This system assesses tax on a dead weight tonnage capacity of the fleet and not on income. Income tax expense increased to USD 1 million from nil in 2010.

## Liquidity and cash resources

Dockwise's liquidity needs are principally related to financing its existing operations, survey and docking and lifetime extension programs for its vessels. They will also include the requirement to pay the capital expenditure for the new vessel – Dockwise Vanguard - from 2011 onwards. Dockwise's principal sources of funding have been cash from operations and from bank borrowings.

## Working capital

Net working capital (excluding cash and cash equivalents and derivatives and including current maturities of interest bearing borrowings) increased to negative USD 88 million as at 31 December 2011. This compares to a negative USD 25 million as at 31 December 2010.

## Cash flows

The following table summarises Dockwise's cash flows for the years 2009-2011.

<i>(x USD 1 million)</i>	<b>2011</b>	2010	2009
Net cash generated from operating activities	128	116	132
Net cash used in investing activities	(151)	(37)	(11)
Net cash from / (used in) financing activities	(11)	(58)	(90)
Net increase / (decrease) in cash and cash equivalents	<b>(34)</b>	<b>21</b>	<b>31</b>

Cash from operating activities increased despite lower activity levels and lower margins. Compensation was derived from lower vessel and SG&A costs, as well as lower interest expenses.

## Capital expenditure

The table below sets forth the Company's capital expenditures relating to property, plant and equipment, as well as intangible assets incurred during the periods indicated. Dockwise expects to make capital expenditures of USD 35 million (average) in total per year, related to survey and docking of current vessels. For 2011 this CAPEX amounted to USD 23 million (USD 24 million in 2010). Dockwise intends to finance this capital expenditure for maintenance primarily through the cash flow generated from operations. In 2011 USD 109 million CAPEX was required for the newly built Dockwise Vanguard. This was generated from cash flow from operations. For 2012 some USD 125 million CAPEX will be required for the newbuild Dockwise Vanguard. For the part that is not generated from cash from operations, a revolving credit facility of USD 170 million is in place of which USD 18 million is used for guarantees. Consequently, the newly built Dockwise Vanguard is fully funded and completion is secured.

<i>(x USD 1 million)</i>	<b>2011</b>	2010	2009
Life time extension program	4	8	(1)
New vessels and conversions	109	2	(2)
Survey and docking	23	24	17
Non-vessel related investments	18	6	14
<b>Total</b>	<b>154</b>	<b>40</b>	<b>28</b>

## Who we are

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## Our History and Development

Dockwise invented and developed the Heavy Marine Transport Industry, specializing in the conveyance of extremely large and heavy cargoes. The largest crane can hoist up to 14,000 metric tonnes, but our largest new vessel will be able to lift over 100,000 tonnes. Vessels also combine both vertical and horizontal transport, unlike cranes. Compared to other means of horizontal transportation, such as tugs or tug-barge combinations, Dockwise vessels travel at least twice as fast and provide greater safety and reliability.

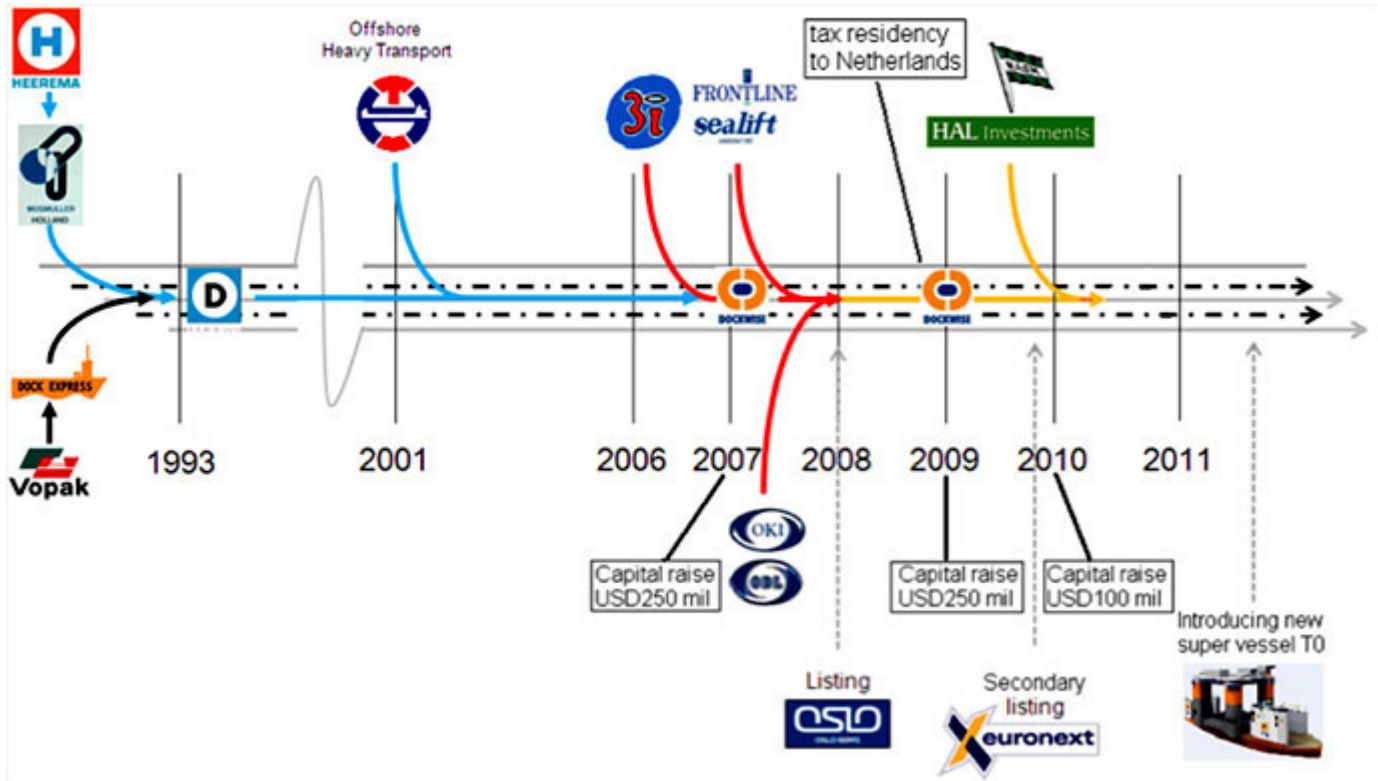
Dockwise was formed in 1993 from the merger of Wijsmuller Heavy Transport and Dock Express Shipping, two companies that were each formed in the early 1970s. Recognizing natural synergies in their respective service offers, they merged to form Dockwise and the Company grew steadily until 2001, when it expanded with the merger of Offshore Heavy Transport. This brought the Blue and Black Marlin vessels into the Dockwise fleet. In 2007, through a (reverse) take-over of Sealift, six identical converted tankers increased the Company's fleet further and so, by the end of 2011, Dockwise operated 18 semi-submersible vessels and had one vessel under construction.

Our Company is driven by passionate professionals - over 300 operating onshore and some 900 in offshore roles. Combined with a global sales network, and operating companies in the USA, China and the Netherlands, Dockwise is the market leader in Heavy Marine Transport. Our ability to provide innovative, value-added Installation Services and Logistical Management solutions further enhances our competitive advantage.

In 2011, our annual revenues amounted to some USD 400 million.

History of the Company:

1993	Founding of Dockwise through a merger between Wijsmuller Heavy Transport and Dock Express Shipping
2001	Merger of Dockwise and Offshore Heavy Transport adding Black Marlin and Blue Marlin to the fleet
2004	Strategy change to target complex projects involving Transport & Installation of offshore structures and onshore modules
2007	3i completes the buyout of Dockwise
2007	Sealift Ltd. completes initial USD 180 million Private Placement on the Norwegian OTC Market and issues 90 million shares
2007	Sealift Ltd. agrees to acquire six Suezmax-tankers from Frontline Ltd. to be converted into heavy-lift vessels
2007	Completion of the acquisition by Sealift Ltd. of six single ship companies; Sealift Ltd. begins operations and starts the conversion of the Suezmax-tankers into heavy-lift vessels
2007	Sealift Ltd. completes NOK 1.2 billion (USD 200 million) Private Placement on the Norwegian OTC Market
2007	Completion of merger between Sealift Ltd. and Dockwise, which adds six T-class vessels to the fleet. From an accounting point of view, the merger constitutes a 'reverse acquisition' of Sealift by Dockwise. Sealift Ltd. was renamed Dockwise Ltd. on 31 July 2007
2007	Acquisition of OKI and ODL: two companies specializing in the design, engineering and installation of offshore modules
2007	Full listing on the Oslo Stock Exchange
2007	Issuance of 18,392,300 new shares
2007-2008	Completion of the conversion of the six Suezmax-tankers into heavy-lift vessels
2009	Three Tier 1 investors take over 3i's 26% stake in Dockwise
2009	Completion of issuance of 183,122,011 common shares in Private Placement and Subsequent Offering. Capital reduction and reversed stock split 20:1
2009	Secondary listing Dockwise on NYSE Euronext Amsterdam
2009	Sale of MVs Dock Express 10 and 12
2010	Issuance of 4,587,506 common shares in Rights Issue and 54,225 shares for subscription fees to finance new Dockwise Vanguard super vessel
2010	Sale of MV Enterprise
2011	Introduction of Dockwise Vanguard and start of construction
2011	Sale of MV Explorer



## Our Profile

### **Adding Services to Our Core Transportation Products to Serve Different Markets and to Expand and Enhance our Market Reach**

Our vision is to become the contractor of choice for the execution of exceptional ocean transport, logistical management- and installation projects. Key to our success is our global team of passionate people rendering reliable services through innovative products that respect the interests of all stakeholders. We believe that each project, each operation, and each achievement is unique and realizes something that is often perceived as impossible to the outside world. This is why our mission is to

**“Create superior value by realizing the inconceivable.”**

#### *Offshore Oil & Gas Service Provider*

The energy sector is Dockwise's core market, accounting for more than 70% of revenues in 2011. Dockwise vessels were mainly operated for the transportation of jack-up drilling rigs. Over longer distances or ocean crossings, there is no safer alternative to transporting these rigs than by vessel. There are more options available to relocate semi-submersible drilling rigs, but again, an increasing number is being transported by semi-submersible vessel. With an average of some 35% to 45% of annual revenues, the rig market represents an important market segment for Dockwise. The main clients in this sector are drilling contractors and new build yards.

Since 2003, Dockwise has offered additional services to the Oil & Gas and Mining industry, including the Transport & Installation (Float-Over) of production platforms for offshore oil & gas and Logistical Management solutions, principally for modular (energy and mining) production facilities. To support these activities with the required engineering skills, Dockwise acquired Offshore Kinematics Inc. (OKI) and Ocean Dynamics LLC (ODL) in 2007.

The drivers for this market are oil price and investments by the energy industry. Clients in this segment are Oil & Gas companies, mining companies, new build yards, and Engineering, Procurement, Installation and Commissioning (EPIC) contractors.

#### *Port & Marine Industry Services*

Dockwise is also active in the Port & Marine (P&M) Industry market. On average this represents some 20-25% of annual revenues. It includes the transportation of military equipment, and equipment used in Port & Marine Industries, such as container cranes, dredging equipment, barges and ferries. Compared to the Oil & Gas market, this can be a more commoditized market with a lower appreciation for added value services such as engineering, project- and risk management. The main drivers for this market are Gross Domestic Product (GDP) and consumer confidence. The main clients are dredging companies and industries that operate in Port & Marine environments.

#### *Yacht Transport Services*

In addition, 9% of revenues for 2011 were realized through the transportation of luxury yachts between cruising grounds across the world. This is more of a liner service where utilization is the prime factor and GDP is a key driver. Three of the fleet's vessels are dedicated to this business. Clients include representatives from within the yachting industries, charterers and also private yacht owners. In 2011, Dockwise announced the intention to divest this non-core business. In this annual report, assets (under "assets held for sale"), liabilities (under "liabilities held for sale") and results (under "discontinued operations") of this business are reported separately.

## Our Strategy

Dockwise aims to consistently develop customized solutions that meet its global customers' transportation and installation needs. It is also committed to maintaining efficient, high quality and safe operations.

The Company's overall strategy depends on:

- Maintaining and strengthening its market-leading position in Heavy Marine Transport;
- Growing its contracting capabilities for Offshore Transport & Installation projects;
- Offering customers total turn-key Logistical Management solutions for the transport and installation of onshore industrial projects;
- Building on its engineering and project management experience.

Dockwise implements its overall business strategy by:

- Understanding client demands and offering innovative, safe and reliable solutions;
- Leveraging its market leadership in Heavy Marine Transport to obtain project management contracts for the transport and installation of both offshore and onshore projects;
- Offering in-house engineering and project management teams that interact directly with clients and support them from pre-FEED studies through to project execution;
- Permanently optimizing the composition of the Company's fleet, whereby the ownership of assets is dependent on their strategic importance to the implementation of the business strategy;
- Pursuing project or region oriented partnerships with parties that offer assets or skills that may be required for projects Dockwise is interested in.

Over time this should result in substantial growth in revenues through:

- Market leadership in Heavy Marine Transport, transporting at least 50% of inter-basin rig moves in any year;
- Expanding our services in tandem with Transport & Installation services, by offering and executing jacket launches and jacket installations and connections for subsea riser systems;
- Involvement in Transport & Installation and Logistical Management projects, representing 50% of annual revenues;
- Industry-best safety statistics with zero Lost Time Injuries in any year;
- Net operating profit after tax exceeding weighted average cost of capital, with equity component valued at market price at the start of any year.

## Our Values and Principles

In 2010, Dockwise launched the *Values in Action* initiative, which confirmed and reaffirmed our values and principles.

Dockwise Values and Principles are a key component of the Company's vision to create superior value by 'realizing the inconceivable'. Their role is to direct, guide and support the way that we deliver our service and conduct our business.

### Values:

- Reliable;
- Innovative;
- Passionate;
- Respectful.

### Our Principles define a framework for us to:

- Create a sustainable and profitable business;
- Pursue integrity in our business and disclosure on our behavior;
- Safeguard health, security and safety of human resources involved in our business, and also of the environments in which we operate;
- Optimize the wellbeing and prosperity of our People;
- Maintain fair competition;
- Operate in full compliance with the values that we stand for.

Our objective is to maintain the highest standards of ethical conduct as a Company, and to promote and uphold personal and professional integrity. We are expected to act in a responsible manner, upholding Dockwise's reputation for being reliable, innovative, passionate, and respectful. To safeguard this, Dockwise has developed a continuous process of Defining & Clarifying policies, Leading & Training behavior and Monitoring & Auditing compliance.

After defining our corporate Values and Principles, our policies and procedures were clarified in relation to, amongst others, Insider Trading, Drugs & Alcohol, Corporate Governance, Maritime Security, Antitrust and Fair Disclosure. Training sessions were conducted on Antitrust and on US and EU sanctions against countries and compliance was closely monitored. From 2012, Compliance Auditing will be combined with Financial and Risk Auditing.

In 2009 we identified an integrity issue in China; an employee violated the Values and Principles of the Company by accepting bribes from business partners. The employee was dismissed, prosecuted and convicted by court in 2011.

## Our Management and Accountability

The one-tier Board of Directors of Dockwise Ltd. carries responsibility for the overall performance of the Company. The Members of the Board of Directors are elected by the shareholders at the Annual General Meeting.

Annual General Meetings of Dockwise Shareholders shall be held once in every calendar year, at such time and place as the Board of Directors shall appoint. The Board shall convene a Special General Meeting at the request of shareholders holding not less than 10% in nominal value of paid-up capital of Dockwise. At least 21 days clear notice of an Annual General Meeting shall be given to each shareholder.

Except as otherwise provided in the Bye-laws, the quorum at any General Meeting of Dockwise shall be constituted by one or more shareholders either present in person or represented by proxy, holding in aggregate shares carrying one third of the voting rights entitled to be exercised at such meeting.

A Nomination Committee, in accordance with article 23.4 of the Bye-laws, ensures that proposals to the Annual General Meeting for appointment and remuneration are made on an independent basis. The terms of the Board Profile are the terms of reference. The Nomination Committee was installed during the Annual General Meeting on 30 July 2007 to assist the General Meeting of Dockwise in determining the composition and remuneration of the Board. The Nomination Committee is responsible for evaluating the balance of skills, knowledge and experience on the Board as well as the size, structure and composition of the Board, retirements and appointments of new members of the Board (whether as addition or replacements to the current composition) and will make appropriate recommendations to the Annual General Meeting of Shareholders on such matters. In addition, the Nomination Committee is responsible for making recommendations to the shareholders at the Annual General Meeting of Shareholders as to the remuneration to be paid to Board members. The Nomination Committee is currently composed of two members: Wim van Vonno (Chairman) and Adri Baan. The Nomination Committee had one meeting in 2011, which was attended by both members.

At the end of 2011 the Board consisted of the following members:

Board member	Appointed	Reappointed
Mr. Adri Baan (1942), Chairman	2007	2010
Mr. André Goedée (1951), CEO	2007	2011
Mr. Tom Ehret (1952), Deputy Chairman	2007	2010
Mr. Danny McNease (1951)	2007	2011
Mr. Rutger van Slobbe (1952)	2007	2011
Mr. Jaap van Wiechen (1972)	2009	2011

Of this six member Board of Directors, five members are non-executive. The majority of the Board members are independent of the Executive Management of the Company, of main business associates and of the main shareholders. The composition of the Board is in accordance with the Bye-laws of the Company, the Board Profile and the Norwegian Corporate Governance Code. Members of the Board of Directors are appointed for a period of two years. Last year Mr. Jaap van Wiechen was re-appointed for one year to balance the schedule of resignation. The schedule of resignation is as follows:

Board member	2012	2013	2014	2015	2016
Adri Baan	*		*		*
Tom Ehret	*		*		*
André Goedée		*		*	
Danny McNease		*		*	
Rutger van Slobbe		*		*	
Jaap van Wiechen	*		*		*

The remuneration of the Board Members is determined by the General Meeting of Shareholders upon the recommendation of the Nomination Committee. No contracts have been entered into with any of the Board members entitling them to any benefits upon termination of their function as a member of the Board. However, André Goedée is entitled to benefits upon termination of his function as Chief Executive Officer. See 'Employment and Severance Agreements of Executive Management'.

## Board of Directors: Profiles

### Adri Baan (born 1942), Chairman



Mr. Baan was first appointed on 30 July 2007. He held senior positions with and was a member of the board of directors of Royal Philips Electronics N.V. from 1984 to 2001. Furthermore, he was formerly an independent director of PSA Corporation Limited (Port of Singapore Authority) and PSA Europe Limited, a non-executive director of ICI plc, a non-executive director of International Power plc, a member of the supervisory board of ASM International N.V., chairman of the supervisory board of the Authority for Financial Markets in the Netherlands, and a director of NPM Capital. He is currently the chairman of the supervisory board of Wolters Kluwer N.V. and Royal Volker Wessels Stevin N.V., member of the supervisory board of OCE N.V. and Imtech N.V., chairman of the board of the preference shares Foundation ASML N.V., chairman of the Trust Office of KAS Bank N.V. and senior advisor of Warburg Pincus, UK. He is also a member of the supervisory board of the University of Amsterdam and the Amsterdam Medical Center. Mr. Baan has a master's degree in Physics from the University of Amsterdam. He is a Dutch citizen and resides in the Netherlands.

### Tom Ehret (born 1952), Member and Deputy Chairman



Mr. Ehret was first appointed to the Board of Directors on 15 October 2007. He retired as chief executive officer of Acergy SA (formerly Stolt Offshore SA) in April 2008. Mr. Ehret has been active in the offshore oil and gas business for over 35 years, and has held a variety of positions, both technical and commercial, working with Comex SA, FMC Corporation, Coflexip Stena Offshore and Technip S.A. He has managed companies for over 25 years. Mr. Ehret has been trained as a mechanical engineer, and started working as a Research and development engineer before moving into project management. In addition to Dockwise, Mr. Ehret currently holds the following directorships: SBM Offshore N.V. (supervisory board), Huisman Equipment B.V., Green Holdings Corporation, International Sports Media Ltd and Comex SA. He is also an operating partner with Advent International Inc. and a senior advisor to Oak Tree Capital Management. Mr. Ehret is a French citizen and resides in France.

### André Goedée (born 1951), Director and Chief Executive Officer (CEO)



Mr. Goedée has held the position as CEO of the Company since 2003 and was first appointed to the Board of Directors on 4 May 2007. Mr. Goedée has 42 years of experience with the shipping, drilling and heavy marine transport industries. He spent eight years with Nedlloyd Lines and twelve years with Neddrill Drilling Contractors. He graduated from Rijnlands Lyceum, Wassenaar and Merchant Marine College, Scheveningen. He holds a degree as Master Mariner and has served as the executive vice president of the Heerema Group. Prior to being appointed CEO of the Company in 2003, he served as chief executive officer of the European speciality staffing division of Vedor, a global staffing organization. Mr. Goedée is a Dutch citizen and resides in the Netherlands.

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**Danny McNease (born 1951), Member**


Mr. McNease was first appointed to the Board of Directors on 15 October 2007. He retired at the end of 2008 from Rowan Companies Inc., an international offshore and land drilling contractor, after more than 30 years with the company. Mr. McNease is a graduate of the University of Southern Mississippi and the Columbia University Executive Program. He has served in the Drilling Division of Rowan Companies Inc. as a barge engineer, driller, rig Superintendent and manager both in the United States of America and abroad before moving into Executive Management positions. Mr. McNease is chairman of the board of Axon Energy Products and is advisor to HitecVision AS. Mr. McNease is a United States citizen and resides in the United States of America.

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**Rutger van Slobbe (born 1952), Member**


Mr. Van Slobbe was first appointed to the Board of Directors on 13 July 2007. He has been active in the container transport business since he joined Nedlloyd Lines in 1982. After serving in various operational and executive positions, Mr. Van Slobbe was appointed as executive director of P&O Nedlloyd in 1997. He stepped down as Member of the executive board of directors after the acquisition and delisting of P&O Nedlloyd by Maersk Sealand in 2005. Mr. Van Slobbe holds various additional positions, including chairman of the supervisory board of directors of the Port of Rotterdam N.V., member of the supervisory board of directors of the Royal Netherlands Sea Rescue Institution (KNRM), chairman of the supervisory board of directors of Cargonaut B.V., member of the supervisory board of directors of Shipping and Transport College (STC) Rotterdam and co-owner of Oxalis Coöperatie U.A. Mr. Van Slobbe is a Dutch citizen and resides in the Netherlands.

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**Jaap van Wiechen (born 1972), Member**


Mr. Van Wiechen was first appointed on 4 November 2009 and started on 1 December 2009. He has been active in the investment industry since he joined HAL Investments B.V. in 1997. In connection with his work at HAL, Mr van Wiechen serves at the supervisory boards of: Atlas Services Group Holding B.V., Koninklijke Boskalis Westminster N.V., FD Mediagroep B.V., InVesting B.V., Mercurius Groep B.V., N.V. Nationale Borgmaatschappij and Orthopedie Investments Europe B.V. Mr. Van Wiechen is a Dutch citizen and resides in the Netherlands.

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In order to assure a more independent consideration of matters of a material character the Board of Directors operates the following committees:

### **Audit Committee**

The Audit Committee assists the Board of Directors in financial reporting, external and internal audits and controls, including preparing and reviewing Dockwise's annual Consolidated Financial Statements, reviewing and monitoring the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of Dockwise's internal controls and risk management systems.

The Audit Committee is composed of three members of the Board of Directors who are independent of the Management:

Jaap van Wiechen (Chairman), Rutger van Slobbe and Adri Baan. The Audit Committee had five meetings and six conference calls in 2011. Three of the meetings were attended by Dockwise's auditor to discuss, amongst other items, the 2010 annual report, the 2010 auditor's report, the 2011 management letter, 2011 interim condensed Consolidated Financial Statements and 2011 audit plan. All the meetings were attended by the Chief Financial Officer of Dockwise.

## Remuneration Committee

The Remuneration Committee assists the Board of Directors in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the remuneration of the Chief Executive Officer, the Chief Commercial Officer and the Chief Financial Officer of the Company and establishing guidelines for the remuneration of the other senior managers of the Company.

The Remuneration Committee is composed of two members of the Board of Directors who are independent of the Management:

Rutger van Slobbe (Chairman) and Adri Baan. The Remuneration Committee had two meetings in 2011, both of which were attended by the Chief Executive Officer of Dockwise.

## Project Committee

The Project Committee assists the Board of Directors in reviewing projects and investments in assets of a certain nature or with a value larger than USD 25 million. The projects and investments are presented to the Project Committee on a case-by-case basis and the Project Committee will give its recommendations to the Board of Directors. The ultimate responsibility for approving such contracts with a value over USD 25 million remains with the Board of Directors. In 2011, the Project Committee had two meetings, both of which were attended by the Chief Commercial Officer.

The Project Committee is composed of two members of the Board of Directors who are independent of the Management:

Tom Ehret (Chairman) and Adri Baan.

## Executive Management

In addition to the Board of Directors, the following Executive Managers have been delegated day-to-day business activities and decision-making responsibilities by the Board of Directors.

Executive manager	Appointed	Position
Mr. André Goedée (1951)	2003	Chief Executive Officer
Mr. Martin Adler (1965)	2008	Chief Commercial Officer
Mr. Rob Strijland (1949)	2008	Chief Operating Officer <sup>1</sup>
Mr. Peter Wit (1967)	2009	Chief Financial Officer

1) retired during 2011

## Executive Management: Profiles

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### André Goedée (born 1951), Chief Executive Officer (CEO)



Mr. Goedée has held the position as CEO of the Company since 2003 and was first appointed to the Board of Directors on 4 May 2007. Mr. Goedée has 42 years of experience with the shipping, drilling and heavy marine transport industries. He spent eight years with Nedlloyd Lines and twelve years with Neddrill Drilling Contractors. He graduated from Rijnlands Lyceum, Wassenaar and Merchant Marine College, Scheveningen. He holds a degree as Master Mariner and has served as the executive vice president of the Heerema Group. Prior to being appointed CEO of the Company in 2003, he served as chief executive officer of the European speciality staffing division of Vedor, a global staffing organization. Mr. Goedée is a Dutch citizen and resides in the Netherlands.

### Peter Wit (born 1967), Chief Financial Officer (CFO)



Mr. Wit joined Dockwise as Chief Financial Officer in 2009. He has a Master's Degree in Business Administration from Groningen University and a (post doctorate) Degree in Controlling from VU Amsterdam. Mr. Wit leads the Company's global Finance, Legal and Information Technology Departments. Before joining Dockwise, Mr. Wit was employed by Shell, where he served as Chief Operations Officer, the Finance Manager of Shell's Asset Management Company, and VP Finance for Shell's solar business. He also worked as the Head of Finance for Shell's Albanian oil exploration venture. Mr. Wit holds a supervisory board position at Doedijns International. Mr. Wit is a Dutch citizen and resides in the Netherlands.

### Martin Adler (born 1965), Chief Commercial Officer (CCO)



Mr. Adler has served as Chief Commercial Officer for Dockwise since May 2008 and is responsible for the Company's global sales and marketing activities. Mr. Adler also oversees the Company's international offices in Houston, Rio de Janeiro, Busan, Shanghai, Singapore, Perth and Moscow. Prior to assuming his current role, Mr. Adler held positions as Senior Vice President for the Shaw Group (Stone & Webster) and various senior management positions at Fluor. Mr. Adler has gained extensive operational and project management experience in both home office engineering and site construction across a variety of industries. Mr. Adler holds a Master's Degree from Delft University of Technology. He completed the International Master of Business Administration program (MBA) at the Erasmus University Rotterdam. Mr. Adler is a Dutch citizen and resides in the Netherlands.

## Our Resources: People, Assets and Capital

### People

Dockwise believes that in today's competitive world, the difference that a Company makes is ultimately determined by the quality of its employees. Their expertise and commitment; their well-being; and their involvement within both the Company and wider community are critical to the Company's success. We realize it takes the best people, working together, for us to achieve our goals.

Dockwise expects the best people to exhibit specific characteristics:

- **RELIABLE** in delivering results within time and budget, safe and secure;
- **PASSIONATELY** focused on driving for success;
- Excellent at getting results and **INNOVATIVE** in solutions;
- **RESPECTFUL** of the Dockwise Values & Principles, every day.

In return, Dockwise provides:

- Opportunities to work with an industry leader in an entrepreneurial environment;
- The chance to invest and participate in the future of a financially strong Company that creates value for customers and shareholders;
- A culture that provides challenging opportunities for professional growth;
- Competitive pay and benefits, with the opportunity for personal financial success through the EVA bonus system, and a long term incentive plan for management.

### Staff

At the end of 2011, the number of office-based employees in Full Time Equivalent (FTE) was 338.

Country	City	FTE
the Netherlands	Breda	184
United States of America	Houston	61
United States of America	Ft. Lauderdale	17
Brazil	Rio de Janeiro	2
China	Shanghai	59
Singapore	Singapore	4
Australia	Perth	2
Malaysia	Kuala Lumpur	4
Korea	Busan	3
Russia	Moscow	2
		<b>338</b>

Of Dockwise's staff 233 are male and 105 are female.

Dockwise Values and Principles advocate non-discrimination on race, sex, age or sexual preference. Dockwise does not employ children or work with contractors that employ children. Nor does Dockwise operate in countries that violate human rights. None of our employees were subject to collective labor agreements. Based upon the geographic diversification of these employees, we believe any risk of loss from employee strikes or other collective actions would not be material to the conduct of our operations taken as a whole. Dockwise cares about the health and well-being of all employees, including the office-based personnel. This is reflected in the low sickness absence rate of 2.45% for the Breda office, which is an improvement on the 2010 percentage of 2.51%.

## Works Council

Dockwise has had a Works Council since 2003 for its Breda offices and is confident that its relationship with employees and the Council are favorable. The Works Council is the representative body within the Company in the Netherlands and vested with certain rights with respect to advice and consultation in connection with decision-making in the field of finance, organization and social policies.

The current Works Council was installed in June 2009 and consists of 8 members from various departments within the Dutch Dockwise entities. Works Council members on 31 December 2011 are:

- Rob van Drimmelen (Chairman);
- Marcel Uitdewillegen (Vice-Chairman);
- Patrick Vermazen (Secretary);
- Marianne Martens;
- Marcel Keus;
- Sander Gorissen;
- Anthony van Ginkel;
- Tommy Kreunen.

In 2011 the Works Council:

- Agreed with the new Personnel Manual for Dockwise Netherlands;
- Agreed with the new Camera Policy;
- Advised on the sale of the semi-submersible vessel MV Explorer;
- Agreed with the new pension scheme and the contract with the pension supplier for Dockwise Netherlands;
- Advised on the sale of Dockwise Yacht Transport (DYT).

In total the Works Council had 31 meetings, which included 10 meetings with one or more members of the Executive Management.

## Assets

Following execution of the intention to sell the yacht transportation business, Dockwise operates the world's largest Heavy Marine Transportation (HMT) fleet of 17 semi-submersible vessels of different concepts and designs. This includes the new Dockwise Vanguard and COOEC's HYSY 278 which are currently under construction.

As a result, our versatile fleet will be able to handle heavier cargoes of up to 110,000 metric tonnes. The main target markets for the new vessel will be offshore structures between 50,000 and 110,000 tonnes. These structures include floating production structures for use in water depths of more than 1,500 feet (eg. tension leg platforms (TLPs), semi-submersible platforms and spar buoys); gravity-based production structures for shallow water depths less than 300 feet in harsh environments; floating production storage and offloading (FPSO) vessels; floating liquefied natural gas (FLNG) vessels and semi-submersible crane vessels. In addition to the Dockwise-owned vessels, Dockwise manages a Type II vessel for Chinese Offshore Oil Engineering Company (COOEC).



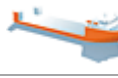



Together with the two new vessels, the Dockwise fleet includes seven flat-deck, open-stern vessels and ten flat-deck, closed-stern vessels, which are mainly deployed for transporting drilling rigs and offshore structures. The last dock-type vessel (Type IV) was sold in 2011.

Dockwise owned vessels are crewed and managed by Anglo-Eastern. Anglo-Eastern has the responsibility for vessel maintenance, crew management, accounting, marine operations and liaising with port agents. Under a three year umbrella agreement (renewed in 2009), Anglo-Eastern is entitled to a fixed management fee per vessel per year. Most of the crew are from Latvia and Ukraine and are generally employed subject to the laws of those countries.

All the Company's vessels are registered in Curacao and sail under the flag of the Kingdom of the Netherlands. The COOEC vessel sails under the flag of the People's Republic of China.

The average age of Dockwise's fleet of 17 is approximately 20 years when based on the date of keel laying. However the Mighty Servant 3 and the six converted Suezmax-tankers were reinstated, converted and largely renewed in 2009 and 2008 respectively. Based on these dates, the average age is approximately 13 years.

Dockwise endeavors to extend the lifetime of its fleet by periodically undertaking lifetime extension programs for certain vessels. Lifetime extension programs can extend the operational life of a vessel by up to twenty years, depending on the vessel type. Dockwise recognizes that its lifetime extension program is made possible thanks to the continuous maintenance of vessels to stringent offshore equipment standards throughout their originally expected lifetimes.

Type	Specifications	Name of vessel	Width (M)	Length (M)	Cargo deck space (sqm)	Tonnes	Built	Retire date after life time extension
 Type 0	Flat Deck with open stern and bow	Dockwise Vanguard	70	275	19,250	110,000	2012	2042-2047
 Type I	Flat Deck with open stern	Blue Marlin	63	225	11,227	76,051	2000	2030
		Mighty Servant 1	50	190	7,500	40,190	1983	2013-2018
 Type II	Flat Deck with open stern	Mighty Servant 3	40	181	5,600	27,720	1981	2029
		Black Marlin	42	218	7,480	57,021	1999	2029
		Transshelf	40	173	5,280	34,030	1987	2022
		HYSY 278	42	211	7,518	52,500	2012	2042-2047
	Converted tanker	Transporter	45	217	5,785	54,000	1990	2029
		Target	45	217	5,785	54,000	1990	2029
		Treasure	45	217	5,785	54,000	1990	2029
		Talisman	45	217	5,785	54,000	1993	2029
		Trustee	45	217	5,785	54,000	1991	2028
		Triumph	45	217	5,785	54,000	1992	2029
 Type III	Flat Deck with tanker capacity	Swan	32	181	4,000	32,650	1982	2021-2023
		Swift	32	181	4,000	32,187	1983	2021-2023
		Tern	32	181	4,000	32,650	1982	2021-2023
		Teal	32	181	4,000	32,187	1984	2021-2023
 Type V	Dedicated yacht carriers	Super Servant 3	32	139	3,712	14,138	1982	2017
		Super Servant 4	32	169	4,672	17,600	1982	2017
		Yacht Express	32	209	5,163	16,250	2007	2037

## Type 0 vessels

### Key characteristics:

- **Average speed: 12-13 knots;**
- **Deck: Length: 275 meters, width: 70 meters;**
- **Cargo capability: 70,000-110,000 tonnes.**

Dockwise's Type 0 vessel is a large, purpose-built, semi-submersible vessel with a large flat deck, and open stern and bow. The Type 0 vessel is capable of carrying the largest and heaviest cargoes in the Heavy Marine Transport market, primarily because it is not limited by stern and bow structures. For certain projects, such as the transportation of FPSOs and integrated production platforms, there is at present no alternative to Type 0 vessels.



## Type I vessels

### Key characteristics:

- **Average speed: 11-12 knots;**
- **Deck: Length: 150-178 meters, width: 50-63 meters;**
- **Cargo capability: 41,000-73,000 tonnes.**

Dockwise's two Type I vessels are large, purpose-built, semi-submersible vessels with large flat decks and open sterns. Type I vessels are capable of carrying large and heavy cargoes in the Heavy Marine Transport market primarily because they are not limited by stern structures. For certain projects, such as the transportation of spar buoys, or state-of-the-art drilling equipment, there is presently no alternative to Type I vessels because of their sheer size. In 2011, Type I vessels were primarily involved in transporting offshore structures, jack-up rigs and semi-submersible rigs.



**Blue Marlin** is the second largest Heavy Marine Transportation vessel in the world. This vessel has 11,227 square meters of unobstructed cargo deck space and can carry fully integrated, extremely heavy and large offshore and onshore structures and drilling rigs of up to 73,000 tonnes. The largest cargo transported to date was BP's Thunderhorse, the world's largest floating platform at a total weight of almost 60,000 tonnes. The Blue Marlin has carried cargoes such as the U.S. radar system SBX (Sea-Based X-Band Radar) for Boeing and the U.S. Navy. Blue Marlin provides the Company with the exclusive capacity to transport very large and complex cargoes.



**Mighty Servant 1** has also been engineered to carry extremely heavy cargoes. A specially strengthened open cargo deck provides a solution for transporting the heaviest semi-submersible drilling units, harsh environment deepwater jack-up rigs and large offshore and onshore structures. The movable buoyancy casings on both the port and starboard sides of the vessel can be positioned forward to give a clear open deck for stern skid-on or roll-on loading and discharging operations. The Mighty Servant 1 was widened and lengthened in 1998 and in 2003 the main engines were renewed to maintain a reliable service.

## Type II vessels

### Key characteristics:

- Average speed: 12-13 knots;
- Deck: Length: 130-157 meters, width: 40-45 meters;
- Cargo capability: 30,000-40,000 tonnes.

Dockwise operates four purpose-built Type II semi-submersible vessels with large flat decks and open sterns. In 2011, Dockwise's Type II vessels mainly transported jack-up rigs. In addition, the T-Class Vessels (Transporter, Target, Treasure, Talisman, Trustee and Triumph) are operating as Type II Heavy Marine Transportation vessels after completing their conversion from Suezmax oil tankers.



**Black Marlin** is a vessel designed for carrying extremely heavy cargoes as well as loading large floating cargoes. Equipped with a special ballasting system, the Black Marlin is specifically designed for float-over, float-on/float-off, roll-on/roll-off, skid-on/skid-off and lift-on/lift-off methods. Advanced structural design allows for increased cargo stowage possibilities by moving the portside buoyancy casing.



**Transshelf** has an unobstructed deck area of 5,280 square meters. Floating cargoes with a draft of up to nine meters can be loaded with the float-on/float-off method by utilizing the vessel's ballast system. The Transshelf is also designed for float-overs.



**Mighty Servant 3** was designed to support cargoes with an overhang on three sides by removing the aft buoyancy casings and using counter-ballast weight. The Mighty Servant 3 re-entered active service on 7 August 2009.



**HYSY 278** is capable of transporting cargo with maximum draft of around 12.7 meters taking into account 0.8 meter for cribbing and cargo clearance. This is an advantage when compared to a similar vessel, such as the Black Marlin with a maximum cargo draft of around 9.2 meters. This can be useful for transporting large draft semi-submersibles or cargoes that need to be transported on high grillage.



**Transporter, Target, Treasure, Talisman, Trustee and Triumph** are Suezmax oil tankers that have been converted into semi-submersible Heavy Marine Transportation vessels. They are primarily used to transport jack-ups and various cargoes, such as dredging equipment and cranes. These vessels have 130 x 44.5 meter decks and can support heavy cargoes up to 35,000 tonnes. By submerging, they can load and discharge a cargo using the float-on/float-off, roll-on/roll-off, skid-on/skid-off and lift-on/lift-off methods, or any combination of these methods.

### Type III vessels

#### Key characteristics:

- Average speed: 12-13 knots;
- Deck: Length: 126.6 meters, width: 31.7 meters;
- Cargo capability: 15,000-20,000 tonnes.

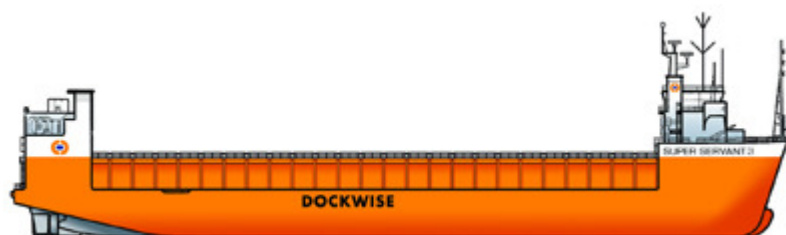


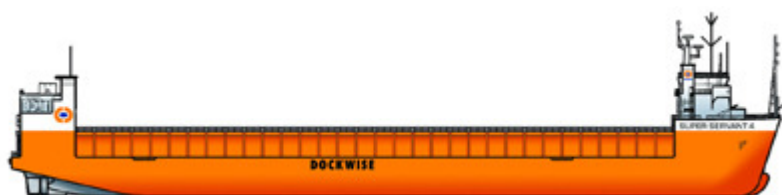
Dockwise owns four Type III vessels, which are smaller semi-submersible vessels with superstructures positioned on the stern. **Swan, Swift, Tern** and **Teal** are virtually identical. Their 126.6 x 31.7 meter flat decks can support heavy cargoes weighing up to 25,000 tonnes. By submerging, these vessels can load and discharge cargo with the float-on/float-off method. By ballasting, they can load and discharge cargoes using the roll-on/roll-off, skid-on/skid-off and lift-on/lift-off methods, or any combination of these methods. In 2011, Type III vessels were principally employed in transporting small jack-up rigs and Port & Marine projects.

### Type V vessels (yacht carriers)

#### Key characteristics:

- Average speed: 9-12 knots;
- Deck: Length: 116-165 meters, width: 20-23 meters;
- Cargo capability: 4,000-9,000 tonnes.





Type V vessels refer to yacht carriers, which are semi-submersible vessels that allow the on- and off-loading of yachts. Dockwise operates three yacht carriers. All of Dockwise's yacht carriers feature dock walls, which protect yachts from adverse weather during marine transport. With decks up to 146 meters long, the **Yacht Express**, **Super Servant 3** and **Super Servant 4** are capable of transporting a large number of yachts.

## Capital

Dockwise is always looking for the lowest cost of capital at an acceptable level of comfort in any time in the cycle. As a target solvency, we have set a ratio of 2.5 for net debt over EBITDA.

## Equity

The authorized share capital of Dockwise is USD 200,000,000 divided into 40,000,000 common shares with par value of USD 5 each. As at 31 December 2011 25,285,511 shares were issued. Of these 16,593,893 were listed on the NYSE Euronext Amsterdam under the ticker symbol DOCKW with ISIN code BMG2786A2052 held in Euroclear<sup>1</sup> and 8,691,618 were listed on the Oslo Stock Exchange under the ticker symbol DOCK with ISIN code BMG2786A1062 held in VPS. The Oslo Stock Exchange is the primary venue of listing for Dockwise shares, implying Dockwise is subject to full supervision by the Financial Supervisory Authority of Norway (FSAN) and to market supervision by the Autoriteit Financiële Markten (AFM) in the Netherlands. Each share carries one vote and all shares rank equally in all respects. Dockwise has not issued any preference shares. At the end of 2011, 211,337 optional unvested shares were awarded to management under the Long Term Incentive Plan. At vesting, the underlying shares will be issued or bought in the market.

1) includes 302,750 employee shares held in Stichting Administratiekantoor Dockwise

The date of Dockwise's first listing at the Oslo Stock Exchange was 2 October 2007 at a shareprice of NOK 500 (adjusted for reverse split of 2009). The date of Dockwise's secondary listing at NYSE Euronext Amsterdam was 3 December 2009 at a shareprice of EUR 21.90.

Dockwise has 5 shareholders with reported holdings larger than or close to 5%:

Name	Number of shares	Voting power
HAL Investments, Rotterdam the Netherlands	4,518,273	17.87%
Sankaty Advisors, Boston United States of America	2,839,108	11.23%
Project Holland Fonds, Amsterdam the Netherlands	2,240,847	8.86%
ODIN, Oslo Norway	1,300,113	5.14%
Skagen Fondene, Stavanger Norway	1,087,927	4.30%
<b>Total</b>	<b>11,986,268</b>	<b>47.40%</b>

The Board of Directors may award, at its discretion, the payment of dividends on shares as stated in the Bye-laws. This is subject to Bermuda law. In 2010, Dockwise adopted a dividend policy stating that the Board will apply a dividend that is based on a pay out ratio of between 35% and 45% of adjusted net profit in any year, whilst enabling the Company's growth. The proposal in any year to actually pay out is subject to:

- The Company's target net debt: EBITDA ratio of 2.5:1 (no dividend as long as net debt:EBITDA exceeds 2.5);
- The Company generating positive free cash flows, sufficient to meet its obligations under the Senior Facilities Agreement;
- Absence of contractual restrictions limiting the Company's ability to pay dividends (no dividends if contractual restrictions of any kind prohibit the Company to pay dividend).

Dividends will be credited automatically to shareholders' accounts without the need for shareholders to present documentation proving their ownership of the shares. Dividend and distribution payments are subject to Dutch dividend withholding tax at a rate of 15%.

At the end of 2011, a total of fourteen equity sell-side analysts were covering Dockwise with research. Communications with these analysts are subject to Dockwise's fair disclosure policy.

The table below indicates the names of broker-analysts:

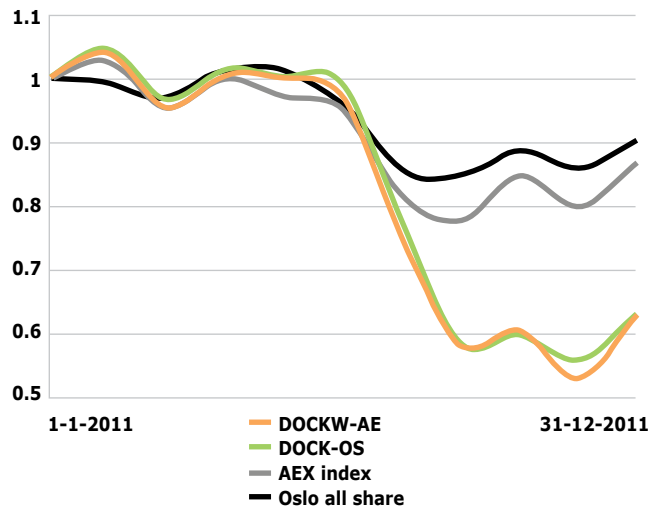
<b>Broker firm</b>	<b>Analyst name</b>	<b>Nationality</b>
Barclays Capital	Tom Ackermans	United Kingdom
Carnegie	Marius Gaard	Norway
Fearnley	Haakon Magne Ore	Norway
ING	Quirijn Mulder	the Netherlands
Kempen & Co	Erwin Dut	the Netherlands
Kepler	André Mulder	the Netherlands
KBC securities	Michael Roeg	Belgium
Nordea	Jorgen Andreas Lande	Norway
Pareto	Eric Stromso Thomassen	Norway
Petercam	Alan Vandenberg	Belgium
Rabo securities	Michel Aupers	the Netherlands
RBS	Mark Hesselink	the Netherlands
SNS securities	Edwin de Jong	the Netherlands
Theodoor Gilissen	Jos Versteeg	the Netherlands

Based on Earnings per Share, Dockwise performed as follows:

<i>(x USD 1)</i>	<b>2011</b>	2010
EPS based on average number of shares	(1.325)	0.822
EPS based on number of shares diluted	(1.312)	0.815

Relative to indexes, the Dockwise shares performed as follows:

## Share performance 2011



## Credit Facilities

### Senior Credit Facilities

On 4 May 2007, Dockwise Group companies: Delphi Acquisition Holding I B.V., Dockwise Transport N.V. and Dockwise Transport B.V., as borrowers, and certain subsidiaries, as guarantors, entered into the Senior Credit Facilities.

The Senior Credit Facilities are secured through the vesting of security interests on the majority of Dockwise's material assets. The charged assets include the vessels of the Company, bank accounts, other fixed assets, insurance policies, intercompany receivables and shares in its consolidated companies. The Senior Credit Facilities provide four term loan facilities, referred to as facilities A, B, C and D respectively. Borrowings under the Senior Credit Facilities bear interest at a rate of LIBOR plus a margin depending on covenant performance and the specific tranche of loans the facility is drawn under.

The total amount outstanding under the Senior Credit Facilities as of 31 December 2011 was USD 518 million (USD 530 million end of 2010). In addition, the Senior Credit Facilities provide for a USD 170 million revolving credit facility available for bank guarantees and revolving credit borrowings. Per end of 2011, no amounts were drawn under the revolving facility and USD 17.5 million of it was blocked in respect of performance guarantees on projects in backlog.

### Required Repayments and Prepayments

One tranche of the Senior Credit Facilities (facility A) requires repayment in semi-annual amounts, which started on 30 June 2009, with a remaining amount being due 31 December 2012. The other tranches mature in 2015 and 2016. The table below sets forth the outstanding amounts (excluding capitalized bank fees) under the Senior Credit Facilities and maturity dates as of 31 December 2011:

<i>(x USD 1 million)</i>	<b>Outstanding</b>	<b>2012</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2016</b>
	<b>31 Dec 2011</b>	<b>Q2</b>	<b>Q4</b>	<b>FY</b>	<b>FY</b>	<b>Q1</b>	<b>Q1</b>	<b>Q2</b>
Facility A	35	5	30	-	-	-	-	-
Facility B	214	-	-	-	-	214	-	-
Facility C	203	-	-	-	-	-	203	-
Facility D	66	-	-	-	-	-	-	66
<b>Total</b>	<b>518</b>	<b>5</b>	<b>30</b>	<b>-</b>	<b>-</b>	<b>214</b>	<b>203</b>	<b>66</b>

In addition to this fixed repayment schedule, Dockwise is required to make annual prepayments based on its excess cash flow (as defined under the Senior Credit Facilities) for the prior year and its leverage ratio at that time. The percentage of this annual prepayment is 75% if the leverage ratio exceeds 4.25, 50% if the leverage ratio exceeds 3.5 but is lower than or equal to 4.25, 25% if the leverage ratio exceeds 2.5 but is lower than or equal to 3.5 and 0% if the leverage ratio is lower than or equal to 2.5. Payments under this so called 'cash sweep clause' will be deducted from the fixed repayment schedule. As excess cash flow for 2011 was negative, the prepayment to be applied pursuant to the above will be nil.

#### *Covenants*

The financial covenants relate to the total level of leverage allowed, the level of interest covered and the level of cash flows generated. These financial covenants are described in greater detail below. Following a waiver granted in October 2011, the leverage ratios for the period Q1 2012 - Q3 2013 were relaxed. The waiver fee involved had a 0.5% fixed component (almost USD 3.2 million) and a margin increase. If these financial covenants are not met, this would trigger an event of default, allowing the lenders to take certain actions including demanding early repayment of the amounts outstanding under the facilities.

Dockwise must comply with three principal covenants under the Senior Credit Facilities. Dockwise must maintain a ratio of consolidated net debt to consolidated normalized EBITDA (each as defined in the Senior Credit Facilities) equal to or less than a specified level, as described below. This is referred to as the 'Leverage Ratio'. Dockwise must also maintain a ratio of consolidated normalized EBITDA to consolidated net debt service (each as defined in the Senior Credit Facilities) equal to or greater than a specified level, as described below. This is referred to as the 'Interest Cover Ratio'. Finally Dockwise must maintain a ratio of consolidated cash flow to consolidated net debt service (each as defined in the Senior Credit Facilities) equal to or greater than a specified level, as described below. This is referred to as the 'Cash Flow Cover Ratio'.

<i>Ratio</i>	<b>Q4 2011</b>	<b>FY 2012</b>	<b>Q1 2013</b>	<b>Q2 2013</b>	<b>Q3 2013</b>	<b>Q4 2013</b>
Leverage ratio	≤ 3.75	≤ 4.25	≤ 3.75	≤ 3.50	≤ 3.25	≤ 3.00
Interest cover ratio	≥ 2.25	≥ 2.25	≥ 2.25	≥ 2.25	≥ 2.25	≥ 2.25
Cash flow cover ratio	≥ 1.00	≥ 1.00	≥ 1.00	≥ 1.00	≥ 1.00	≥ 1.00

Each of these financial ratio covenants is tested on a quarterly basis on results of operations for the previous 12 months. As of 31 December 2011, Dockwise's leverage ratio was 3.5 to 1 (2.57 end of 2010). Dockwise's interest cover ratio was 3.17 to 1 (4.05 end of 2010) and Dockwise's cash flow cover ratio was 1.0 to 1 (4.38 end of 2010). The cash flow cover in Q4 2011 is calculated including the retained cash position which is facilitated by the Senior Credit Facilities. The remaining retained cash position is expected to be sufficient to meet the cash flow cover requirements in 2012 and beyond.

## Our Products, Services and Markets

To achieve our vision, we deliver the following 6 services to our clients:

### Heavy Marine Transport (HMT)

Dockwise aims to maintain its leadership position in Heavy Marine Transport (HMT). It will achieve this by controlling the high end of the business through the provision of the world's largest and most versatile vessels, designed to take full advantage of challenging and diverse project opportunities around the world. Dockwise extends its HMT services to all of its target markets and market segments including:

- Oil & Gas market, supporting exploration (jack-up and semi-submersible rig moves), production (fixed, floating and gravity-based offshore production structure transportation) and processing (onshore industrial projects that include LNG, refineries and chemical-, mining-, power-and desalination plants);
- Military market (vessels, new build programs, salvage and special navy projects);
- Port & Marine Industry (cranes, dredging equipment, offshore services equipment, coastal and river vessels, and various other floating and non-floating equipment).

Dockwise uses Type I through III vessels for HMT projects. Examples of these projects include:



Jack-up drilling rig on MV Black Marlin



Semi submersible drilling rig on MV Blue Marlin



Military Sealift Command project on MV Mighty Servant 3



Ferry on Type III vessel

### Topside Transport & Installation and Jacket Launch & Installation

Dockwise provides the Oil & Gas market with a total marine scope for float-overs, jacket launches and installations and subsea riser connections. Deck-mating operations are supported by in-house engineering, procurement and project management capabilities. The marine scope includes load-out operations and the transportation of topsides from the construction site to the field. Offshore installation is then carried out by lowering the fully-integrated topside construction onto a pre-installed jacket or hull. Offshore Kinematics Inc. is the leader in the development and supply of Leg Mating Units (LMUs) and Deck Support Units (DSUs) for float-over operations.

Every component is manufactured to strict tolerances and tested for quality.

For the float-over technique, Dockwise uses Type I and II flat-deck and open-stern vessels and/or a combination of semi-submersible barges. For jacket launch and installation operations, a launch barge is hired from the Company's partner COOEC in China.

Examples of these projects include:



Jacket on launch barge



Bongkot float-over with MV Black Marlin

### Logistical Management

Dockwise offers total transport management solutions for all aspects of modular project transportation. The Company also provides installation and interface management for onshore industrial projects in the Oil & Gas processing business, as well as in other resource industries. These projects are often located in remote areas and require multiple transports of numerous onshore modules in highly complex operations. The Dockwise fleet of Heavy Marine Transportation vessels, combined with partner vessels, project management, procurement, land transport and robust interface management, enables Dockwise to improve the total efficiency of these complex projects and reduce project risks. This combined and cooperative approach provides significant scheduling flexibility, as well as overall cost savings for the client.

For this service, Dockwise deploys its Type I through III vessels potentially, in collaboration with third party vessels. An example of these projects includes:



Modules for mining plant on T class vessel

### Engineering Services

Dockwise supports its Oil & Gas clients from the pre-FEED phase of a project, through each stage of project execution, offering the complete range of engineering disciplines. Around the globe, Dockwise's international offices work together to provide dedicated and skilled engineering teams that can advise customers during all phases of the project. This includes the concept design and selection process. Furthermore, all transportation projects carried out by Dockwise are supported by transport and outfitting plans. To deliver these services, Dockwise employs more than 80 skilled and highly experienced Transport Engineers, Project Engineers, Marine Engineers, Structural Engineers and a dedicated CAD Department.

### Offshore Installation Equipment

Dockwise delivers a variety of offshore installation equipment. Dockwise subsidiary, Offshore Kinematics Inc. (OKI) is recognized as the market leader in float-over hardware, engineering, design, analysis, testing and supply of offshore installation equipment. Its services include:

- Float-over Hardware: Complete engineering, design, analysis, testing and supply;
- Engineering & Design: FEED-to-completion, including site and offshore services;
- Research & Development: Extensive technical database and testing programs.

## **Yacht Transport Services**

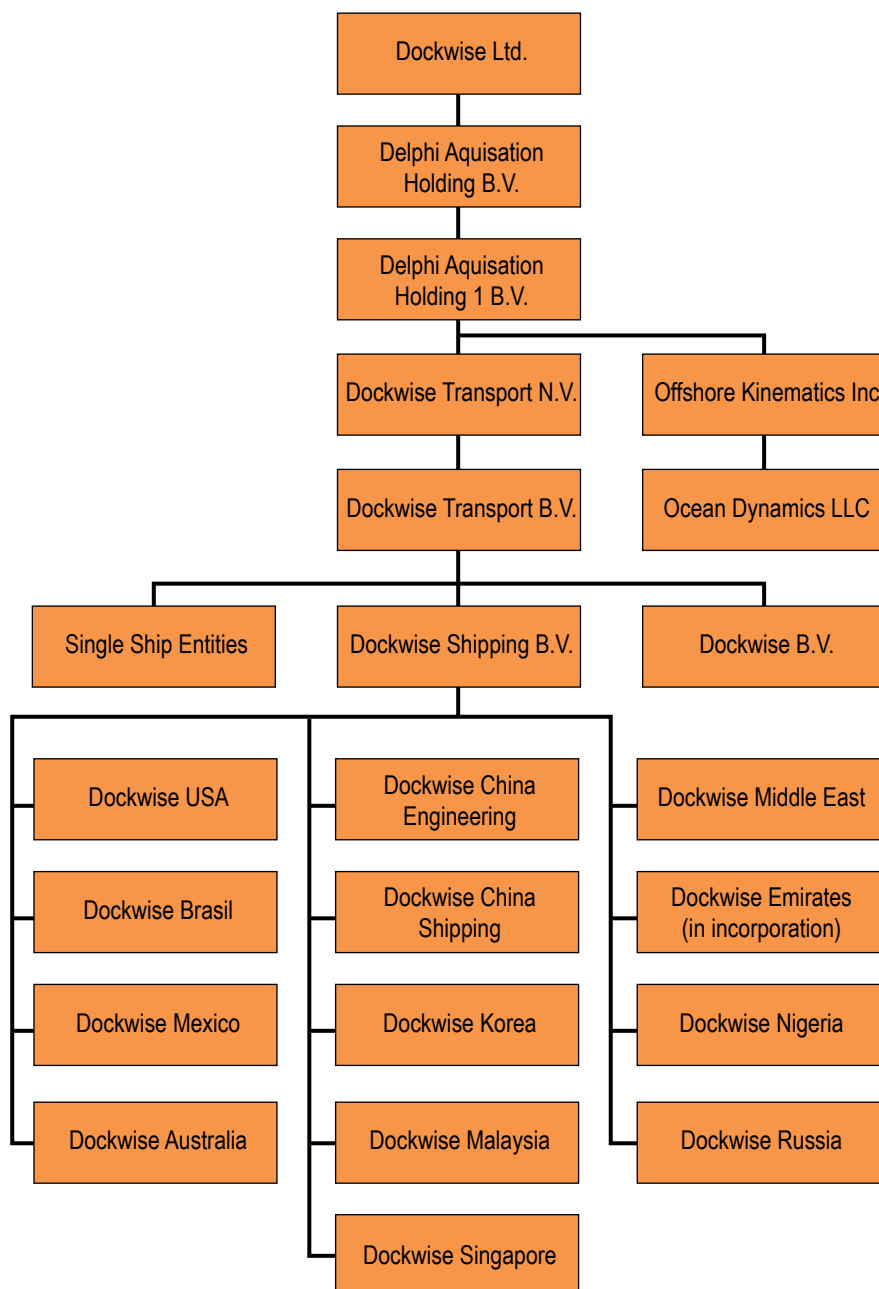
In addition to the Company's large, semi-submersible HMT vessels, Dockwise operates three yacht carriers (Type V vessels) for the transportation of luxury yachts across different regions of the world. Customers in this market segment are yacht owners, yacht charter companies and yacht builders. During the year under review, Dockwise announced the intention to sell this part of the business, having concluded that it was no longer a core element in Dockwise's future strategy.



## Our Company Structure

Dockwise has some 900 people on board the vessels and more than 300 employees located in Houston (United States of America), Shanghai (China), Busan (Korea), Perth (Australia), Lagos (Nigeria), Rio de Janeiro (Brazil), Mexico City (Mexico), Singapore (Singapore), Kuala Lumpur (Malaysia), Moscow (Russia), and Breda (the Netherlands). In 2011, our global team executed 71 projects around the world.

Most important Dockwise Companies (excluding Entities held for sale) and the structure of the Group are as follows:



For a complete list of Group Companies reference is made to Note 32, "Group entities" of the Consolidated Financial Statements.

## Our Competition and Competitive Strengths

The following key strengths characterize the position of Dockwise:

### *Market leader in Heavy Marine Transport*

Dockwise holds a leading position in the Heavy Marine Transport industry, based on the safety and reliability of its operations and the size of its vessel fleet. With 17 specialist vessels at its service, Dockwise is able to deploy its services with unique flexibility and interchangeability around the world.

Dockwise also operates the MV Dockwise Vanguard (from end 2012), the MV Blue Marlin and the MV Mighty Servant 1 - the largest, semi-submersible heavy transport vessels in the world. This makes Dockwise the only Company capable of transporting particular structures and modules.

In this segment of the market, Dockwise competes with other dedicated operators of semi-submersible vessels. Competition also comes from tugs, from tug & barge combinations and from incidental appearance in the heavy lift market by vessels that normally operate as internal transport vessels for dredging companies, crane manufacturers or shipbuilders.

### *Well-positioned in expanding value-added installation and logistical management services*

Dockwise completes complex transportation, logistical management and installation projects by providing its customers with distinct benefits. These include the provision of specialized in-house engineering, proprietary software, proven processes, project management and extensive experience in every aspect of Heavy Marine Transportation and Installation concerning offshore and onshore structures. In the Transport & Installation segment, Dockwise competes with EPIC contractors that offer the engineering capacity appropriate to these types of projects. Typically, such companies carry out the work using either their own barges or those hired from third parties. In the Logistical Management business, Dockwise competes with both the type of parties mentioned under Heavy Marine Transport and with companies operating ballastable vessels.

### *Loyal and diversified customer and business partner base*

Dockwise has built a recognized brand and enviable reputation in the market by delivering projects with a consistent, high level of quality, reliability and safety. This record of strong performance is key to Dockwise's ability to forge strong, mutually rewarding, long-term business relationships and receive the assurance of repeat business as a consequence. Key customers and end-users include major oil companies, drilling contractors, new build yards and EPIC contractors.

### *The largest and most versatile fleet*

Dockwise owns and operates 17 semi-submersible vessels - representing a much larger and more diverse fleet than its competitors. This gives the Company a distinct advantage in its flexibility and agility, responding rapidly to customer requirements through the timely and reliable deployment of vessels to all regions of the world.







### *Experienced management team with a strong track record*

Dockwise's highly qualified and experienced management team boasts considerable expertise in all areas of Heavy Marine Transport, Logistical Management and Installation services.

### *Optimum quality, safety and risk management standards*

Dockwise works to the highest quality, safety and risk management standards and is certified to ISO 9001, OHSAS 18001 and ISO 14001. This achievement is founded on rigorous internal quality, safety and risk management procedures, including extensive quantitative risk modeling for all major projects. Dockwise is pre-qualified by a premier Oil & Gas major as a stand-alone float-over contractor.

## Our Key Figures

(x USD 1,000)	2011	2010	2009	2008	2007
<b>INCOME</b>					
Revenues	398,646	439,127	478,041	456,583	290,139
Revenues adjusted <sup>1</sup>	 398,646	439,127	490,706	495,429	329,985
Gross margin	221,992	270,802	309,450	293,385	199,268
EBITDA	134,261	166,796	208,859	201,105	104,538
EBITDA adjusted <sup>1,2</sup>	 134,261	175,454	222,791	226,355	141,038
Depreciation and amortization	122,990	97,710	96,413	71,555	83,050
EBIT	11,271	69,086	112,446	129,550	21,488
Net finance costs	(43,831)	(52,028)	(74,388)	(82,786)	(96,396)
Earnings after tax	(33,488)	17,357	36,581	46,976	(75,773)
Earnings after tax adjusted <sup>1,3</sup>	 1,912	37,215	62,913	73,514	6,741
<b>BALANCE SHEET</b>					
Property, plant and equipment	868,257	886,157	941,941	1,008,245	837,582
Intangible assets	581,178	594,464	598,288	613,529	614,753
Equity	 959,702	979,900	858,262	576,210	553,950
Net debt	 479,573	456,940	640,825	1,003,128	949,006
<b>CASH FLOW</b>					
Operating	 128,197	116,168	131,691	155,981	19,117
Investment	(151,180)	(37,305)	(11,358)	(209,417)	(786,072)
Finance	(11,459)	(57,592)	(89,847)	59,314	782,449
Increase / (decrease) in cash and cash equivalents	(34,442)	21,271	30,486	5,878	15,494
<b>EVA</b>					
NOPAT	50,551	97,810	151,007	164,890	106,738
WACC (for EVA purposes)	9.9%	7.5%	8.7%	9.2%	9.1%
EVA (Economic Value Added)	(72,966)	(22,872)	11,790	25,560	(1,828)

<i>(x USD 1,000)</i>	<b>2011</b>	2010	2009	2008	2007
<b>PER SHARE</b>					
Average number of shares outstanding x 1,000	25,272	21,106	13,397	12,510	9,504
Earnings in USD	(1.325)	0.822	2.731	3.755	(7.973)
Equity in USD	37.97	46.43	64.06	46.06	58.29
Highest price (NOK)	166	176	197	446	506
Lowest price (NOK)	66	132	79	74	402
Highest price (EUR)	20.88	22.10	22.80	n.a.	n.a.
Lowest price (EUR)	8.26	16.50	21.10	n.a.	n.a.
<b>RATIOS (on end of year basis)</b>					
Net debt / EBITDA	3.6	2.7	3.1	5.0	9.1
Interest cover (EBITDA / net financing costs)	3.1	3.2	2.8	2.4	1.1
Average number of employees	326	325	315	289	213
Order book excl. DYT in USD million	531	380	324	388	233

1) For the adjustments before 2010 reference is made to the annual report 2010.

2) Excludes derecognition MS3 claim USD 8.7 million in 2010.

3) Excludes impairments and book losses on assets USD 33.6 million (2010: USD 6.2 million), non recurring finance income and costs USD 1.8 million (2010: USD 5.0 million) and excludes derecognition MS3 claim USD 8.7 million in 2010.

Fig: Revenues adjusted<sup>1</sup>

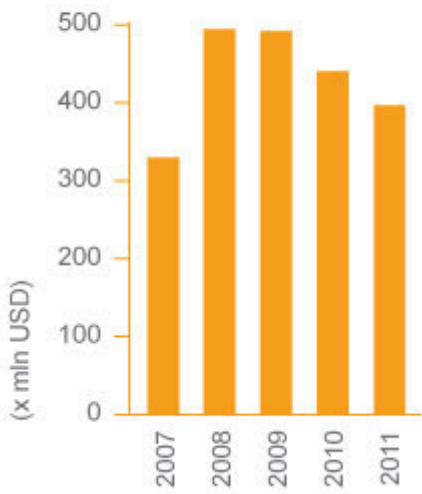


Fig: EBITDA adjusted<sup>1,2</sup>

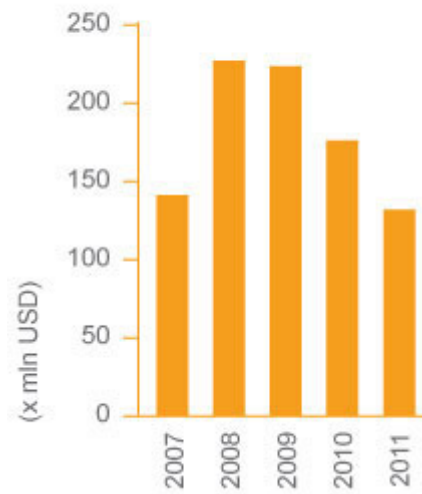


Fig: Earnings after tax adjusted<sup>1,3</sup>

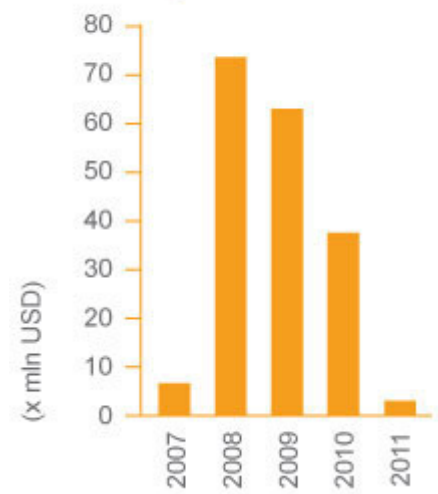


Fig: Equity

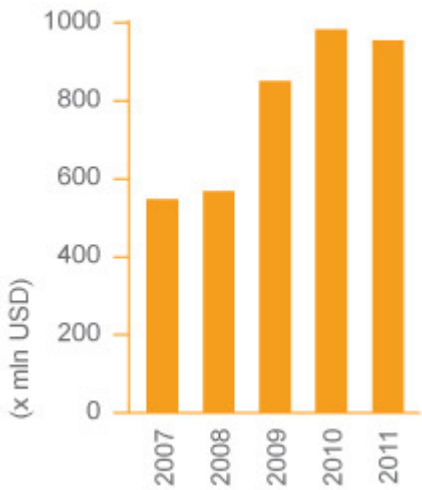


Fig: Net debt

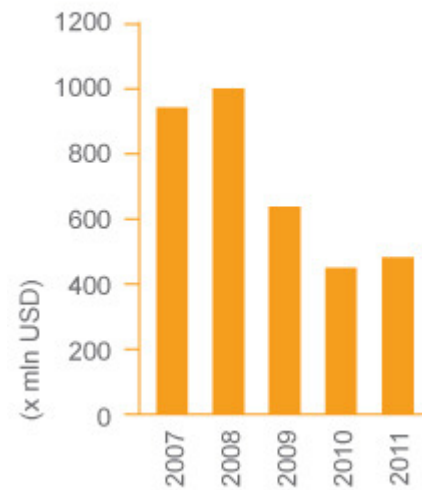
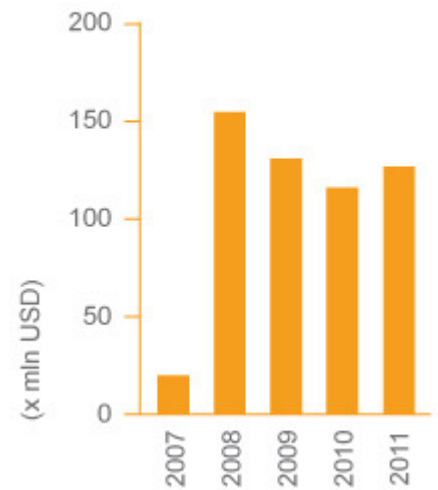


Fig: Operating Cash flow



# Norwegian Code of Practice

Being a Bermuda Limited company primary listed on Oslo Stock Exchange Dockwise is subordinated to the Norwegian Code of Practice and subject to the following articles:

## Principle set forth in the Norwegian Code of Practice

## Dockwise implementation

### 1. Implementation and reporting on corporate governance code

The board of directors must ensure that the company implements sound corporate governance. The board of directors must provide a report on the company's corporate governance in the annual report. The report must cover every section of the Code of Practice. If the company does not fully comply with this Code of Practice, this must be explained in the report. The board of directors should define the company's basic corporate values and formulate ethical guidelines and guidelines for social responsibility in accordance with these values.

Dockwise is committed to good corporate governance and has therefore, among others, adopted a Corporate Governance policy and Rules of Procedure for the Board of Directors. Dockwise applies the Norwegian Code of Practice. Business ethics and corporate values are included in the Company's Values and Principles and in various policies as adopted by the Board and listed on the Company's website [www.dockwise.com](http://www.dockwise.com).

### 2. Business

The company's business should be clearly defined in its articles of association. The company should have clear objectives and strategies for its business within the scope of the definition of its business in its articles of association. The annual report should include the business activities clause from the articles of association and describe the company's objectives and principal strategies.

The object of the business of the Dockwise Group is defined in the Company's memorandum of association and the Company Profile. The Company Profile section of this annual report provides further detail on the business activities, objectives and strategy of the Company.

### 3. Equity and dividends

The company should have an equity capital at a level appropriate to its objectives, strategy and risk profile. The board of directors should establish clear and predictable dividend policy as the basis for the proposals on dividend payments that it makes to the general meeting. The dividend policy should be disclosed. Mandates granted to the board of directors to increase the company's share capital should be restricted to defined purposes. If the general meeting is to consider mandates to the board of directors for the issue of shares for different purposes, each mandate should be considered separately by the meeting. Mandates granted to the board should be limited in time to no later than the date of the next annual general meeting. This should also apply to mandates granted to the board for the company to purchase its own shares.

Dockwise targets an optimal level of equity related to net debt and earnings potential. At the end of 2011, the Equity / Net Debt level of almost 2 and the Net Debt / EBITDA ratio of 3.5 was considered by the Board to be an adequate ratio with respect to the risks and the scope of the operations. Longer term, Dockwise is targeting a maximum Net Debt / EBITDA ratio of 2.5

In 2010 the Annual General Meeting of shareholders approved a dividend policy, which is included in this annual report and published on the Company's website.

Separate mandates to issue shares, if at all, are requested annually for a period of 1 year or the next Annual General Meeting of shareholders whichever is earlier. To date this mandate has never been exercised.

## Principle set forth in the Norwegian Code of Practice

## Dockwise implementation

### 4. Equal treatment of shareholders and transactions with close associates

The company should only have one class of shares. Any decision to waive the pre-emption rights of existing shareholders to subscribe for shares in the event of an increase in share capital must be justified. Where the board of directors resolves to carry out an increase in share capital and waive the pre-emption rights of existing shareholders on the basis of a mandate granted to the board, the justification must be publicly disclosed in a stock exchange announcement issued in connection with the increase in share capital. Any transaction the company carries out in its own shares should be carried out either through the stock exchange rate or at prevailing stock exchange prices if carried out in any other way. If there is limited liquidity in the company's shares, the company should consider other ways to ensure equal treatment of all shareholders. In the event of any not immaterial transactions between the company and shareholders a shareholder's parent company, members of the board of directors, executive personnel or close associates of any such parties, the board should arrange for a valuation to be obtained from an independent third party. This will not apply if the transaction requires the approval of the general meeting pursuant to the requirements of the Public Companies Act. Independent valuations should be arranged in respect of transactions between companies in the same group where any of the companies involved have minority shareholders. The company should operate guidelines to ensure that members of the board of directors and executive personnel notify the board if they have any material direct or indirect interest in any transaction entered into by the company.

There is only one class of shares in Dockwise. In case of an increase in share capital, any waiver of pre-emptive rights will be justified. The interests of all shareholders will be taken into account and all shareholders will be treated fairly.

As set forth in the Corporate Governance Policy of Dockwise any material transactions between Dockwise and any of the Dockwise shareholders, Board members or senior management or close associates of such persons, will be subject to a valuation from an independent third party. As a general rule, a transaction will be considered material if it exceeds 5% of the issued share capital of the Company.

Rules and procedures for notification to the Board by Directors and senior management in case of any material direct or indirect interest in any transaction entered into by Dockwise are set forth in the Corporate Governance Policy, the Bye-laws and the Bermuda Companies Act.

### 5. Freely negotiable shares

The company's shares must, in principle, be freely negotiable. Therefore, no form of restriction on negotiability should be included in a company's articles of association.

In general, Dockwise shares are freely transferable. However the Bye-laws of Dockwise provide that the Board may decline to register the transfer of any share in the register of shareholders, or if required, refuse to direct any registrar appointed by Dockwise to register the transfer of any interest in a share where such transfer would result in 50% or more of the shares or votes being held, controlled or owned directly or indirectly by individuals or legal persons resident for tax purposes in Norway or, alternatively, such shares or votes being effectively connected to a Norwegian business activity, in order to avoid the Company being deemed a Controlled Foreign Company (CFC) pursuant to Norwegian tax rules. The right will only be used for the purpose of avoiding CFC taxation, and not in any way to treat investors differently.

**The slight deviation from section 5 of the Code of Practice is justified in the best interest of the shareholders.**

## Principle set forth in the Norwegian Code of Practice

## Dockwise implementation

### 6. General Meetings

The board of directors should take steps to ensure that as many shareholders as possible may exercise their rights by participating in general meetings of the company, and that general meetings are an effective forum for the views of shareholders and the board. Such steps should include:

- Making the notice calling the meeting and the support information on the resolutions to be considered at the general meeting, including the recommendations of the nomination committee, available on the company's website no later than 21 days prior to the date of the general meeting.
- Ensuring that the resolutions and supporting information distributed are sufficiently detailed and comprehensive to allow shareholders to form a view on all matters to be considered at the meeting.
- Setting any deadline for shareholders to give notice of their intention to attend the meeting as close to the date of the meeting as possible.
- The board of directors and the person chairing the meeting making appropriate arrangements for the general meeting to vote separately on each candidate nominated for election to the company's corporate bodies.
- Ensuring that the members of the board of directors and the nomination committee and the auditor are present at the general meeting.
- Making arrangements to ensure an independent chairman for the general meeting.

Shareholders who cannot attend the meeting in person should be given the opportunity to vote. The company should:

- Provide information on the procedure for representation at the meeting through a proxy.
- Nominate a person who will be available to vote on behalf of shareholders as their proxy.
- To the extent possible prepare a form for the appointment of a proxy, which allows separate voting instructions to be given for each matter to be considered by the meeting and for each of the candidates nominated for election.

The annual general meeting of Dockwise will be held each year prior to the end of June. Any shareholder or group of shareholders representing not less than 10% of the current issued and outstanding share capital of Dockwise may require that the Board convenes an extraordinary general meeting. Pursuant to the Corporate Governance Policy of Dockwise, the Board shall send notices of general meetings no later than 21 days prior to the meeting and will observe that the notice and any supporting material, such as the agenda, recommendations of the Nomination Committee and other documents, are sufficiently detailed and comprehensive. Notices of general meetings and the supporting material are made available on the Company's website on the same day as said information is sent to the shareholders.

Shareholders who are unable to attend may vote by proxy. A proxy form will be attached to the notice of the general meeting.

The general meeting is chaired by the chairman or the deputy chairman of the Board (Bye-law 20.8). Members of the Board, the Nomination Committee and the auditor are present at the annual general meeting.

Minutes of the meeting are published on the corporate website and through the notification system of Oslo Børs. The minutes are kept available for inspection in the Company's offices in Bermuda and Breda.

## Principle set forth in the Norwegian Code of Practice

## Dockwise implementation

### 7. Nomination committee

The company should have a nomination committee, and the general meeting should elect the chairperson and members of the nomination committee and should determine the committee's remuneration. The nomination committee should be laid down in the company's articles of association. The general meeting should stipulate guidelines for the duties of the nomination committee.

The members of the nomination committee should be selected to take into account the interests of shareholders in general. The majority of the committee should be independent of the board of directors and the executive personnel. At least one member of the nomination committee should not be a member of the corporate assembly, committee of representatives or the board. No more than one member of the nomination committee should be a member of the board of directors, and any such member should not offer himself for re-election to the board. The nomination committee should not include the company's chief executive or any other executive personnel. The nomination committee's duties are to propose candidates for election to the corporate assembly and the board of directors and to propose the fees to be paid to members of these bodies. The nomination committee should justify its recommendations. The company should provide information on the membership of the committee and any deadlines for submitting proposals to the committee.

Dockwise operates a Nomination Committee appointed by the general meeting, see Bye-law 23.4. The Nomination Committee consists of two members, of which one is a Board member. Although the Chairman of the Nomination Committee - not being the Board member - has a casting vote, Dockwise is not in compliance with section 7 of the Code of Practice, which states that a majority of the Committee should be independent to the Board of Directors. Further guidelines for the work of the Nomination Committee are set forth in the Corporate Governance Policy of Dockwise.

**Dockwise deviates from section 7 of the Code of Practice by operating a Nomination Committee of 2 members of which one is an independent Chairman.**

## Principle set forth in the Norwegian Code of Practice

## Dockwise implementation

### 8. Corporate assembly and board of directors: composition and independence

The composition of the corporate assembly should be determined with a view to ensuring that it represents a broad cross-section of the company's shareholders. The composition of the board of directors should ensure that the board can attend to the common interest of all shareholders and meets the company's need for expertise, capacity and diversity. Attention should be paid to ensuring that the board can function effectively as a collegiate body. The composition of the board of directors should ensure that it can operate independently of any special interest. The majority of the shareholder-elected members of the board should be independent of the company's executive personnel and material business contacts. At least two of the members of the board elected by shareholders should be independent of the company's main shareholder(s). The board of directors should not include executive personnel. If the board does include executive personnel, the company should provide an explanation for this and implement consequential adjustments to the organizations of the work of the board, including the use of board committees to help ensure more independent preparation of matters for discussion by the board, cf. Section 9. The chairman of the board of directors should be elected by the general meeting so long as the Public Companies Act does not require that the chairman must be appointed either by the corporate assembly or by the board of directors as a consequence of an agreement that the company shall not have a corporate assembly. The term of office for members of the board of directors should not be longer than two years at a time. The annual report should provide information to illustrate the expertise of the members of the board of directors, and information on their record of attendance at board meetings. In addition, the annual report should identify which members are considered to be independent. Members of the board of directors should be encouraged to own shares in the company.

Dockwise does not have a corporate assembly as this is not a corporate body under the Bermuda Companies Act.

The Board of Directors has collective responsibility for the success of the Company. The Board of Directors presently consists of 6 persons, the majority of whom are independent from the Executive Management and material business contacts (see Board of Directors profiles). The requirement to be independent from the Company's main shareholders (owning more than 10% of the shares) is also fulfilled.

The Chief Executive Officer is a member of the Board of Directors. He may not be elected Chairman. The appointment of the Chief Executive Officer to the Board is considered to enhance continuity, the flow of information and interactions between the Board and the management. In order to strengthen and ensure adequate procedures regarding certain matters, Dockwise operates an Audit Committee, a Remuneration Committee and a Project Committee consisting solely of persons being independent of the management.

Directors are elected by the general meeting. The general meeting also elects the Chairman of the Board, not being the Chief Executive Officer. The general meeting may, in accordance with Bermuda Companies Act, authorize the Board to fill any vacancy in their number left unfilled at a general meeting. Pursuant to the Bye-laws, Directors shall hold office for a period of two years unless otherwise resolved by the general meeting.

**The deviation from section 8 of the Code of Practice is intended to enhance continuity, the flow of information and interactions between the Board and the Company's management.**

## Principle set forth in the Norwegian Code of Practice

## Dockwise implementation

### 9. The work of the board of directors

The board of directors should produce an annual plan for its work, with particular emphasis on objectives, strategy and implementation. The board of directors should issue instructions for its own work as well as for the executive management with particular emphasis on clear internal allocation of responsibilities and duties. In order to ensure a more independent consideration of matters of a material character in which the chairman of the board is, or has been, personally involved, the board's consideration of such matters should be chaired by some other member of the board. The Public Companies Act stipulates that large companies must have an audit committee. The entire board of directors should not act as the company's audit committee. Smaller companies should give consideration to establishing an audit committee. In addition to the legal requirements on the composition of the audit committee etc., the majority of the members of the committee should be independent. The board of directors should also consider appointing a remuneration committee in order to help ensure thorough and independent preparation of matters relating to compensation paid to the executive personnel. Membership of such a committee should be restricted to members of the board who are independent of the company's executive personnel. The board of directors should provide details in the annual report of any board committees appointed. The board of directors should evaluate its performance and expertise annually.

Provisions on the role, the proceedings and confidentiality obligations of the Board, as well as division of responsibilities, are set forth in the Rules of Procedure for the Board of Directors. Pursuant to these procedures, the Board shall annually prepare plans and evaluate performance and achievement.

In order to ensure that the preparation of Board matters relating to financial reporting and remuneration is dealt with in an appropriate manner, Dockwise operates an Audit Committee, a Remuneration Committee and a Project Committee, all consisting solely of Directors being independent of the management.

### 10. Risk management and internal control

The board of directors must ensure that the company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the company's activities. Internal control and the systems should also encompass the company's corporate values, ethical guidelines and guidelines for corporate social responsibilities. The board of directors should carry out an annual review of the company's most important areas of exposure to risk and its internal control arrangements. The board of directors should provide an account in the annual report of the main features of the company's internal control and risk management systems as they relate to the company's financial reporting.

The obligations with regard to internal control and systems for Risk Management are further described in the Corporate Governance Policy and Rules of Procedure for the Board of Directors. Such matters are subject to annual review by the Audit Committee. Refer to the 'Risk Management' section of this annual report. The Chief Financial Officer shall give balanced presentations to the Audit Committee at least once a year on all risks of material significance and on how the internal control system handles these risks. In its annual review of risks and control procedures, the Audit Committee focuses on:

- Changes from previous year's reports;
- Extent and quality of management procedures for monitoring risks and internal control systems;
- Extent and frequency of management reporting and quality thereof;
- Material shortcomings or weaknesses that could impact financial results or standing; and
- Functionality of reporting procedures.

The Board is updated on the financial situation of the Company at each (bi-monthly) Board meeting and receives monthly Board reports on the financial situation. Board members have free access to executives, employees and books and records of the Company.

## Principle set forth in the Norwegian Code of Practice

## Dockwise implementation

### 11. Remuneration of the board of directors

The remuneration of the board of directors should reflect the board's responsibility, expertise, time commitment and the complexity of the company's activities. The remuneration of the board of directors should not be linked to the company's performance. The company should not grant share options to members of its board. Members of the board of directors and/or companies with which they are associated should not take on specific assignments for the company in addition to their appointment as a member of the board. If they do nonetheless take on such assignments this should be disclosed to the full board. The remuneration for such additional duties should be approved by the board. Any remuneration in addition to normal directors' fees should be specifically identified in the annual report.

The remuneration of Board members is determined by the general meeting upon recommendation of the Nomination Committee. The annual remuneration of the individual Board members is disclosed in the annual report. Dockwise has implemented a policy in respect of remuneration of its Board members.

The Chief Executive Officer, also being a member of the Board of Directors, received - only in his capacity as executive member - unvested shares in Dockwise Ltd.

### 12. Remuneration of executive personnel

The board of directors is required by law to prepare guidelines for the remuneration of the executive personnel. These guidelines are communicated to the annual general meeting. The guidelines for the remuneration of the executive personnel should set out the main principles applied in determining the salary and other remuneration of the executive personnel. The guidelines should help to ensure convergence of the financial interests of the executive personnel and the shareholders. Performance-related remuneration of the executive personnel in the form of share options, bonus programs or the like should be linked to value creation for shareholders or the company's earnings performance over time. Such arrangements, including share option arrangements, should incentivise performance and be based on quantifiable factors over which the employee in question can have influence. Performance related remuneration should be subject to an absolute limit.

The Board determines the remuneration of the Executive Committee members upon recommendation for such remuneration by the Remuneration Committee. The Board establishes guidelines for the remuneration of senior management of the Company upon recommendation for such guidelines by the Remuneration Committee. Both the management's remuneration and said guidelines will be communicated to the annual general meeting.

The incentive scheme of Dockwise may include share options if approved by the general meeting. In such case, the Board is authorized to grant share options under such scheme and report on an annual basis to the general meeting if and how many share options have been granted.

No share options will be granted to Board members, although such share options may be granted to the Chief Executive Officer, whether or not he/she is a Board member.

### 13. Information and Communication

The board of directors should establish guidelines for the company's reporting of financial and other information based on openness and taking into account the requirement for equal treatment of participants in the securities market. The company should publish an overview each year of the dates for major events such as its annual general meeting, publication of interim reports, public presentations, dividend payment date if appropriate, etc. All information distributed to the company's shareholders should be published on the company's web site at the same time as it is sent to shareholders. The board of directors should establish guidelines for the company's contact with shareholders other than through general meetings.

Annual reports, interim results, quarterly results, press releases, stock exchange notifications, investor presentations and other possible price-sensitive information will be timely and accurately distributed to shareholders and other subscribers through the Oslo Børs Distribution Network. Simultaneously, this information is made available on the Company's website. On a yearly basis, the Company publishes a financial calendar and an overview of releases in the past calendar year. All releases are archived on the Company's website. The Company adopted a disclosure policy which is available on the Company's website. Guidelines for contact with shareholders other than through general meetings are set forth in the Corporate Governance Policy of Dockwise.

## Principle set forth in the Norwegian Code of Practice

## Dockwise implementation

### 14. Take-overs

The board of directors should establish guiding principles for how it will act in the event of a take-over bid.

In a bid situation, the company's board of directors and management have an independent responsibility to help ensure that shareholders are treated equally, and that the company's business activities are not disrupted unnecessarily. The board has a particular responsibility to ensure that shareholders are given sufficient information and time to form a view of the offer.

The board of directors should not seek to hinder or obstruct take-over bids for the company's activities or shares unless there are particular reasons for this.

In the event of a take-over bid for the company's shares, the company's board of directors should not exercise mandates or pass any resolution with the intention of obstructing the take-over bid unless this is approved by the general meeting following announcement of the bid.

If an offer is made for a company's shares, the company's board of directors should issue a statement making a recommendation as to whether shareholders should or should not accept the offer. If the board finds itself unable to give a recommendation to shareholders on whether or not to accept the offer. The board's statement on the offer should make it clear whether the views expressed are unanimous, and if this is not the case it should explain the basis on which specific members of the board have excluded themselves from the board's statement. The board should arrange a valuation from an independent expert. The valuation should include an explanation, and should be made public no later than at the time of the public disclosure of the board's statement.

Any transaction that is in effect a disposal of the company's activities should be decided by a general meeting, except in cases where such decisions are required by law to be decided by the corporate assembly.

Guiding principles on how the Board will act in case of a take-over bid are set forth in the Corporate Governance Policy of Dockwise, in which the further recommendations of the Code of Practice are implemented. In the case of a take-over bid, the members of the Board will follow the recommendations in the Code of Practice and use their best effort to ensure that all the shareholders of the Company are treated equally.

**Principle set forth in the Norwegian Code of Practice**
**Dockwise implementation**
**15. Auditor**

The auditor should submit the main features of the plan for the audit of the company to the audit committee annually. The auditor should participate in meetings of the board of directors that deal with the annual accounts. At these meetings the auditor should review any material changes in the company's accounting principles, comment on any material estimated accounting figures and report all material matters on which there has been disagreement between the auditor and the executive management of the company.

The auditor should at least once a year present to the audit committee a review of the company's internal control procedures, including identified weaknesses and proposals for improvement.

The board of directors should hold a meeting with the auditor at least once a year at which neither the chief executive nor any other member of the executive management is present.

The board of directors should establish guidelines in respect of the use of the auditor by the company's executive management for services other than the audit.

The board of directors must report the remuneration paid to the auditor at the annual general meeting, including details of the fee paid for audit work and any fees paid for other specific assignments.

The Corporate Governance Policy and the Rules of Procedure of the Board of Directors of Dockwise provide that Dockwise's auditor shall be present at Board meetings when necessary for evaluation of the Company's financial status and in any event at least once annually in connection with the approval and signing of the annual report.

At these meetings, the auditor reviews any material changes in the Company's accounting principles, comments on estimated figures of material importance and reports all material matters on which there has been disagreement between the auditor and the management of the Company.

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## Consolidated Income Statement

For the Year ended 31 December 2011							
Note	2011			2010			
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total	
(x USD 1,000)							
7	Revenue	362,291	36,355	398,646	402,885	36,242	439,127
8	Direct costs	(274,158)	(69,259)	(343,417)	(275,402)	(38,895)	(314,297)
	<b>Gross profit</b>	<b>88,133</b>	<b>(32,904)</b>	<b>55,229</b>	<b>127,483</b>	<b>(2,653)</b>	<b>124,830</b>
9	Other income	25	-	25	115	-	115
10	Administrative expenses	(40,361)	(3,622)	(43,983)	(43,643)	(3,558)	(47,201)
11	Other expenses	-	-	-	(8,658)	-	(8,658)
6	<b>Results from operating activities</b>	<b>47,797</b>	<b>(36,526)</b>	<b>11,271</b>	<b>75,297</b>	<b>(6,211)</b>	<b>69,086</b>
	Finance income	78	-	78	916	-	916
	Finance costs	(43,909)	-	(43,909)	(52,944)	-	(52,944)
13	<b>Net finance income / (costs)</b>	<b>(43,831)</b>	<b>-</b>	<b>(43,831)</b>	<b>(52,028)</b>	<b>-</b>	<b>(52,028)</b>
	<b>Profit / (Loss) before income tax</b>	<b>3,966</b>	<b>(36,526)</b>	<b>(32,560)</b>	<b>23,269</b>	<b>(6,211)</b>	<b>17,058</b>
14	Income tax credit / (expense)	(928)	-	(928)	299	-	299
6	<b>Profit / (Loss) for the year</b>	<b>3,038</b>	<b>(36,526)</b>	<b>(33,488)</b>	<b>23,568</b>	<b>(6,211)</b>	<b>17,357</b>
	<b>Attributable to:</b>						
	Owners of the Company	3,038	(36,526)	(33,488)	23,568	(6,211)	17,357
6	<b>Profit / (Loss) for the year</b>	<b>3,038</b>	<b>(36,526)</b>	<b>(33,488)</b>	<b>23,568</b>	<b>(6,211)</b>	<b>17,357</b>
	<b>Earnings per share:</b>						
23	Basic earnings per share (in USD)	0.120	(1.445)	(1.325)	1.116	(0.294)	0.822
23	Diluted earnings per share (in USD)	0.119	(1.431)	(1.312)	1.107	(0.292)	0.815

# Consolidated Statement of Comprehensive Income

<b>For the Year ended 31 December 2011</b>		
<i>(x USD 1,000)</i>	<b>2011</b>	2010
<i>Profit / (Loss) for the year</i>	<i>(33,488)</i>	<i>17,357</i>
<b>Other comprehensive income:</b>		
Effective portion of changes in fair value of cash flow hedges	13,126	(5,642)
Net change in fair value of cash flow hedges reclassified to or from profit or loss	(1,867)	4,709
<i>Other comprehensive income, net of income tax</i>	<i>11,259</i>	<i>(933)</i>
<b>Total comprehensive income for the year</b>	<b>(22,229)</b>	<b>16,424</b>
<b>Attributable to:</b>		
Owners of the Company	(22,229)	16,424
<b>Total comprehensive income for the year</b>	<b>(22,229)</b>	<b>16,424</b>

## Consolidated Balance Sheet

Note	<b>As at 31 December 2011</b>		
	<i>(x USD 1,000)</i>	<b>31 Dec 2011</b>	31 Dec 2010
<b>ASSETS</b>			
<b>Non-current assets</b>			
15	Property, plant and equipment	868,257	886,157
16	Intangible assets	581,178	594,464
17	Employee benefits	4,701	4,605
		<b>1,454,136</b>	<b>1,485,226</b>
<b>Current assets</b>			
19	Inventories	18,264	20,030
14	Current tax assets	454	253
20	Trade and other receivables	40,677	49,655
21	Cash and cash equivalents	38,687	73,129
5	Assets held for sale	64,447	-
		<b>162,529</b>	<b>143,067</b>
<b>6</b>	<b>Total assets</b>	<b>1,616,665</b>	<b>1,628,293</b>

Note		31 Dec 2011	31 Dec 2010
	(x USD 1,000)		
<b>EQUITY</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
	Issued share capital	126,428	126,428
	Share premium	863,657	863,289
	Reserves	(25,316)	(37,261)
	Retained earnings	28,421	10,087
	Unappropriated result	(33,488)	17,357
22	<b>Total equity</b>	<b>959,702</b>	<b>979,900</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
24	Non-current interest-bearing borrowings	477,044	512,269
		<b>477,044</b>	<b>512,269</b>
<b>Current liabilities</b>			
24	Current maturities of interest-bearing borrowings	35,106	9,361
26	Trade and other payables	131,975	126,541
25	Provisions	80	222
5	Liabilities held for sale	12,758	-
		<b>179,919</b>	<b>136,124</b>
	<b>Total liabilities</b>	<b>656,963</b>	<b>648,393</b>
6	<b>Total equity and liabilities</b>	<b>1,616,665</b>	<b>1,628,293</b>

## Consolidated Statement of Changes in Equity

<b>Attributable to owners of the Company</b>							
<i>(x USD 1,000)</i>	Issued share capital	Share premium	Hedging reserve	Reserve own shares	Retained earnings	Unappro- priated result	<b>Total</b>
<b>Balance at 1 January 2010</b>	<b>103,219</b>	<b>783,008</b>	<b>(35,443)</b>	<b>(885)</b>	<b>(28,218)</b>	<b>36,581</b>	<b>858,262</b>
<i>Total comprehensive income for the year</i>							
<b>Profit / (Loss) for the year</b>	-	-	-	-	-	<b>17,357</b>	<b>17,357</b>
<b>Other comprehensive income for the year</b>							
Effective portion of changes in fair value of cash flow hedges	-	-	(5,642)	-	-	-	(5,642)
Net change in fair value of cash flow hedges reclassified to or from profit or loss	-	-	4,709	-	-	-	4,709
<b>Total other comprehensive income for the year, net of tax</b>	-	-	<b>(933)</b>	-	-	-	<b>(933)</b>
<i>Total comprehensive income for the year</i>	-	-	<i>(933)</i>	-	-	<i>17,357</i>	<i>16,424</i>
<i>Transactions with owners of the Company, recognized directly in equity</i>							
<b>Contributions by and distributions to owners of the Company</b>							
Issue of ordinary shares related to rights issue	22,938	79,344	-	-	-	-	102,282
Issue of ordinary shares related to direct placement	271	937	-	-	-	-	1,208
Equity-settled share-based payment transactions	-	-	-	-	1,724	-	1,724
Addition to reserves	-	-	-	-	36,581	(36,581)	-
<b>Total contributions by and distributions to owners of the Company</b>	<b>23,209</b>	<b>80,281</b>	-	-	<b>38,305</b>	<b>(36,581)</b>	<b>105,214</b>
<i>Total transactions with owners of the Company, recognized directly in equity</i>	<i>23,209</i>	<i>80,281</i>	-	-	<i>38,305</i>	<i>(36,581)</i>	<i>105,214</i>
<b>Balance at 31 December 2010</b>	<b>126,428</b>	<b>863,289</b>	<b>(36,376)</b>	<b>(885)</b>	<b>10,087</b>	<b>17,357</b>	<b>979,900</b>

<b>Attributable to owners of the Company</b>							
<i>(x USD 1,000)</i>	Issued share capital	Share premium	Hedging reserve	Reserve own shares	Retained earnings	Unappro- priated result	<b>Total</b>
<b>Balance at 1 January 2011</b>	<b>126,428</b>	<b>863,289</b>	<b>(36,376)</b>	<b>(885)</b>	<b>10,087</b>	<b>17,357</b>	<b>979,900</b>
<i>Total comprehensive income for the year</i>							
<b>Profit / (Loss) for the year</b>	-	-	-	-	-	<b>(33,488)</b>	<b>(33,488)</b>
<b>Other comprehensive income for the year</b>							
Effective portion of changes in fair value of cash flow hedges	-	-	13,126	-	-	-	13,126
Net change in fair value of cash flow hedges reclassified to or from profit or loss	-	-	(1,867)	-	-	-	(1,867)
<b>Total other comprehensive income for the year, net of tax</b>	-	-	<b>11,259</b>	-	-	-	<b>11,259</b>
<i>Total comprehensive income for the year</i>	-	-	<i>11,259</i>	-	-	<i>(33,488)</i>	<i>(22,229)</i>
<i>Transactions with owners of the Company, recognized directly in equity</i>							
<b>Contributions by and distributions to owners of the Company</b>							
Settlement of transaction costs share issue previous years	-	350	-	-	-	-	350
Equity-settled share-based payment transactions	-	-	-	-	1,681	-	1,681
Excercise of share options	-	18	-	686	(704)	-	-
Addition to reserves	-	-	-	-	17,357	(17,357)	-
<b>Total contributions by and distributions to owners of the Company</b>	-	<b>368</b>	-	<b>686</b>	<b>18,334</b>	<b>(17,357)</b>	<b>2,031</b>
<i>Total transactions with owners of the Company, recognized directly in equity</i>	-	<i>368</i>	-	<i>686</i>	<i>18,334</i>	<i>(17,357)</i>	<i>2,031</i>
<b>Balance at 31 December 2011</b>	<b>126,428</b>	<b>863,657</b>	<b>(25,117)</b>	<b>(199)</b>	<b>28,421</b>	<b>(33,488)</b>	<b>959,702</b>

## Consolidated Statement of Cash Flows

Note	<b>For the Year ended 31 December 2011</b>		
	(x USD 1,000)	2011	2010
<b>Cash flows from operating activities</b>			
6	<b>Profit/(Loss) for the year</b>	<b>(33,488)</b>	<b>17,357</b>
<i>Adjustments for:</i>			
15	- Depreciation and impairment losses property, plant and equipment	108,416	92,101
16	- Amortization and impairment losses intangible assets	14,574	5,609
9	- Gain on sale of property, plant and equipment	(25)	(115)
17	- Decrease / (Increase) employee benefits	(96)	(597)
18	- Equity settled share based payments	1,681	1,724
13	- Net finance costs	43,831	52,028
14	- Income tax credit / (expense)	928	(299)
<b>Operating cash flow before movements in working capital</b>		<b>135,821</b>	<b>167,808</b>
<i>Changes in:</i>			
19	Decrease / (Increase) inventories	(1,555)	531
20	Decrease / (Increase) current receivables	8,590	19,416
26	(Decrease) / Increase current liabilities	30,026	(23,820)
25	(Decrease) / Increase in provisions	(142)	(258)
<b>Cash generated from operating activities</b>		<b>172,740</b>	<b>163,677</b>
13	Interest (paid) / received	(40,207)	(44,307)
	Transaction costs related to borrowings	(3,207)	(2,135)
14	Income tax received / (paid)	(1,129)	(1,067)
		<b>(44,543)</b>	<b>(47,509)</b>
<b>Net cash from operating activities</b>		<b>128,197</b>	<b>116,168</b>
<b>Cash flows from investing activities</b>			
15	Acquisition of property, plant and equipment	(152,136)	(37,747)
16	Acquisition of intangible assets	(1,611)	(1,785)
15	Proceeds from sale of property, plant and equipment	2,567	2,227
<b>Net cash used in investing activities</b>		<b>(151,180)</b>	<b>(37,305)</b>

Note		<b>2011</b>	2010
	<i>(x USD 1,000)</i>		
<b><i>Cash flows from financing activities</i></b>			
24	Repayment of borrowings	(11,809)	(161,082)
22	Proceeds of issue of share capital	-	106,990
	Transaction costs related to share issue	350	(3,500)
		<b>(11,459)</b>	<b>(57,592)</b>
	<b>Net cash from / (used in) financing activities</b>	<b>(11,459)</b>	<b>(57,592)</b>
	<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(34,442)</b>	<b>21,271</b>
21	Cash and cash equivalents at beginning of the year	73,129	51,858
	<b>Cash and cash equivalents at end of the year</b>	<b>38,687</b>	<b>73,129</b>

## Notes to the Consolidated Financial Statements

# 1 Reporting entity

Dockwise Ltd. (the "Company" or "Dockwise") is a company incorporated under the laws of Bermuda and is domiciled in the Netherlands. Dockwise is listed at both the Oslo Stock Exchange (OSE) and NYSE Euronext Amsterdam (Euronext). The address of the Company's registered office is Canon's Court, 22 Victoria Street, Hamilton HM 12 Bermuda. The head office of Dockwise is located at Lage Mosten 21 Breda, the Netherlands. The Consolidated Financial Statements of Dockwise as at and for the year ended 31 December 2011 comprise Dockwise and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Company is the leading marine contractor providing total transport services to the offshore, onshore and yachting industries as well as installation services of extremely heavy offshore platforms.

# 2 Basis of preparation

## A. Statement of Compliance

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU-IFRS).

The financial statements were approved and authorized for issue by the Board of Directors on 29 February 2012.

## B. Basis of measurement

The Consolidated Financial Statements have been prepared on the historical cost basis, except for the following material items in the Consolidated Balance Sheet:

- Derivative financial instruments are measured at fair value;
- Plan assets of defined benefit pension plans are measured at fair value;
- Liabilities of equity-settled share-based payment arrangements are initially measured at fair value.

The methods used to measure fair values are discussed further in Note 4, "Determination of fair values".

## C. Functional and presentation currency

The Consolidated Financial Statements are presented in United States Dollars (USD) in view of the concentration of operational revenues and expenditures in this currency. The USD is the Company's functional currency. All financial information is presented in thousands of USD and has been rounded to the nearest thousands, except when otherwise indicated.

## D. Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Consolidated Financial Statements is included in Note 33, "Accounting estimates and judgments".

## 3 Significant accounting policies

The accounting policies set out below have been applied as at and for the period ended 31 December 2011 presented in these Consolidated Financial Statements and have been applied consistently by Group entities.

### A. Basis of Consolidation

#### *Subsidiaries*

Subsidiaries are entities controlled by Dockwise. Control exists when Dockwise or its subsidiaries have the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial information of subsidiaries is included in the Consolidated Financial Statements from the date that control commences until the date that control ceases.

#### *Transactions eliminated on consolidation*

Intragroup balances and transactions and any unrealized gains and losses arising from intragroup transactions, are eliminated in preparing the Consolidated Financial Statements.

### B. Foreign currencies

#### *Foreign currency transactions*

Transactions in foreign currencies are translated at the foreign exchange rate effective on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to USD at the foreign exchange rate effective on that date. Foreign exchange differences arising on translation are recognized in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate on the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to USD at foreign exchange rates effective on the dates the fair value was determined.

#### *Financial information of foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to USD at foreign exchange rates effective on the balance sheet date. The revenues and expenses of foreign operations are translated to USD at rates approximating the foreign exchange rates effective on the dates of the transactions. Foreign currency translation differences are recognized directly in equity.

### C. Financial instruments

#### *Non-derivative financial instruments*

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables. These non-derivative financial instruments are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

#### *Derivative financial instruments*

The Group uses derivative financial instruments to hedge part of its exposure to foreign exchange and interest rate risks arising from operational and financing activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivatives are recognized initially at fair value; attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below. However, where derivatives qualify for cash flow hedge accounting, the effective part is recognized in a hedging reserve (part of equity). In case option contracts are used in a cash flow hedge accounting relationship, the time value related part of the fair value change is recognized in the income statement immediately.

#### *Hedging*

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognized asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognized directly in equity. When the forecasted transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from equity and is included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognized directly in equity are reclassified into profit or loss in the

same period or periods during which the asset acquired or liability assumed affects profit or loss (i.e., when interest income or expense is recognized). For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from equity and recognized in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognized immediately in the income statement. When a hedging instrument expires or is sold, terminated or exercised or the entity revokes designation of the hedge relationship, but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognized in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealized gain or loss recognized in equity is recognized immediately in the income statement.

#### *Share capital*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects. When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is, net of tax effects, recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to or from share premium.

### **D. Property, plant and equipment**

Property, plant and equipment comprise the following categories:

- Heavy transport and other vessels;
- Other operating assets;
- Assets under construction.

All items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see accounting policy J, "Impairment"). Cost includes expenditure that is directly attributable to the acquisition of an asset and directly attributable borrowing costs. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The residual values and useful lives are reviewed, and adjusted if not insignificant, annually on balance sheet date.

#### *Subsequent costs*

The Group recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced items is derecognized. All other costs are recognized in the income statement as an expense as incurred.

#### *Heavy transport and other vessels*

In accordance with IAS 16 (Property, Plant and Equipment), the Group has adopted the component approach for the heavy transport and other vessels under which different components have different economic lives.

The estimated useful lives of these components are as follows:

Hull	30 years and up to 50 years after Life Time Extension
Accommodation	30 years
Electrical machinery	20 years
Engines	30 years
Ballast tank / systems	30 years
Navigations	5 years
Auxiliary machines	20 years
Safety equipment	20 years
Survey & docking	5 years

If components of assets are replaced (e.g. in case of a Life Time Extension), the old component is derecognized and the new component is capitalized.

#### *Other operating assets*

Other operating assets consist mainly of project related equipment, computer equipment and sea fastening equipment, as far as the life cycle is more than 1 year. Project related equipment is depreciated based on the units of production method and allocated to projects upon delivery to the project. The depreciation charge is based on the expected use of the asset. Sea fastening equipment with a useful life shorter than 1 year is included in inventories. These assets are valued at cost, less straight-line depreciation based on the estimated economic lives.

#### *Assets under construction*

Assets under construction are valued at cost including directly attributable borrowing costs. Assets under construction are transferred to the applicable asset category within property, plant and equipment when the specific asset is completed and brought into use.

### **E. Intangible assets**

#### *General*

Intangible assets comprise the following categories:

- Goodwill;
- Tradenames;
- Customer relationships;
- Technology;
- Computer software.

Intangible assets are capitalized if they are acquired by the Group from third parties. Development expenditure for software is capitalized only if these costs can be measured reliably, the software is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and use the software. All intangible assets are stated at cost less accumulated amortization (except goodwill and tradenames) and impairment losses (see accounting policy J, "Impairment").

#### *Subsequent expenditure*

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

#### *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the net fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the acquired companies at the date of acquisition. Goodwill is tested annually for impairment (see accounting policy J, "Impairment") and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGU's") for the purpose of impairment testing. In this respect the Group has identified two CGU's, being Dockwise Heavy Transport and Dockwise Yacht Transport. The goodwill arisen from the acquisition of OKI and ODL is allocated to the CGU of Dockwise Heavy Transport as this business combination is completely for the benefit of the Heavy Transport activities.

#### *Tradenames*

The tradenames of the above-mentioned CGU's and OKI and ODL were acquired in 2007. These tradenames are shown at cost. The capitalized tradenames have an infinite useful life and are therefore not amortized. They are tested annually for impairment (see accounting policy J, "Impairment") and carried at cost less accumulated impairment losses.

#### *Customer relationships*

The customer relationships of the Yacht Transport-business and OKI and ODL were acquired in 2007. These customer relationships are recognized at cost, less accumulated straight-line amortization based on the estimated useful life of 5 and 10 years respectively and impairment losses (see accounting policy J, "Impairment").

#### *Technology*

The technology of OKI and ODL was acquired in 2007. This technology is recognized at cost less accumulated straight-line amortization over the estimated useful life of 11 years and impairment losses (see accounting policy J, "Impairment").

#### *Computer software*

Acquired computer software is capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on a straight-line basis over the estimated useful life of 3 years.

## F. Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group are remeasured in accordance with the Group's accounting policies. Thereafter the assets, or disposal group, are measured at the lower of their carrying amount and the fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains and losses on remeasurement are recognized in profit and loss. Gains are not recognized in excess of any cumulative impairment loss.

Once classified as held for sale or distribution, intangible assets and property, plant and equipment are no longer amortized or depreciated.

## G. Employee benefits

### *Defined contribution plans*

Obligations for contributions to defined contribution pension plans are recognized as an expense in the income statement as incurred.

### *Defined benefit plans*

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

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

In respect of actuarial gains and losses that arise in calculating the Group's obligation in respect of a plan, to the extent that any cumulative unrecognized actuarial gain or loss exceeds 10 per cent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognized in the income statement over the expected average remaining working lives of the employees participating in the plan.

Otherwise, the actuarial gain or loss is not recognized.

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

### *Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus plans if the Group has a present or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### *Share based payments*

The grant date fair value of share-based payment awards to employees is recognized as personnel expenses, with a corresponding increase in equity over the period that the employees become unconditionally entitled to the shares.

At each balance sheet date the Group revises its estimates of the number of shares that are expected to vest. It recognizes the impact of the revision of original estimates, if any, in the income statement with a corresponding adjustment to equity.

## H. Inventories

Inventories mainly consist of bunker and lubricants stocks on board the vessels, sea fastening inventories and spare parts. The costs of inventories are based on the average cost principle and include expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Inventories are stated at the lower of cost and net realizable value.

## I. Trade and other receivables

Work-in-progress is valued in proportion to the stage of completion of projects on the balance sheet date. The balance of work in progress to be invoiced less advance payments received is recognized in other receivables (positive balance), or in current liabilities as deferred income or advances on contracts (negative balance).

## J. Impairment

### *Financial assets*

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in profit or loss.

### *Non-financial assets*

The carrying amounts of the Group's non-financial assets, other than inventories (see accounting policy H, "Inventories"), assets arising from employee benefits (see accounting policy G, "Employee benefits") and deferred tax assets (see accounting policy P, "Income tax"), are reviewed on each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangibles that have indefinite lives or that are not yet available for use, the Company assesses at the end of each reporting period whether there is any indication that an asset may be impaired. Irrespective of whether there is any indication of impairment the Company annually tests the intangible assets with an indefinite useful life and intangible assets not yet available for use for impairment by comparing their carrying amount with their recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the income statement. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. 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.

## K. Capital and reserves

The capital and reserves of the Group consist of:

- Issued share capital;
- Share premium;
- Reserves;
- Retained earnings;
- Unappropriated profit / (loss).

Share capital consists of ordinary shares. Dividends are recognized as a liability in the period in which they are declared.

## L. Interest-bearing borrowings

The parts of the borrowings falling due after more than 12 months after balance sheet date are recognized as non-current liabilities. The amounts due within 12 months after balance sheet date are classified within current liabilities.

## M. Trade and other payables

Trade and other payables are recognized initially at fair value. Subsequent to initial recognition they are stated at amortized cost.

## N. Revenue

Revenue from transportation services rendered is recognized in the income statement in proportion to the stage of completion of a voyage on the balance sheet date. The stage of completion is assessed by reference to the number of days sailed prior to the balance sheet date compared to the total days sailing expected to be required for each individual contract. Revenue related to engineering and installation projects in progress is recognized in the income statement in proportion to the stage of completion. The stage of completion is determined by the cost incurred on projects, compared to the total expected cost in respect of the projects.

No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due or associated costs.

## O. Expenses

### *Foreign exchange differences*

Foreign exchange gains and losses are allocated to the line item "Administrative expenses" in the Consolidated Income Statement. Fair value changes on financial instruments used in cash flow hedge relationships are accounted for as described in Note 3C, "Financial instruments".

### *Operating lease payments*

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

### *Net finance costs*

Net finance costs comprise interest expense on borrowings calculated using the effective interest rate method, interest receivable on funds invested, dividend income and fair value changes on hedging instruments that are recognized in the income statement.

Interest income is recognized in the income statement as it accrues, using the effective interest method. Dividend income is recognized in the income statement on the date the Group's right to receive payments is established.

### *Provisions*

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Additions and releases from provisions are recognized under the heading "Direct costs" or "Administrative expenses" whichever is relevant.

## P. 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, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. The major part of the Group's income is taxed under the Dutch tonnage tax regime.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future are not accounted for. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted on the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

## Q. Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

## R. Discontinued operations

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the consolidated income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

## S. Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing related services (business segment), which are subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segments.

Segment information is presented in respect of the Group's business segments which are based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment pricing is determined on an arm's length basis. Segment capital expenditures are the total costs incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

## T. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2011, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the Consolidated Financial Statements of the Group, except for IAS19 Employee Benefits which becomes mandatory for the Groups' 2013 Consolidated Financial Statements and requires recognition of all actuarial gains and losses immediately in other comprehensive income. The Group does not plan to adopt this standard early and the extent of the impact has not been determined.

# 4 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to those assets or liabilities.

### *Property, plant and equipment*

The fair value of property, plant and equipment recognized as a result of a business combination is based on market values. The market value of the vessels is based on external valuation reports.

### *Intangible assets*

The fair value of tradenames acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the tradename being owned. The fair value of the other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

### *Plan assets of defined benefit plans*

Plan assets are valued at fair market value. To the extent that these assets are covered by insurance policies the fair value has been determined by taking the present value of the insurance policies, including the present value of the profits that these policies are expected to generate.

### *Inventories*

The fair value of inventory, mainly consisting of bunkers and lubricants on board of the vessels, sea fastening inventories and spare parts, acquired in a business combination is determined based on quoted market prices for similar items.

### Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of interest rate swaps is estimated by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. The fair value of the currency options is calculated as the difference between striking price, spot price, current volatility rate and market interest rate.

The (over the counter) derivatives used by the Company are classified as level 2 in the IFRS hierarchy.

The different levels have been defined as follows:

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

### Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

### Share-based payments

For determining the fair value of the share based payment plans the Black-Scholes formula is used. Measurement inputs include share price on measurement date, expected volatility, risk-free interest rate, dividend yield, and the term of the options. For determining the fair value of the LTIP awards, a Monte Carlo simulation is used. Dividends have not been included in the measurement of the grant date fair value.

## 5 Discontinued operations and disposal group held for sale

### Discontinued operations

On 7 November 2011 the Group has signed a letter of intent to sell its entire yacht business (Dockwise Yacht Transport) and accordingly the results for the years 2011 and 2010 of this business are presented as discontinued operations separately from continuing operations in the Consolidated Income Statement. The business was not a discontinued operation at 31 December 2010. Dockwise will be focused solely on its core activities being Heavy Marine Transport (HMT) and the offshore / onshore market.

The loss from discontinued operations of USD 36,526 (2010: loss of USD 6,211) is attributable entirely to the owners of the Company. In 2011 an impairment loss of USD 29,400 was accounted for following the determination of the recoverable amount of the assets and liabilities of the yacht business based on the fair value less costs to sell at 31 December 2011. The fair value is based on the estimated net proceeds of the transaction and the operational cash flows in the period up to the moment of transfer of the shares. The impairment loss relates to tradenames (Note 16, "Intangible assets") for an amount of USD 8,813 and heavy transport and other vessels (Note 15, "Property, plant and equipment") for an amount of USD 20,587.

The transaction, which is expected to be finalized in the first quarter of 2012 will result in a positive cash flow of which some USD 38 million will be used for redemptions on loans.

The cash flows from discontinued operations are as follows:

<i>(x USD 1,000)</i>	<b>2011</b>	2010
Net cash used in operating activities	9,360	10,645
Net cash from investing activities	(4,722)	(8,040)
Net cash from financing activities	-	-
<b>Net cash flows for the year</b>	<b>4,638</b>	<b>2,605</b>

## Disposal group held for sale

At 31 December 2011 the disposal group comprised the following assets and liabilities:

<i>(x USD 1,000)</i>	<b>2011</b>
Property, plant and equipment	59,965
Intangible assets	323
Inventories	3,321
Trade and other receivables	838
<b>Assets held for sale</b>	<b>64,447</b>
<hr/>	
<i>(x USD 1,000)</i>	<b>2011</b>
Trade payables	364
Revenue related accruals	10,113
Non-trade payables and accrued expenses	2,281
<b>Liabilities held for sale</b>	<b>12,758</b>

No cumulative income or expenses are recognized in other comprehensive income relating to the disposal group.

## 6 Segment reporting

### Business segments

The Group comprises the following business segments:

- Dockwise Heavy Lift (DHL). This segment focuses on the Heavy Marine Transport and Offshore / Onshore installation market;
- Dockwise Yacht Transport (DYT). This (discontinued) segment focuses on the transportation of all types of yachts.

### Geographical segments

As the Group's customers are spread over the world and the projects locations are not bound to specific Geographical areas for individual customers, the Group has no segments in geographical areas. The fleet of the Company operates on a global basis.

In the table below the segmental information for the years 2011 and 2010 is presented for Dockwise Heavy Lift (DHL) and Dockwise Yacht Transport (DYT).

	Heavy Lift		Yacht Transport (discontinued)		Consolidated	
	2011	2010	2011	2010	2011	2010
<i>(x USD 1,000)</i>						
Total external revenues	362,291	402,885	36,355	36,242	398,646	439,127
Intersegment revenue	-	-	-	-	-	-
<b>Total segment revenue</b>	<b>362,291</b>	<b>402,885</b>	<b>36,355</b>	<b>36,242</b>	<b>398,646</b>	<b>439,127</b>
Reportable segment profit / (loss) before interest and income tax	47,797	75,297	(36,526)	(6,211)	11,271	69,086
Net finance costs					(43,831)	(52,028)
Income tax credit / (expense)					(928)	299
<b>Profit / (Loss) for the year</b>					<b>(33,488)</b>	<b>17,357</b>

	Heavy Lift		Yacht Transport (discontinued)		Eliminations		Consolidated	
	2011	2010	2011	2010	2011	2010	2011	2010
<i>(x USD 1,000)</i>								
Segment assets	1,552,218	1,598,107	64,447	104,628	-	(74,442)	1,616,665	1,628,293
Segment liabilities	644,205	584,180	12,758	138,655	-	(74,442)	656,963	648,393
Capital expenditure	149,025	31,492	4,722	8,040	-	-	153,747	39,532
Depreciation of property, plant and equipment	75,216	76,853	8,413	9,048	-	-	83,629	85,901
Impairment losses of property, plant and equipment	-	6,200	24,787	-	-	-	24,787	6,200
Amortization of intangible assets	3,908	3,709	1,853	1,900	-	-	5,761	5,609
Impairment loss of intangible assets	-	-	8,813	-	-	-	8,813	-

The assets and liabilities for the Heavy Lift segment are utilized in the Heavy Marine Transport and Offshore / Onshore installation market.

In 2011 an impairment loss of USD 29,400 of the discontinued operations Yacht Transport on property, plant and equipment (USD 20,587) and on intangible assets (USD 8,813) was accounted for. In addition, an impairment loss of USD 4,200 was accounted for the divestment of the MV Explorer in 2011 (CGU Yacht Transport) and USD 6,200 for the MV Enterprise in 2010 (CGU Heavy Transport).

## 7 Revenue

A breakdown of the revenues is as follows:

<i>(x USD 1,000)</i>	<b>2011</b>	2010
<b>Dockwise Heavy Lift (continuing operations)</b>	<b>362,291</b>	<b>402,885</b>
Offshore / Onshore projects	92,644	126,709
Heavy Marine Transport	269,647	276,176
<b>Dockwise Yacht Transport (discontinued operations)</b>	<b>36,355</b>	<b>36,242</b>
<b>Revenue</b>	<b>398,646</b>	<b>439,127</b>

## 8 Direct costs

A breakdown of these costs is as follows:

<i>(x USD 1,000)</i>	<b>2011</b>	2010
Contract related expenses	176,654	168,325
Vessel operating expenses	43,773	48,262
Depreciation and impairment loss of property, plant and equipment	108,416	92,101
Amortization and impairment loss of intangible assets	14,574	5,609
<b>Direct costs</b>	<b>343,417</b>	<b>314,297</b>

The vessel operating expenses include fuel, sea fastening materials, harbor dues, canal passages, subcontractors, crew, vessel maintenance and insurances. Reference is made to Note 6, "Segment reporting" regarding the non recurring impairment losses on "Property, plant and equipment" and "Intangible assets".

## 9 Other income

Other income includes the book profit realized on the divestment of assets and amounts to USD 25 (2010: USD 115).

## 10 Administrative expenses

A breakdown of the administrative expenses is as follows:

<i>(x USD 1,000)</i>	<b>2011</b>	2010
Personnel expenses of management and office staff	19,958	18,466
Other general and administrative expenses	24,025	28,735
<b>Administrative expenses</b>	<b>43,983</b>	<b>47,201</b>

The personnel expenses in 2011 included USD 212 redundancy expenses (2010: USD nil). The administrative expenses in 2011 include exchange differences amounting to USD 245 income (2010: USD 2,196 expense).

## 11 Other expenses

The other expenses 2010 (USD 8,658) relate to the derecognition of a claim in respect of the MV Mighty Servant 3 (see Note 20, "Trade and other receivables").

## 12 Personnel expenses

A breakdown of the personnel expenses is as follows:

<i>(x USD 1,000)</i>	<b>2011</b>	2010
Wages and salaries	33,001	29,543
Social security contributions	3,654	3,523
Expenses relating to defined share based payments	1,681	1,724
Expenses relating to defined benefit plans	2,589	2,131
Contributions to defined contribution plans	899	759
<b>Personnel expenses</b>	<b>41,824</b>	<b>37,680</b>

The personnel expenses are included in the following items of the income statement:

<i>(x USD 1,000)</i>	<b>2011</b>	2010
Contract related expenses	21,866	19,214
Administrative expenses (management and office staff)	19,958	18,466
<b>Personnel expenses</b>	<b>41,824</b>	<b>37,680</b>

The crew on board of the vessels is hired from the ship manager Anglo-Eastern. In 2011 the costs for the crew amounted to USD 23,054 (2010: USD 23,343) and is included in the direct costs (vessel operating expenses).

For the remuneration of Board of Directors and Executive Management reference is made to Note 11, "Remuneration of Board of Directors and Executive Management personnel" of the Company Financial Statements.

The number of FTE's, excluding the crew hired from the ship manager Anglo-Eastern, as at 31 December can be divided as follows:

FTE's	2011	2010
the Netherlands	184	173
United States of America	78	81
China	59	45
Other	17	15
<b>Management and office staff</b>	<b>338</b>	<b>314</b>

## 13 Net finance costs

*Recognized in profit or loss*

(x USD 1,000)	2011	2010
Interest income	78	156
Result on Debt Buy Back transactions	-	760
<b>Finance income</b>	<b>78</b>	<b>916</b>
Interest expense on financial liabilities measured at amortized costs	(38,705)	(41,509)
Net change in fair value of cash flow hedges reclassified to or from profit or loss	1,867	(4,709)
Waiver fee, consent fee and write-offs of capitalized loan fees	(7,071)	(6,726)
<b>Finance expenses</b>	<b>(43,909)</b>	<b>(52,944)</b>
<b>Net finance costs</b>	<b>(43,831)</b>	<b>(52,028)</b>

The interest income relates to interest over bank deposits.

The result on Debt Buy Back transactions in 2010 reflects the difference between the nominal amount of the debt bought back and the actual cash payment less the write-off of the relevant part of the capitalized loan fees and related transaction costs.

The finance expenses 2010 include USD 2,188 in relation to the unwinding of one of the interest rate swaps in order to end the overhedged situation as at end of 2010.

Capital expenditures 2011 for the MV Dockwise Vanguard includes an amount of USD 200 of capitalized borrowing costs.

The net change in fair value of cash flow hedges reclassified to or from profit and loss of USD 1,867 profit includes an expense of USD 191 regarding ineffectiveness of the cash flow hedges.

*Recognized in other comprehensive income*

<i>(x USD 1,000)</i>	<b>2011</b>	2010
Effective portion of changes in fair value of cash flow hedges	13,126	(5,642)
<b>Recognized in:</b>		
Hedging reserve	13,126	(5,642)

## 14 Income tax expense

A breakdown of the income tax expense is as follows:

<i>(x USD 1,000)</i>	<b>2011</b>	2010
Current year	1,370	139
Adjustment for prior years	(442)	(438)
<b>Current tax expense / (credit)</b>	<b>928</b>	<b>(299)</b>
Use of deferred taxes	-	-
<b>Deferred tax expense</b>	<b>-</b>	<b>-</b>
<b>Total income tax expense / (credit) recognized in income statement</b>	<b>928</b>	<b>(299)</b>

*Reconciliation of effective tax rate*

<i>(x USD 1,000)</i>	<b>2011</b>		2010	
Profit / (Loss) for the year		(33,488)		17,357
Total income tax expense / (credit) current year	1,370		139	
Prior years	(442)		(438)	
Total income tax expense / (credit)		928		(299)
<b>Profit / (Loss) excluding tax expense</b>		<b>(32,560)</b>		<b>17,058</b>
Income tax using the Company's Dutch tax rate	25.00%	(8,140)	25.50%	4,350
Effect of prior years	1.36%	(442)	(2.57%)	(438)
Effect of different tax basis	(29.21%)	9,510	(24.68%)	(4,211)
	<b>(2.85%)</b>	<b>928</b>	<b>(1.75%)</b>	<b>(299)</b>

The majority of the income of the Group is taxable in the Netherlands. The shipping activities are in principal taxable under the Dutch tonnage tax system, however the Dutch fiscal unit has a negative result due to the deduction of finance expenses. The Group's financing activities are taxable in a separate Dutch fiscal unit.

Current years' income tax expense is mainly due to withholding tax and income tax in foreign countries. The prior year tax credit is mainly due to limitation of taxation of interest income outside the tonnage tax regime and recognition of tax losses related to prior years in the Dutch operating fiscal unit.

The effect of different tax basis mainly includes the effect of the tax calculation based on tonnage of the fleet instead of on profit before tax and to a minor extent the effect of taxable income in foreign countries.

#### *Current tax assets and liabilities*

The income tax asset of USD 454 represents the amount of income taxes receivable (2010: asset USD 253) in respect of current and prior years.

#### *Deferred tax assets*

Deferred tax assets amounting to USD 65 million (2010: USD 58 million) relating to tax losses from the Group's financing activities are not recognized as the fiscal unit incurring these losses is not expected to generate sufficient relevant income to compensate these losses.

## 15 Property, plant and equipment

The movement schedule of Property, plant and equipment is as follows:

<i>(x USD 1,000)</i>	<b>Heavy transport and other vessels</b>	<b>Other operating assets</b>	<b>Assets under construction</b>	<b>Total</b>
<b>Cost</b>				
<b>Opening balance 2010</b>	<b>1,093,884</b>	<b>22,379</b>	<b>5,419</b>	<b>1,121,682</b>
Additions	29,832	4,696	3,219	37,747
Disposals	(23,163)	(7,352)	-	(30,515)
Transfer	347	5,072	(5,419)	-
<b>Closing balance 2010</b>	<b>1,100,900</b>	<b>24,795</b>	<b>3,219</b>	<b>1,128,914</b>
<b>Opening balance 2011</b>	<b>1,100,900</b>	<b>24,795</b>	<b>3,219</b>	<b>1,128,914</b>
Additions	18,725	16,215	117,196	152,136
Disposals	(36,720)	(5,621)	-	(42,341)
Transfer	1,424	47	(1,471)	-
Reclassification to assets held for sale	(107,941)	(3,005)	(2,465)	(113,411)
<b>Closing balance 2011</b>	<b>976,388</b>	<b>32,431</b>	<b>116,479</b>	<b>1,125,298</b>

<i>(x USD 1,000)</i>	Heavy transport and other vessels	Other operating assets	Assets under construction	Total
<b>Depreciation and impairment losses</b>				
<b>Opening balance 2010</b>	<b>(170,700)</b>	<b>(9,041)</b>	-	<b>(179,741)</b>
Depreciation	(79,261)	(6,640)	-	(85,901)
Impairment loss	(6,200)	-	-	(6,200)
Reversal of depreciation on disposed assets	21,852	7,233	-	29,085
<b>Closing balance 2010</b>	<b>(234,309)</b>	<b>(8,448)</b>	-	<b>(242,757)</b>
<b>Opening balance 2011</b>	<b>(234,309)</b>	<b>(8,448)</b>	-	<b>(242,757)</b>
Depreciation	(75,209)	(8,420)	-	(83,629)
Impairment loss	(24,787)	-	-	(24,787)
Reversal of depreciation on disposed assets	35,080	5,606	-	40,686
Reclassification to assets held for sale	52,109	1,337	-	53,446
<b>Closing balance 2011</b>	<b>(247,116)</b>	<b>(9,925)</b>	-	<b>(257,041)</b>
<b>Carrying amounts</b>				
<b>Closing balance 2010</b>	<b>866,591</b>	<b>16,347</b>	<b>3,219</b>	<b>886,157</b>
<b>Closing balance 2011</b>	<b>729,272</b>	<b>22,506</b>	<b>116,479</b>	<b>868,257</b>

The impairment on Heavy transport and other vessels of USD 24,787 in 2011 relates to the fair value less costs to sell measurement following the announced divestment in 2012 of the yacht business (USD 20,587) and the MV Explorer which was divested in 2011 (USD 4,200). The impairment on Heavy transport and other vessels of USD 6,200 in 2010 relates to the MV Enterprise, which was divested in 2010. The impairment losses on divested vessels are mainly related to agreed conditions with the buyers that these vessels may not return in the Heavy transport market. Reference is made to Note 5, "Discontinued operations and disposal group held for sale", with respect to the announced divestment of the yacht business.

The reclassification to "Assets held for sale" relates to the announced divestment of the yacht business and mainly includes the value of the vessels MV Super Servant 3, MV Super Servant 4 and MV Yacht Express. The assets under construction of USD 2,465 reclassified to "Assets held for sale" relates to the docking in progress of the MV Super Servant 3.

#### *Assets under construction*

The assets under construction, valued at cost, comprise the following:

<i>(x USD 1 million)</i>	31 Dec 2011	31 Dec 2010
MV Dockwise Vanguard	110.8	1.7
Other Heavy transport and other vessels	5.5	1.4
Other operating assets	0.2	0.1
<b>Assets under construction</b>	<b>116.5</b>	<b>3.2</b>

### *MV Dockwise Vanguard*

In September 2010 the Company decided to invest in a new built vessel (MV Dockwise Vanguard) and made capital commitments in 2011 (see Note 29, "Capital commitments"). The vessel is expected to come into service in the second half of 2012.

### *Security*

As at 31 December 2011, the heavy transport vessels with a carrying amount of USD 785,104 are subject to a registered debenture to secure bank loans (see Note 24, "Non-current interest-bearing borrowings").

## 16 Intangible assets

The movement schedule of intangible assets is as follows:

<i>(x USD 1,000)</i>	<b>Goodwill</b>	<b>Trade- names</b>	<b>Customer relation- ships</b>	<b>Techno- logy</b>	<b>Computer software</b>	<b>Total</b>
<b>Cost</b>						
<b>Opening balance 2010</b>	<b>540,293</b>	<b>34,870</b>	<b>23,436</b>	<b>7,700</b>	<b>6,222</b>	<b>612,521</b>
Additions	-	-	-	-	1,785	1,785
Disposals	-	-	-	-	(836)	(836)
<b>Closing balance 2010</b>	<b>540,293</b>	<b>34,870</b>	<b>23,436</b>	<b>7,700</b>	<b>7,171</b>	<b>613,470</b>
<b>Opening balance 2011</b>	<b>540,293</b>	<b>34,870</b>	<b>23,436</b>	<b>7,700</b>	<b>7,171</b>	<b>613,470</b>
Additions	-	-	-	-	1,611	1,611
Reclassification to assets held for sale	-	(8,813)	(10,636)	-	(813)	(20,262)
Disposals	-	-	-	-	(1,986)	(1,986)
<b>Closing balance 2011</b>	<b>540,293</b>	<b>26,057</b>	<b>12,800</b>	<b>7,700</b>	<b>5,983</b>	<b>592,833</b>

<i>(x USD 1,000)</i>	<b>Goodwill</b>	<b>Trade- names</b>	<b>Customer relation- ships</b>	<b>Techno- logy</b>	<b>Computer software</b>	<b>Total</b>
<b>Amortization and impairment losses</b>						
<b>Opening balance 2010</b>	-	-	<b>(10,243)</b>	<b>(1,694)</b>	<b>(2,296)</b>	<b>(14,233)</b>
Amortization	-	-	(3,041)	(700)	(1,868)	(5,609)
Disposals	-	-	-	-	836	836
<b>Closing balance 2010</b>	-	-	<b>(13,284)</b>	<b>(2,394)</b>	<b>(3,328)</b>	<b>(19,006)</b>
<b>Opening balance 2011</b>	-	-	<b>(13,284)</b>	<b>(2,394)</b>	<b>(3,328)</b>	<b>(19,006)</b>
Amortization	-	-	(3,006)	(698)	(2,057)	(5,761)
Impairment loss	-	(8,813)	-	-	-	(8,813)
Disposals	-	-	-	-	1,986	1,986
Reclassification to assets held for sale	-	8,813	10,636	-	490	19,939
<b>Closing balance 2011</b>	-	-	<b>(5,654)</b>	<b>(3,092)</b>	<b>(2,909)</b>	<b>(11,655)</b>
<b>Carrying amounts</b>						
<b>Closing balance 2010</b>	<b>540,293</b>	<b>34,870</b>	<b>10,152</b>	<b>5,306</b>	<b>3,843</b>	<b>594,464</b>
<b>Closing balance 2011</b>	<b>540,293</b>	<b>26,057</b>	<b>7,146</b>	<b>4,608</b>	<b>3,074</b>	<b>581,178</b>

The impairment on Tradenames of USD 8,813 in 2011 relates to the fair value measurement of the announced divestment of the yacht business (see Note 5, "Discontinued operations and disposal group held for sale").

*Impairment testing for cash-generating units containing goodwill and/or tradenames*

For the purpose of impairment testing, goodwill and tradenames are allocated to the Group's business segments which represent the lowest level within the Group at which these intangibles are monitored for internal management purposes.

The aggregate carrying amounts of goodwill and tradenames allocated to each unit are as follows:

<i>(x USD 1,000)</i>	<b>2011</b>		2010	
	<b>Goodwill</b>	<b>Trade- names</b>	Goodwill	Trade- names
Dockwise Heavy Transport	540,293	26,057	540,293	26,057
Dockwise Yacht Transport	-	-	-	8,813
	<b>540,293</b>	<b>26,057</b>	<b>540,293</b>	<b>34,870</b>

Following the announced divestment of the yacht business, which represents the cash generating unit Dockwise Yacht Transport, the impairment test 2011 only includes the cash generating unit Dockwise Heavy Transport. Reference is made to Note 5, "Discontinued operations and disposal group held for sale", with respect to the announced divestment.

Value in use is determined by discounting the future cash flows generated from the continuing use of the unit and is based on the following key assumptions:

- Cash flows are projected based on actual operating results and the 5-year business plan (2012-2016);
- Cash flows for a further period do not exceed the useful life of 50 years on a vessel basis, and take into account the estimated expenditures required to keep the vessels in operation. Cash flows after the 5-year business plan are extrapolated using a constant growth rate of 3% (2010: 3%), which does not exceed the long-term average rate for the industry. Management believes that this forecast period was justified due to the estimated useful life of the vessels. Vessels are expected to have a 20-year Life Time Extension after 30 years;
- At the end of the extended life time of the vessels a cash-in is considered for the scrap value of the respective divested vessels;
- A pre-tax discount rate of 10.0 percent (2010: 9.0 percent) was applied in determining the recoverable amount of the units. The discount rate was estimated based on a weighted average cost of capital, which was based on an industry average cost of equity.

The values assigned to the key assumptions represent management's assessment of future trends in the Heavy Transport Industry and are based on both external sources and internal sources.

The above estimates are particularly sensitive in the following areas:

- An increase of 1 percent point in the discount rate used would have decreased the net recoverable amount for the Dockwise Heavy Transport segment by USD 179 million which would not lead to an impairment of goodwill;
- A 1 percent point decrease in future expected lower gross profit as an absolute number would have decreased the net recoverable amount for the Dockwise Heavy Transport segment by USD 52 million which would not lead to an impairment of goodwill.

## 17 Employee benefits

The Group makes contributions to two defined benefit pension plans. Employees that joined the Group up till 2003 are entitled to a final pay plan, whereas employees joining the Group after 2003 are entitled to an average pay plan. The plans are reinsured with an external insurance company.

### A. Balance sheet

The amounts recognized in the balance sheet are determined as follows:

<i>(x USD 1,000)</i>	<b>2011</b>	2010
Present value of funded obligations	(21,645)	(19,201)
Fair value of plan assets	19,255	17,052
<b>Present value of net obligations</b>	<b>(2,390)</b>	<b>(2,149)</b>
Unrecognized actuarial gains and losses	7,091	6,754
<b>Employee benefit asset / (liability)</b>	<b>4,701</b>	<b>4,605</b>

Movements in the net employee benefits asset / (liability) recognized in the balance sheet are as follows:

<i>(x USD 1,000)</i>	<b>2011</b>	2010
Net asset / (liability) for defined benefit obligations at opening balance	4,605	4,008
Contributions paid	2,899	3,019
Expense recognized in the income statement	(2,230)	(1,857)
Actuarial gains / (losses) recognized in income statement	(359)	(274)
Currency gain / (loss)	(214)	(291)
<b>Net asset / (liability) for defined benefit obligations at closing balance</b>	<b>4,701</b>	<b>4,605</b>

Movements in the defined benefit obligations are as follows:

<i>(x USD 1,000)</i>	<b>2011</b>	2010
<b>Opening balance</b>	<b>19,201</b>	<b>17,175</b>
Service cost	1,716	1,507
Interest cost	1,002	802
Actuarial (gains) / losses	1,134	1,261
Benefits paid	(317)	(296)
Currency (gain) / loss	(1,091)	(1,248)
<b>Closing balance</b>	<b>21,645</b>	<b>19,201</b>

Movements in the fair value of plan assets are as follows:

<i>(x USD 1,000)</i>	<b>2011</b>	2010
<b>Opening balance</b>	<b>17,052</b>	<b>15,325</b>
Expected return on plan assets	488	452
Actuarial gains / (losses)	106	(334)
Contributions paid	2,899	3,019
Benefits paid	(317)	(296)
Currency gain / (loss)	(973)	(1,114)
<b>Closing balance</b>	<b>19,255</b>	<b>17,052</b>

The plan assets as at 31 December 2011 include debt securities (88%) and equity securities (12%). As at 31 December 2010 the plan assets included 100% insurance contracts.

### B. Income statement

The amounts recognized in the income statement are as follows:

<i>(x USD 1,000)</i>	<b>2011</b>	2010
Current service cost	1,716	1,507
Interest cost	1,002	802
Expected return on plan assets	(488)	(452)
Recognized actuarial losses / (gains)	359	274
	<b>2,589</b>	<b>2,131</b>

The expenses are all included in the "Administrative expenses" in the income statement.

### C. Actuarial assumptions

The principal actuarial assumptions were as follows:

	<b>2011</b>	2010
Discount rate	4.80%	5.00%
Expected long-term rate of return on assets	4.80%	5.00%
Future salary increase (incl. inflation adjustment)	3.00%	3.00%
Future pension increases	n/a	n/a
	GBM/V	GBM/V
Mortality tables used	2010-2060	2010-2060

The overall expected long-term rate of return on assets is 4.80%. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without adjustments.

The retirement age within the Group is set at the age of 65.

*D. Historical information*

<i>(x USD 1,000)</i>	<b>2011</b>	2010	2009	2008	2007
Present value of defined benefit obligation	21,645	19,201	17,175	13,736	14,519
Fair value of plan assets	19,255	17,052	15,325	12,267	12,887
<b>Deficit / (surplus) in the plan</b>	<b>2,390</b>	<b>2,149</b>	<b>1,850</b>	<b>1,469</b>	<b>1,632</b>
Experience adjustments arising on plan liabilities	(176)	(76)	(7)	729	-
Experience adjustments arising on plan assets	106	(334)	(482)	(3,132)	(3,748)

The Group expects USD 3.0 million in contributions to be paid in respect of the funded defined benefit plans in 2012.

## 18 Share based payments

In 2008 and 2009, the Board of Directors has awarded conditional shares with a vesting period of three years subject to continued employment to certain members of the Executive Management upon signing of their employment agreement and Senior Management.

Since 2009 Dockwise has a performance related, share based, long-term incentive plan for Chief Officers and Senior Management (the "LTIP"). The conditions under which Shares are awarded to Chief Officers and Senior Management under the LTIP were approved at the Annual General Meeting of shareholders in 2010. The LTIP replaced the 100% EVA cash bonus system as of 1 January 2010, thus reducing the short term part of the incentive. Under the LTIP the Board of Directors has the discretionary power to award conditional Shares with a vesting period of three years, subject to continued employment and attainment performance conditions.

The LTIP foresees in:

- A short term incentive (STI): an annual maximized percentage of the annual salary paid in cash and resulting from the EVA performance over the previous book year. The pay-out levels will be in line with market levels for peer group companies and maximized at a percentage of base salary;
- A long term incentive (LTI): an annual conditional grant of shares rewarding performance over a period of three years. Performance will be based on TSR (total shareholder return compared to a defined peer group) and EVA.

The terms and conditions relating to the grant of the shares as at 31 December 2011 are as follows; all grants are to be settled by physical delivery of shares (equity settled):

Grantdate	Employee entitled	Number of shares <sup>1</sup>	Fair value (USD)	Vesting Conditions
27 February 2009	Executive Management	10,172	15.06	3 year's service, TSR, EVA performance
1 September 2009	Executive Management	24,633	22.76	3 year's service
3 November 2009	Executive and Senior Management	57,488	29.31	3 year's service
4 January 2010	Executive Management	21,276	32.11	3 year's service, TSR, EVA performance
1 July 2010	Senior Management	11,216	23.52	3 year's service
18 October 2010	Senior Management	35,176	21.15	3 year's service, TSR, EVA performance
11 February 2011	Executive and Senior Management	51,376	25.53	3 year's service, TSR, EVA performance
<b>Total of shares granted</b>		<b>211,337</b>		

1) After reverse stock split 2009 and adjusted for expired rights

For the determination of the fair values at grant date of the plans we refer to Note 4, "Determination of fair values". The main parameters used for the calculation of the expenses of the awarded shares in 2010 and 2011 are:

Parameter	11 Feb 2011	4 Jan 2010	1 July 2010	18 Oct 2010
Share price at grant date (EUR)	19.97	22.14	19.20	18.15
Risk free interest rate	1,87%	1.93%	1.07%	0.97%
Volatility	54%	62%	57%	58%
Vesting period	3 years	3 years	3 years	3 years
Exchange rate (EUR / USD)	1.3661	1.4318	1.2251	1.3974

The expenses related to the arrangement with Executive Management and Senior Management can be summarized as follows:

(x USD 1,000)	2011	2010
Executive Management	1,118	1,037
Senior Management	563	687
<b>Expense recognized as personnel expenses</b>	<b>1,681</b>	<b>1,724</b>

The expenses related to shares granted per year can be summarized as follows:

<i>(x USD 1,000)</i>	<b>2011</b>	2010
Shares granted in 2008	83	224
Shares granted in 2009	687	1,025
Shares granted in 2010	475	475
Shares granted in 2011	436	-
<b>Expense recognized as personnel expenses</b>	<b>1,681</b>	<b>1,724</b>

## 19 Inventories

Inventories include fuel, lubricants, spare parts and sea fastening amounting to USD 18,264 (2010: USD 20,030). In 2011 fuel, lubricants, spare parts and sea fastening recognized as direct costs (contract related expenses) amounted to USD 96,883 (2010: USD 77,166). No inventories are stated at fair value less costs to sell. Furthermore no inventories are subject to retention of title clauses. In 2011 and 2010 no write-down of inventories was accounted for.

## 20 Trade and other receivables

A breakdown of trade and other receivables is as follows:

<i>(x USD 1,000)</i>	<b>31 Dec 2011</b>	31 Dec 2010
Trade receivables	31,536	27,552
Less: allowance for impairment	(5,140)	(6,193)
<b>Trade receivables - net</b>	<b>26,396</b>	<b>21,359</b>
Work in progress to be invoiced	5,356	18,336
Other receivables	2,227	3,132
Prepayments	6,248	6,828
Fair value derivatives	450	-
<b>Trade and other receivables</b>	<b>40,677</b>	<b>49,655</b>

### *Mighty Servant 3 settlement*

Arbitration proceedings are commenced against hull and machinery underwriters related to the costs of salvaging of the MV Mighty Servant 3 in the port of Luanda, Angola, and the subsequent costs of repairs and towing the vessel to Cape Town, South Africa, in the summer of 2007. The amount for which the arbitration has been initiated is USD 9.5 million plus interest and costs. No assurance can be given as to the outcome of these arbitration proceedings. Any proceeds from the arbitration process will be recognized as other income through profit and loss if and when these are awarded.

## 21 Cash and cash equivalents

A breakdown of cash and cash equivalents is as follows:

<i>(x USD 1,000)</i>	<b>31 Dec 2011</b>	31 Dec 2010
Cash in bank and at hand	38,687	73,129
<b>Cash and cash equivalents in the consolidated statement of cash flows</b>	<b>38,687</b>	<b>73,129</b>

The cash in bank and at hand are at free disposal of the Company.

## 22 Capital and reserves

### *Issued share capital*

The authorized share capital as at 31 December 2011 comprises 40,000,000 ordinary shares of USD 5 each. In total 25,285,511 (31 December 2010: 25,285,511) shares are issued and fully paid up. All shares rank equally with regard to the Company's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of shareholders of Dockwise.

The movement schedule of the number of ordinary shares is as follows:

<i>Number of ordinary shares</i>	<b>2011</b>	2010
<b>On issue at opening balance - fully paid</b>	<b>25,285,511</b>	<b>20,643,780</b>
Rights issue	-	4,587,506
Direct placement	-	54,225
<b>On issue at closing balance - fully paid</b>	<b>25,285,511</b>	<b>25,285,511</b>

### *Share premium*

The share premium reserve in 2010 increased as a result of the share issue and included USD 3,500 for transaction related costs which were deducted from the proceeds. In 2011 the actual transaction costs were settled at USD 3,150.

### *Hedging reserve*

The hedging reserve as at 31 December 2011 amounts to USD 25,117 negative (2010: USD 36,376 negative) comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments in respect of hedged transactions that have not yet occurred.

### *Reserve own shares*

The reserve own shares at 31 December 2011 amounts to USD 199 negative (2010: USD 885 negative) comprises the cost of the Company's shares held by the Company for the purpose of servicing a share based payment plan for key employees. At 31 December 2011 the Group held 10,172 (2010: 20,199) of the Company's shares for the purpose of a share based payment plan for key employees. These shares have a vesting period ending February 2012 and September 2012.

### *Dividends*

In 2011 no dividends were paid. After the balance sheet date no dividend payments were approved.

## 23 Earnings per share

The calculation of 2011 basic earnings per share at 31 December 2011 amounting to USD 1.325 negative (2010: USD 0.822 positive) was based on the net result attributable to ordinary shareholders of USD 33,488 negative (2010: USD 17,357 positive) and a weighted average number of ordinary shares outstanding calculated as follows:

<i>Number of ordinary shares</i>	<b>2011</b>	2010
<b>Issued ordinary shares as at 1 January</b>	<b>25,285,511</b>	<b>20,643,780</b>
Effects of:		
- Own shares	(13,496)	(20,199)
- Rights issue	-	477,093
- Direct placement	-	5,393
<b>Weighted average number of ordinary shares as at 31 December</b>	<b>25,272,015</b>	<b>21,106,067</b>

The calculation of 2011 diluted earnings per share at 31 December 2011 amounting to USD 1.312 negative (2010: USD 0.815 positive) was based on net result attributable to ordinary shareholders of USD 33,488 negative (2010: USD 17,357 positive) and a weighted number of ordinary shares outstanding after adjustment for the effect of dilutive potential ordinary shares calculated as follows:

<i>Number of diluted shares</i>	<b>2011</b>	2010
<b>Weighted average number of ordinary shares as at 31 December</b>	<b>25,272,015</b>	<b>21,106,067</b>
Effects of:		
- Share based payments	252,807	180,937
<b>Weighted average number of ordinary shares (diluted) as at 31 December</b>	<b>25,524,822</b>	<b>21,287,004</b>

## 24 Non-current interest-bearing borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortized cost. For more information about the Group's exposure to interest rate and foreign currency risk, see Note 27, "Financial instruments". A breakdown of interest-bearing borrowings is as follows:

<i>(x USD 1,000)</i>	<b>31 Dec 2011</b>	31 Dec 2010
<b>Non-current liabilities</b>		
Non-current interest-bearing borrowings	477,044	512,269
	<b>477,044</b>	<b>512,269</b>
<b>Current liabilities</b>		
Current maturities of interest-bearing borrowings	35,106	9,361
	<b>35,106</b>	<b>9,361</b>
<b>Interest-bearing borrowings</b>	<b>512,150</b>	<b>521,630</b>

If the divestment of the yacht business materializes in 2012, some USD 38 million of the expected net proceeds from this divestment (some USD 55 million) will be used for repayments of borrowings. This estimated repayment is not reclassified to the current part of the borrowings.

The current maturities of interest-bearing borrowings include the scheduled repayments of the remaining part of the A-Facility in 2012.

The movement schedule of the interest-bearing borrowings is as follows:

<i>(x USD 1,000)</i>	<b>2011</b>	2010
<b>Opening balance</b>	<b>521,630</b>	<b>679,646</b>
Repayment of borrowings - Scheduled	(9,259)	(9,377)
Repayment of borrowings - Debt Buy Back (cash)	-	(39,705)
Repayment of borrowings - Debt Buy Back (non-cash)	-	(1,533)
Repayment of borrowings - Divestment property, plant and equipment	(2,550)	(2,000)
Repayment of borrowings - Mandatory	-	(51,600)
Repayment of borrowings - Voluntary	-	(58,400)
Amortization and impairment loss of loan fees (non-cash)	2,329	4,599
<b>Closing balance</b>	<b>512,150</b>	<b>521,630</b>

At 31 December 2011, the Group has drawn four bank loans with an aggregate original nominal amount of USD 1,024,500. The bank loans are secured over the shares of all significant subsidiaries and over heavy transport vessels with a carrying amount of USD 785,104 (see Note 15, "Property, plant and equipment").

The outstanding balance excluding capitalized bank fees (USD 6,110) amounts to USD 518,260 as at 31 December 2011. The secured bank loans bear a variable interest, based on LIBOR plus an applicable margin of 1.25% to 4.50%. The average effective interest rate on loans drawn under the Senior Facilities Loan Agreement in 2011 was 7.3% (2010: 6.3%). The loans mature between 2013 and 2016.

### Terms

The key financial covenants in the Senior Facilities Loan Agreement ('SFA') can be summarized as follows: Dockwise must comply with three principal covenants under the Senior Credit Facilities:

- Leverage ratio: a ratio of consolidated net debt to consolidated normalized EBITDA<sup>1</sup> (each as defined in the Senior Credit Facilities) equal to or less than 3.75 as of 31 December 2011;
- Interest cover ratio: a ratio of consolidated normalized EBITDA<sup>1</sup> to consolidated net debt service (each as defined in the Senior Credit Facilities) equal to or greater than 2.25 as of 31 December 2011;
- Cash flow cover ratio: a ratio of consolidated cash flow to consolidated net debt service (each as defined in the Senior Credit Facilities) equal to or greater than 1.00 as of 31 December 2011.

1) The EBITDA has to be normalized for specific items as defined in the loan agreement. For this reason the EBITDA for the calculation of the covenants cannot be derived from the figures in this annual report.

In 2011 Dockwise filed a waiver request and received approval on this request on a single covenant with its lender syndicate for contingency purposes. This waiver request represents a temporary relaxation of the leverage ratio for the period March 2012 until September 2013. Set forth below is a summary of these requirements.

Ratio	Q4 2011	FY 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013
Leverage ratio	≤ 3.75	≤ 4.25	≤ 3.75	≤ 3.50	≤ 3.25	≤ 3.00
Interest cover ratio	≥ 2.25	≥ 2.25	≥ 2.25	≥ 2.25	≥ 2.25	≥ 2.25
Cash flow cover ratio	≥ 1.00	≥ 1.00	≥ 1.00	≥ 1.00	≥ 1.00	≥ 1.00

As of 31 December 2011 Dockwise's leverage ratio was 3.50 to 1 (31 December 2010: 2.57 to 1); Dockwise's interest cover ratio was 3.17 to 1 (31 December 2010: 4.05 to 1); and Dockwise's cash flow cover ratio was 1.00 to 1 (31 December 2010: 4.38 to 1).

## 25 Provisions

The movement schedule of provisions is as follows:

(x USD 1,000)	Onerous contracts	Total
<b>Opening balance 2011</b>	<b>222</b>	<b>222</b>
Provisions made / (released) during the period	-	-
Provisions used during the period	(142)	(142)
<b>Closing balance 2011</b>	<b>80</b>	<b>80</b>
Non-current	-	-
Current	80	80
<b>Provisions</b>	<b>80</b>	<b>80</b>

The obligation for future payments on leases for office space has been provided for as onerous contracts as the contracts were non-cancellable leases. The offices in Houston were relocated in 2009 after which the Group has ceased to use the previous office space.

## 26 Trade and other payables

A breakdown of trade and other payables is as follows:

<i>(x USD 1,000)</i>	<b>31 Dec 2011</b>	31 Dec 2010
Trade payables	14,694	12,314
Fair value derivatives	28,888	41,608
Deferred income	9,957	16,233
Advances on contracts	46,257	24,116
Non-trade payables and accrued expenses	32,179	32,270
<b>Trade and other payables</b>	<b>131,975</b>	<b>126,541</b>

The non current part of the fair value derivatives is USD 13,475 (2010: USD 16,972). For the contractual maturities of the derivatives reference is made to Note 27, "Financial instruments". Besides the derivatives, the trade and other payables are all due within one year.

## 27 Financial instruments

### Financial risk management

#### Overview

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

- Credit risk;
- Liquidity risk;
- Market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyze the risk faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterpart to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

#### Trade and other receivables

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on new customers requiring credit over a certain amount, although usually freight income is invoiced and paid before discharging. Project management and engineering contracts are largely based on pre-financing by customers in order to limit the credit risk. The Group does not require collateral in respect of financial assets.

#### Investments

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Transactions involving derivative financial instruments are with counterparties with credit ratings of at least A. Given the credit ratings, management does not expect any counterparty to fail to meet its obligations.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

### Guarantees

The Group's policy is to provide financial guarantees in respect of long-term contracts for pre-paying customers and financial guarantees in relation to the yards with respect to the construction or conversion of vessels etc.

At 31 December 2011, the Group has bank guarantees with a total amount of USD 21 million (2010: USD 19 million) of which USD 4 million (2010: USD 3 million) is outside the Revolving Facility of USD 170 million.

### Exposure to credit risk

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

<i>(x USD 1,000)</i>	Carrying amount	
	31 Dec 2011	31 Dec 2010
Trade receivables (net of allowance)	27,234	21,359
Other receivables	2,227	3,132
Derivatives	450	-
Work in progress to be invoiced	5,356	18,336
Cash and cash equivalents	38,687	73,129
<b>Carrying amount of financial assets</b>	<b>73,954</b>	<b>115,956</b>

The Group's policy is to concentrate the position at financial institutions with an "A" credit ranking or higher. The position at financial institutions below minimum "A" is low and restricted. Depending on the rating of the institution a maximum position of USD 30 million is allowed.

The maximum exposure to credit risk at the reporting date by segment was:

<i>(x USD 1,000)</i>	Carrying amount	
	31 Dec 2011	31 Dec 2010
Dockwise Heavy Transport	73,116	114,698
Dockwise Yacht Transport	838	1,258
<b>Carrying amount of financial assets</b>	<b>73,954</b>	<b>115,956</b>

The trade receivables from the Heavy Transport segment are receivables from industrial customers and for the Yacht Transport segment receivables mainly from private individuals. Since the individual contract values in the Heavy Transport segment are relatively high the outstanding trade receivables are due from a relative small number of customers. To a large extent the credit risk for both segments is mitigated as the majority of the freight is paid prior to discharging. As at 31 December 2011 the largest individual outstanding trade receivable amounts to USD 7.7 million (31 December 2010: USD 4.4 million).

As of 31 December 2011, receivables with a total amount of USD 5,140 (2010: USD 6,193) were impaired. The impairment allowance is based on an individual assessment of the recoverable amounts of the receivables.

An impairment loss / (release) of USD 1,664 (2010: USD 1,883) in respect of trade receivables was recognized in contract related expenses (see Note 8, "Direct costs").

The ageing of the impaired receivables is as follows:

<i>(x USD 1,000)</i>	<b>31 Dec 2011</b>	31 Dec 2010
< 1 year	4,000	476
1-2 years	1,027	3,359
2-5 years	113	2,358
> 5 years	-	-
<b>Impaired receivables</b>	<b>5,140</b>	<b>6,193</b>

The movement in the allowance for impairment during 2011 is as follows:

<i>(x USD 1,000)</i>	<b>2011</b>	2010
<b>Opening balance</b>	<b>6,193</b>	<b>5,091</b>
Impairment loss / (release) recognized	1,664	1,883
Receivables written off	(2,717)	(781)
<b>Closing balance</b>	<b>5,140</b>	<b>6,193</b>

The allowance for impairment of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is directly written off against the allowance. As at 31 December 2011 trade receivables of USD 16,518 (2010: USD 18,602) are overdue, but not impaired as this amount is largely received in 2012.

The ageing of these overdue receivables is as follows:

<i>(x USD 1,000)</i>	<b>31 Dec 2011</b>	31 Dec 2010
< 6 months	16,518	18,202
6-12 months	-	400
> 1 year	-	-
<b>Overdue receivables</b>	<b>16,518</b>	<b>18,602</b>

## Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group incorporated a short-term and a long-term cash flow projection procedure in order to manage future cash flows.

The Group's operational cash flow is largely based on pre-financing by customers in order to cover its operational direct expenses. In addition, the Group holds a Revolving Credit Facility of USD 170 million that can be drawn down to meet short-term financing needs. As at 31 December 2011 USD 17.5 million of this Revolving Credit Facility is used for guarantees. The applicable interest rate on this facility is LIBOR plus 125 basis points plus a margin depending on the Leverage Ratio per quarter end.

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

### 31 December 2011

<i>(x USD 1,000)</i>	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>6 months or less</b>	<b>6-12 months</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>More than 5 years</b>
<b>Non-derivative financial liabilities</b>							
Secured bank loans	512,150	(578,275)	(42,756)	(7,615)	(15,107)	(512,797)	-
Trade and other payables <sup>1</sup>	93,130	(93,130)	(93,130)	-	-	-	-
<b>Derivative financial liabilities</b>							
Interest rate swaps used for hedging	28,483	(30,502)	(11,448)	(3,788)	(7,475)	(7,791)	-
Forward exchange contracts used for hedging inflow	-	-	-	-	-	-	-
	<b>633,763</b>	<b>(701,907)</b>	<b>(147,334)</b>	<b>(11,403)</b>	<b>(22,582)</b>	<b>(520,588)</b>	<b>-</b>

1) Excludes derivatives (shown separately)

### 31 December 2010

<i>(x USD 1,000)</i>	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>6 months or less</b>	<b>6-12 months</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>More than 5 years</b>
<b>Non-derivative financial liabilities</b>							
Secured bank loans	521,630	(596,321)	(10,871)	(12,700)	(49,424)	(250,966)	(272,360)
Trade and other payables <sup>1</sup>	68,700	(68,700)	(68,700)	-	-	-	-
<b>Derivative financial liabilities</b>							
Interest rate swaps used for hedging	41,263	(56,550)	(12,043)	(12,043)	(16,060)	(16,404)	-
Forward exchange contracts used for hedging inflow	345	(212)	(212)	-	-	-	-
	<b>631,938</b>	<b>(721,783)</b>	<b>(91,826)</b>	<b>(24,743)</b>	<b>(65,484)</b>	<b>(267,370)</b>	<b>(272,360)</b>

1) Excludes derivatives (shown separately)

The following table indicates the period in which the cash flow associated with derivatives that are cash flow hedges are expected to occur. This table is also indicative for the moment cash flows will affect the income statement.

### 31 December 2011

<i>(x USD 1,000)</i>	Carrying amount	Expected cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
<b>Interest rate swaps</b>							
Assets	-	5,051	1,523	714	1,408	1,406	-
Liabilities	(28,483)	(35,553)	(12,971)	(4,502)	(8,883)	(9,197)	-
<b>European currency options</b>							
Assets	450	-	-	-	-	-	-
Liabilities	(405)	-	-	-	-	-	-
	<b>(28,438)</b>	<b>(30,502)</b>	<b>(11,448)</b>	<b>(3,788)</b>	<b>(7,475)</b>	<b>(7,791)</b>	<b>-</b>

### 31 December 2010

<i>(x USD 1,000)</i>	Carrying amount	Expected cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
<b>Interest rate swaps</b>							
Assets	-	4,172	786	786	1,149	1,451	-
Liabilities	(41,263)	(60,722)	(12,829)	(12,829)	(17,209)	(17,855)	-
<b>Forward exchange contracts</b>							
Assets	-	8,039	8,039	-	-	-	-
Liabilities	(345)	(8,251)	(8,251)	-	-	-	-
	<b>(41,608)</b>	<b>(56,762)</b>	<b>(12,255)</b>	<b>(12,043)</b>	<b>(16,060)</b>	<b>(16,404)</b>	<b>-</b>

## Market risk

### Currency risk

The Group is exposed to currency risk on purchases and to a small extent to sales that are denominated in a currency other than the U.S. Dollar (USD), the functional currency of the major Group entities. The currency in which these transactions primarily are denominated is Euro (EUR).

For the 2012 Selling, General & Administrative expenses the Group has hedged a 12-months position of the EUR to some 90% of the net cash flows. The Group has zero-cost collar options to hedge its exposure for 2012.

Interest on borrowings is denominated in USD which matches the cash flows generated by the underlying operations of the Group. This provides an economic hedge and no (currency) derivatives are entered into.

In respect of other monetary assets and liabilities denominated in other foreign currencies than Euro the Group ensures that its net exposure is kept to an acceptable level. These assets and liabilities are not material in respect of the total activities of the Group.

The Group's investments in non-USD denominated subsidiaries are not hedged as those currency positions are considered to be long-term in nature.

### Exposure to currency risk

The Groups's exposure to foreign currency risk was as follows based on notional amounts:

	<b>2011</b>	2010
<i>(x 1,000)</i>	<b>EUR</b>	EUR
Bank account	1,274	2,000
Trade and other receivables	5,947	4,297
Trade payables	(5,577)	(3,958)
<b>Gross balance sheet exposure</b>	<b>1,644</b>	<b>2,339</b>
Estimated forecast purchases 2012 / 2011	(34,000)	(30,000)
<b>Gross exposure</b>	<b>(32,356)</b>	<b>(27,661)</b>
Forward exchange contracts	28,800	11,000
<b>Net exposure</b>	<b>(3,556)</b>	<b>(16,661)</b>

The following significant exchange rates applied during the year:

<i>USD</i>	<b>31 dec 2011</b>	31 Dec 2010
Average rate EUR / USD	1.399	1.321
Reporting date mid-spot rate EUR / USD	1.295	1.333

### Sensitivity analysis

Based on the gross balance sheet exposure a 10% weakening of the USD against the EUR at 31 December would have (decreased) / increased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rate, remain constant.

<i>(x USD 1,000)</i>	<b>31 Dec 2011</b>	31 Dec 2010
<b>Effect on income statement and equity</b>		
EUR exposure	212	311

A 10% strengthening of the USD against the EUR would have had the same but opposite effect as the amounts shown above, on the basis that all other variables remain constant.

### Interest rate risk

The Group adopts a policy of ensuring that at least 80 percent of its exposure to changes in interest rates on borrowings is on a fixed rate basis. This is achieved by entering into interest rate swaps.

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

<i>(x USD 1,000)</i>	<b>31 Dec 2011</b>	31 Dec 2010
<b>Variable rate instruments</b>		
Interest rate swaps used for hedging	(28,483)	(41,263)
Interest bearing-borrowings excl. capitalized bank fees	(518,260)	(530,069)

At 31 December 2011 the exposure to floating rate funding was fully hedged.

### Fair value sensitivity analysis

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss except for the interest rate swaps designated as hedging instruments. Therefore a change in interest rates at the reporting date would only affect profit and loss for the over-hedged part of the interest rate swaps designated as hedging instruments.

A decrease of 100 basis points in interest rates at the reporting date would have (decreased) / increased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

<i>(x USD 1,000)</i>	<b>Profit or loss</b>	<b>Equity</b>
<b>31 December 2011</b>		
Interest rate swaps used for hedging	-	(8,595)
<b>Cash flow sensitivity (net)</b>	<b>-</b>	<b>(8,595)</b>
<b>31 December 2010</b>		
Interest rate swaps used for hedging	-	(13,143)
<b>Cash flow sensitivity (net)</b>	<b>-</b>	<b>(13,143)</b>

### Fuel price risk

The Group includes fuel escalation clauses in its contracts in order to minimize the exposure to increasing fuel prices.

## Accounting classification and fair values

### Fair values versus carrying amounts

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

<i>(x USD 1,000)</i>	31 December 2011		31 December 2010	
	Carrying amount	Fair value	Carrying amount	Fair value
Trade and other receivables <sup>1</sup>	34,429	34,429	42,827	42,827
Cash and cash equivalents	38,687	38,687	73,129	73,129
<b>Interest rate swaps used for hedging</b>				
Assets	-	-	-	-
Liabilities	(28,483)	(28,483)	(41,263)	(41,263)
<b>European currency options</b>				
Assets	450	450	-	-
Liabilities	(405)	(405)	-	-
<b>Forward exchange contracts used for hedging</b>				
Assets	-	-	-	-
Liabilities	-	-	(345)	(345)
Non-current interest-bearing borrowings	(477,044)	(483,154)	(512,269)	(520,708)
Trade and other payables <sup>2</sup>	(93,130)	(93,130)	(68,700)	(68,700)
Current maturities of interest-bearing borrowings	(35,106)	(35,106)	(9,361)	(9,361)
	<b>(560,602)</b>	<b>(566,712)</b>	<b>(515,982)</b>	<b>(524,421)</b>
<b>Unrecognised (loss) / gain</b>		<b>(6,110)</b>		<b>(8,439)</b>

1) Excludes derivatives (shown separately) and prepayments

2) Excludes derivatives (shown separately) and deferred income

### Basis for determining fair value

The basis for determining fair values in the table above is discussed in Note 4, "Determination of fair values".

### Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, where applicable, are based on the relevant market interest rate at the reporting date (USD 3 months Libor) and were as follows:

<i>In %</i>	31 Dec 2011	31 Dec 2010
Derivatives	0.58	0.30
Loans and borrowings	0.58	0.30

### Fair value hierarchy

The (over the counter) derivatives used by the Company are classified as level 2 in the IFRS hierarchy.

## Derivative assets and liabilities designated as cash flow hedges

### Forecasted transactions

The Group classifies its currency options contracts as cash flow hedges and states them at fair value. The notional amounts and fair values of the contracts outstanding as at 31 December are as follows:

<i>(x USD 1,000)</i>	31 December 2011		31 December 2010	
	Notional amount	Fair value	Notional amount	Fair value
European currency call options	37,293	450	-	-
European currency put options	(37,293)	(405)	-	-
Forward contracts to buy EUR	-	-	14,664	(345)

The remaining time to maturity does not exceed one year. The maturity dates of the individual call option contracts match the estimated underlying cash flow pattern. The maturity dates are equally divided over the year.

The fair value of the European currency options at 31 December 2011 is USD 45 of which USD 450 positive is related to the call options and USD 405 negative is related to the put options. At 31 December 2011 no forward contracts were outstanding (fair value 2010: negative USD 345).

### Hedging

The Group adopts a policy of ensuring that part of its exposure to changes in interest rates on borrowings is on a fixed rate basis. Interest rate swaps, denominated in USD, have been entered into to achieve an appropriate mix of fixed and floating rate exposure within the Group's policy. The notional amounts and fair values of the outstanding five swaps can be specified as follows:

<i>(x USD 1,000)</i>	31 December 2011		31 December 2010	
	Notional amount	Fair value	Notional amount	Fair value
<b>Floating to fixed swaps</b>				
Maturing 30 June 2014, fixed at 3.39%	119,422	(7,892)	119,422	(7,631)
Maturing 30 June 2012, fixed at 5.41%	200,000	(4,854)	200,000	(14,575)
Maturing 30 June 2012, fixed at 5.40%	200,000	(4,839)	200,000	(14,518)
Maturing 31 december 2014, fixed at 3.925% <sup>1</sup>	-	(5,444)	-	(2,323)
Maturing 31 december 2014, fixed at 3.930% <sup>1</sup>	-	(5,454)	-	(2,216)
	<b>519,422</b>	<b>(28,483)</b>	<b>519,422</b>	<b>(41,263)</b>

1) The startdate of these interest rate swaps is 30 June 2012

The fair value of the swaps at 31 December 2011 is USD 28,483 (2010: USD 41,263) presented as a liability in Trade and other payables, see Note 26, "Trade and other payables", as part of the fair value derivatives.

### Interest-bearing borrowings

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

### Trade and other receivables and payables

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

## Capital management

The board's policy is to maintain a strong capital base and aim for an optimal solvency ratio. If the cash flow of the Company after investment opportunities in the worldwide organization, commercial projects, people and assets is sufficient, dividends will be paid out to shareholders in order to insure long term shareholder value creation. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements. Reference is made to Article 35 of the Articles of Association of Dockwise Ltd. for provisions governing the appropriation of profit. Article 35 is disclosed in the Company Financial Statements in the section "Other Information".

## 28 Operating leases

### *Leases as lessee*

Non-cancellable operating lease rentals are payable as follows:

	Heavy Lift		Yacht Transport (discontinued)		Total	
	2011	2010	2011	2010	2011	2010
<i>(x USD 1,000)</i>						
Less than one year	8,530	5,510	452	449	8,982	5,959
Between one and five years	13,391	16,937	20	460	13,411	17,397
More than five years	600	2,359	-	-	600	2,359
	<b>22,521</b>	<b>24,806</b>	<b>472</b>	<b>909</b>	<b>22,993</b>	<b>25,715</b>

The Group leases offices in Breda (the Netherlands), Houston (USA), Shanghai (China), Busan (Korea), Singapore, Perth (Australia) and Fort Lauderdale (USA) and a warehouse in Breda (the Netherlands). Furthermore the company has entered into lease agreements for company cars and other operational equipment. All lease commitments are categorized as operating lease. The office leases typically run for a period of five to ten years, with an option to renew the lease after that date. Car leases run for a period of four years.

During the year ended 31 December 2011, USD 3.7 million (2010: USD 3.7 million) was recognized as an expense in the income statement in respect of operating leases.

## 29 Capital commitments

At 31 December 2011 the remaining material investment commitments predominantly relating to the MV Dockwise Vanguard amounts to USD 129 million (2010: USD nil).

## 30 Contingencies

### *Litigation*

Some Group companies are, as a result of their normal business activities, involved either as plaintiffs or defendants in claims. Based on the information presently available and management's best estimate the financial position of the Group is not likely to be significantly influenced by any of these matters. Should the actual outcome differ from the assumptions and estimates, the financial position of the Group would be impacted.

## 31 Related parties

### *Related party transactions*

There were no transactions with related parties in 2011 and 2010. All transactions with Group companies are at arms' length.

During the year 2011 and 2010 the Group received no charges from related parties and neither did the Group recharge certain amounts to related parties, except for the remuneration of Board of Directors and Executive Management for which reference is made to Note 11, "Remuneration of Board of Directors and Executive Management personnel" of the Company Financial Statements.

## 32 Group entities

### Control of the Group

Dockwise Ltd. ("Dockwise") is listed at both the Oslo Stock Exchange (OSE) and NYSE Euronext Amsterdam (Euronext).

### List of Group companies (legal entities)

The following group companies are included in the Consolidated Financial Statements of Dockwise Ltd.:

Name	Country of incorporation	Ownership interest	
		31 Dec 2011	31 Dec 2010
Dockwise Ltd.	Bermuda	100%	100%
Delphi Acquisition Holding B.V.	the Netherlands	100%	100%
Delphi Acquisition Holding I B.V.	the Netherlands	100%	100%
Delphi Finance A B.V.	the Netherlands	100%	100%
Delphi Finance B B.V.	the Netherlands	100%	100%
Dockwise Transport N.V.	Curaçao	100%	100%
Dockwise Transport B.V.	the Netherlands	100%	100%
Dockwise Shipping B.V.	the Netherlands	100%	100%
Dockwise B.V.	the Netherlands	100%	100%
Dockwise USA LLC	United States of America	100%	100%
Dockwise Shipping BV Shanghai Representative Office	China	100%	100%
Dockwise Engineering (Shanghai) Co Ltd	China	100%	-
Dockwise Shipping (Shanghai) Co Ltd	China	100%	-
Dockwise Korea YH	Korea	100%	100%
Dockwise Shipping Australia Pty Limited	Australia	100%	100%
Dockwise Transport Nigeria Ltd.	Nigeria	100%	100%
Dockwise Transport Services Brasil Ltda	Brasil	100%	100%
Dockwise Shipping B.V. (Singapore Branch)	Singapore	100%	100%
Dockwise Transport Services S.A. de C.V.	Mexico	100%	100%
Dockwise OOO	Russia	100%	100%
Representative Office of Private Limited Liability Company Dockwise Shipping B.V.	Russia	100%	-
Dockwise Malaysia Sdn Bhd	Malaysia	30%	30%
Dockwise Middle East Ltd	Middle East	50%	-
DYT Netherlands B.V. <sup>2</sup>	the Netherlands	100%	100%
Dockwise Yacht Transport USA LLC <sup>2</sup>	United States of America	100%	100%
DYT Europe SRL <sup>2</sup>	Italy	100%	100%
Offshore Kinematics Holding Inc.	United States of America	100%	100%
Offshore Kinematics Inc.	United States of America	100%	100%
Ocean Dynamics LLC	United States of America	100%	100%
Ocean Dynamics	China	100%	100%
Super Servant 3 B.V. <sup>2</sup>	the Netherlands	100%	100%

Name	Country of incorporation	Ownership interest	
		31 Dec 2011	31 Dec 2010
Super Servant 4 B.V. <sup>2</sup>	the Netherlands	100%	100%
Transshelf B.V.	the Netherlands	100%	100%
Mighty Servant 1 B.V.	the Netherlands	100%	100%
Mighty Servant 3 B.V.	the Netherlands	100%	100%
Swan B.V.	the Netherlands	100%	100%
Swift B.V.	the Netherlands	100%	100%
Teal B.V.	the Netherlands	100%	100%
Tern B.V.	the Netherlands	100%	100%
Black Marlin B.V.	the Netherlands	100%	100%
Blue Marlin B.V.	the Netherlands	100%	100%
Dockwise Explorer B.V. <sup>1</sup>	the Netherlands	-	100%
Yacht Express B.V. <sup>2</sup>	the Netherlands	100%	100%
Dockwise Transporter B.V.	the Netherlands	100%	100%
Target B.V.	the Netherlands	100%	100%
Talisman B.V.	the Netherlands	100%	100%
Treasure B.V.	the Netherlands	100%	100%
Triumph B.V.	the Netherlands	100%	100%
Trustee B.V.	the Netherlands	100%	100%
Dockwise Vanguard B.V.	the Netherlands	100%	-

1) Vessel has been sold in the course of 2011 and the entity was liquidated in the course of 2011

2) Entity is held for sale as at 31 December 2011

## 33 Accounting estimates and judgments

Management discussed the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

### *Valuation of the Group's Heavy Transport vessels*

In accordance with IAS 16 (Property, Plant and Equipment), the Group has adopted the component approach for the heavy transport and other vessels under which different components have different economic lives.

The estimated useful lives of these components are as follows:

Hull	30 years and up to 50 years after Life Time Extension
Accommodation	30 years
Electrical machinery	20 years
Engines	30 years
Ballast tank / systems	30 years
Navigations	5 years
Auxiliary machines	20 years
Safety equipment	20 years
Survey & docking	5 years

Project related equipment is depreciated based on the units of production method. The depreciation charge is based on the expected use of the asset.

The estimation could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. In case it appears that actual useful lives are less than previously estimated lives, management will adjust the depreciation period. Moreover, management will write off or write down technically obsolete or non-strategic (components of) assets that have been sold or put out of service. In calculating the book values of the vessels, management has also taken into account certain residual values, which are based on the scrap value.

#### *Impairment testing for cash-generating units containing goodwill and tradenames*

The impairment testing for cash-generating units containing goodwill and tradenames requires a number of estimates and judgments in order to calculate the net present value of future cash flows such as the development of revenues and costs, residual values at the end of the useful life of vessels, the discount rate etc. The key assumptions used for the impairment testing of goodwill and tradenames are discussed in Note 3E, "Intangible assets".

#### *Defined benefit pension obligations*

The present value of the Group's pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in the assumptions will impact the carrying amount of pension obligations. The calculation of the pension obligations is performed by a qualified actuary.

Management determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows, which are expected to be necessary to settle the pension obligations. In determining the appropriate discount rate, management considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the pension benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 17, "Employee benefits".

## 34 Subsequent events

The closing of the divestment of the yacht business as discussed in Note 5, "Discontinued operations and disposal group held for sale" is expected to materialize in the first quarter 2012. For 2012 no financial impact is expected in addition to the impairment charge of USD 29.4 million as included in the 2011 results. Reference is made to Note 5, "Discontinued operations and disposal group held for sale".





## Company Financial Statements 2011

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## Company Balance Sheet

Note <b>As at 31 December 2011</b>			
Before appropriation of result			
<i>(x USD 1,000)</i>		<b>31 Dec 2011</b>	31 Dec 2010
<b>ASSETS</b>			
<b>Non-current assets</b>			
4	Financial fixed assets	978,405	999,238
		<b>978,405</b>	<b>999,238</b>
<b>Current assets</b>			
	Trade and other receivables	43	60
	Cash and cash equivalents	177	2,590
		<b>220</b>	<b>2,650</b>
	<b>Total assets</b>	<b>978,625</b>	<b>1,001,888</b>
<b>SHAREHOLDERS' EQUITY</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
	Issued share capital	126,428	126,428
	Share premium	863,657	863,289
	Reserves	(25,316)	(37,261)
	Retained earnings	28,421	10,087
	Unappropriated result	(33,488)	17,357
6	<b>Total equity</b>	<b>959,702</b>	<b>979,900</b>
<b>LIABILITES</b>			
<b>Current liabilities</b>			
	Trade and other payables	199	223
5	Payables to Group companies	18,681	20,691
	Other payables and accrued expenses	43	1,074
	<b>Total liabilities</b>	<b>18,923</b>	<b>21,988</b>
	<b>Total equity and liabilities</b>	<b>978,625</b>	<b>1,001,888</b>

## Company Income Statement

Note	<b>For the Year ended 31 December 2011</b>	
	<b>2011</b>	2010
<i>(x USD 1,000)</i>		
Share in result from participating interests, after tax	(32,067)	17,673
Other income / (expenses) after tax	(1,421)	(316)
<b>Profit / (Loss) for the year</b>	<b>(33,488)</b>	<b>17,357</b>

## Notes to the Company Financial Statements

### 1 Reporting entity

In the context of the Company Financial Statements, "the Company" refers to Dockwise Ltd.

### 2 Basis of preparation

#### *Comparative figures*

For comparability purposes certain comparative amounts have been reclassified to conform current years' presentation. This includes a prior year reclassification recorded in the financial fixed assets and payables to Group companies.

### 3 Significant accounting principles

Regarding the principles for recognition and measurement of assets and liabilities and determination of the profit (hereinafter referred to as principles for recognition and measurement) in the Company Financial Statements, Dockwise Ltd. uses the option provided in Section 362, sub 8 of Book 2 of the Dutch Civil Code. This means that the principles for recognition and measurement are the same as those applied for the Consolidated Financial Statements of the Dockwise Group. These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS). For a detailed description of the accounting principles applied reference is made to the Consolidated Financial Statements, with the exception of the following:

#### *Financial fixed assets*

The financial fixed assets include the participating interests in Group companies. The participating interests in Group companies are stated at equity value less a provision for impairment, if applicable.

#### *Receivables from group companies*

The receivables from participating interests in Group companies are recognized initially at fair value plus any directly attributable transaction cost. Subsequent to initial recognition they are stated at amortized cost less a provision for impairment. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due to the Company. The amount of the provision is the difference between the carrying amount of the receivables and the present value of estimated future cash flows. The amount of the provision is recognized in the income statement.

#### *Result from participating interests*

The share in the result of participating interests consists of the share of the Company in the result of these participating interests. Results on transactions, with the transfer of assets and liabilities between the Company and its participating interests and between participating interests, are not recognized insofar these are unrealized.

If there is no further explanation provided to the items in the Company Balance Sheet and the Company Income Statement reference is made to the relevant notes in the Consolidated Financial Statements.

## 4 Financial fixed assets

The financial fixed assets include participating interests in Group companies. The Company directly holds all the shares in Delphi Acquisition Holding B.V., the Netherlands. The movement schedule is as follows:

<b>Participating interests in Group companies</b>		
<i>(x USD 1,000)</i>	<b>2011</b>	2010
<b>Balance at 1 January</b>	<b>999,238</b>	<b>878,498</b>
Equity contributions	-	104,000
Share in result of participating interests	(32,067)	17,673
Investments	1,986	-
Divestments	(2,011)	-
Other movements	11,259	(933)
<b>Balance at 31 December</b>	<b>978,405</b>	<b>999,238</b>

The investments in 2011 relate mainly to additional capital contribution in Group companies. The divestments in 2011 relate to the liquidation of Dockwise Explorer B.V. The other movements relate to fair value adjustments of derivatives included directly in equity of Group companies.

## 5 Receivables and payables from related parties

Receivables and payables from Group companies are unsecured in nature and bear no interest.

## 6 Shareholders' equity

Movements in shareholders' equity during 2011, before appropriation of the net profit, are as follows:

<i>(x USD 1,000)</i>	Attributable to owners of the Company						Total
	Issued share capital	Share premium reserve	Hedging reserve	Reserve own shares	Retained earnings	Unappropriated result	
<b>Balance at 1 January 2010</b>	<b>103,219</b>	<b>783,008</b>	<b>(35,443)</b>	<b>(885)</b>	<b>(28,218)</b>	<b>36,581</b>	<b>858,262</b>
Issue of ordinary shares related to rights issue	22,938	79,344	-	-	-	-	102,282
Issue of ordinary shares related to direct placement	271	937	-	-	-	-	1,208
Effective portion of changes in fair value of cash flow hedges	-	-	(5,642)	-	-	-	(5,642)
Net change in fair value of cash flow hedges reclassified to or from profit or loss	-	-	4,709	-	-	-	4,709
Equity-settled share-based payment transactions	-	-	-	-	1,724	-	1,724
Addition to reserves	-	-	-	-	36,581	(36,581)	-
Total recognized income and expense	-	-	-	-	-	17,357	17,357
<b>Balance at 31 December 2010</b>	<b>126,428</b>	<b>863,289</b>	<b>(36,376)</b>	<b>(885)</b>	<b>10,087</b>	<b>17,357</b>	<b>979,900</b>
<b>Balance at 1 January 2011</b>	<b>126,428</b>	<b>863,289</b>	<b>(36,376)</b>	<b>(885)</b>	<b>10,087</b>	<b>17,357</b>	<b>979,900</b>
Settlement of transaction costs previous years	-	350	-	-	-	-	350
Effective portion of changes in fair value of cash flow hedges	-	-	13,126	-	-	-	13,126
Net change in fair value of cash flow hedges reclassified to of from profit or loss	-	-	(1,867)	-	-	-	(1,867)
Equity-settled share-based payment transactions	-	-	-	-	1,681	-	1,681
Exercise of share options	-	18	-	686	(704)	-	-
Addition to reserves	-	-	-	-	17,357	(17,357)	-
Total recognized income and expense	-	-	-	-	-	(33,488)	(33,488)
<b>Balance at 31 December 2011</b>	<b>126,428</b>	<b>863,657</b>	<b>(25,117)</b>	<b>(199)</b>	<b>28,421</b>	<b>(33,488)</b>	<b>959,702</b>

### Issued share capital

The authorized share capital as at 31 December 2011 comprises 40,000,000 ordinary shares of USD 5 each. In total 25,285,511 (31 December 2010: 25,285,511) shares are issued and fully paid up. All shares rank equally with regard to the Company's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of shareholders of Dockwise.

The movement schedule of the number of ordinary shares is as follows:

<i>Number of ordinary shares</i>	<b>2011</b>	2010
<b>On issue at opening balance - fully paid</b>	<b>25,285,511</b>	<b>20,643,780</b>
Rights issue	-	4,587,506
Direct placement	-	54,225
<b>On issue at closing balance - fully paid</b>	<b>25,285,511</b>	<b>25,285,511</b>

### Share premium

The share premium reserve in 2010 increased as a result of the share issue and included USD 3,500 for transaction related costs which were deducted from the proceeds. In 2011 the actual transaction costs were settled at USD 3,150.

### Hedging reserve

The hedging reserve as at 31 December 2011 amounts to USD 25,117 negative (2010: USD 36,376 negative) comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments in respect of hedged transactions that have not yet occurred. The hedging reserve is a legal reserve for Dockwise Ltd. as the derivatives are contracted in the Dockwise Group.

### Reserve own shares

The reserve own shares at 31 December 2011 amounts to USD 199 negative (2010: USD 885 negative) comprises the cost of the Company's shares held by the Company for the purpose of servicing a share based payment plan for key employees. At 31 December 2011 the Group held 10,172 (2010: 20,199) of the Company's shares for the purpose of a share based payment plan for key employees. These shares have a vesting period ending February 2012 and September 2012.

### Dividends

In 2011 no dividends were paid. After the balance sheet date no dividend payments were approved.

## 7 Personnel

Throughout 2011 (and 2010) the Company employed no personnel.

## 8 Share based payments

With regard to the share based payments to staff and the Board of Directors, we refer to Note 18, "Share based payments", of the Consolidated Financial Statements.

## 9 Off-balance sheet commitments

As at 31 December 2011 and 31 December 2010, the Company has no capital commitments or other contingencies. For off-balance sheet commitments for the Group reference is made to Note 29, "Capital commitments" and Note 30, "Contingencies" of the Consolidated Financial Statements.

### Fiscal entity

The Company constitutes a fiscal entity with its Dutch subsidiaries for VAT-purposes; the standard conditions prescribe that all companies of the fiscal entity are liable for the VAT payable as of 1 October 2009. The Company is not part of the fiscal entities for income tax purposes within the Group.

## 10 Fees of the auditor

With reference to Section 2:382a (1) and (2) of the Dutch Civil Code, the fees for the financial year due to the Company's external auditor, KPMG Accountants N.V. in the Netherlands, and other KPMG member firms amounted to USD 246 for 2011 (2010: USD 648). The fees as included under other general and administration expenses in the income statement can be specified as follows:

<i>(x USD 1,000)</i>	2011			2010		
	KPMG Accountants N.V.	KPMG other	Total	KPMG Accountants N.V.	KPMG other	Total
Audit of the annual report	221	-	221	454	-	454
Other audit assignments	-	-	-	119	-	119
Tax services	-	-	-	-	-	-
Other non-audit activities	25	-	25	75	-	75
	<b>246</b>	<b>-</b>	<b>246</b>	<b>648</b>	<b>-</b>	<b>648</b>

## 11 Remuneration of Board of Directors and Executive Management personnel

### A. Remuneration of Board of Directors

The remuneration which were charged in the financial year to the Company and Group companies, amounted to USD 497 in 2011 (2010: USD 496) for the Board of Directors.

The compensations of Board of Directors only include base salary and are as follows:

<i>(x USD 1,000)</i>	2011	2010
A. Baan	140	132
A. Goedée	-	-
T. Ehret	91	86
D.F. McNease	84	79
R.P.M. van Slobbe	91	86
P.F. Tali <sup>1</sup>	-	27
J. van Wiechen	91	86
	<b>497</b>	<b>496</b>

1) Pro rata (ending date: May 2010)

Since the remuneration of Mr. A. Goedée only relates to his function as CEO, his remuneration is disclosed in the remuneration of Executive Management in Note 11B, "Remuneration of Executive Management personnel, including Board of Directors". The remuneration of the Board members is fixed in EUR. The above mentioned USD amounts have been derived by multiplying these EUR amounts with the average USD/EUR rate.

## B. Remuneration of Executive Management personnel, including Board of Directors

The remuneration, including pension obligations as intended in Section 2:283(1) of the Netherlands Civil Code, which were charged in the financial year to the Company and Group companies, amounted to USD 3,054 in 2011 (2010: USD 3,016) for the Executive Management.

The compensations of Executive Management, including Board of Directors, in 2011 are as follows:

<b>2011</b>							
<i>(x USD 1,000)</i>	<b>Base salary</b>	<b>Bonus paid in the year</b>	<b>Other benefits</b>	<b>Pension premium</b>	<b>Subtotal</b>	<b>Expenses of shares granted</b>	<b>Total</b>
Board of Directors	497	-	-	-	497	-	497
A. Goedée	524	-	42	153	719	342	1,061
P. Wit	366	-	3	72	441	401	842
M. Adler	352	-	131	78	561	375	936
R. Strijland <sup>1</sup>	116	-	12	87	215	-	215
	<b>1,855</b>	<b>-</b>	<b>188</b>	<b>390</b>	<b>2,433</b>	<b>1,118</b>	<b>3,551</b>

1) Pro rata (ending date: June 2011)

The compensations of Executive Management, including Board of Directors, in 2010 are as follows:

<b>2010</b>							
<i>(x USD 1,000)</i>	<b>Base salary</b>	<b>Bonus paid in the year</b>	<b>Other benefits</b>	<b>Pension premium</b>	<b>Subtotal</b>	<b>Expenses of shares granted</b>	<b>Total</b>
Board of Directors	496	-	-	-	496	-	496
A. Goedée	429	181	40	121	771	247	1,018
P. Wit	330	-	3	71	404	362	766
M. Adler	317	-	3	65	385	428	813
R. Strijland	264	56	3	96	419	-	419
	<b>1,836</b>	<b>237</b>	<b>49</b>	<b>353</b>	<b>2,475</b>	<b>1,037</b>	<b>3,512</b>

The remuneration of the Executive Management is denominated in EUR. The above mentioned USD amounts have been derived by multiplying these Euro amounts with the average USD/EUR rate.

At the end of 2011 Board members and members of Executive Management held the following number of vested and unvested shares under different ownership, retention and performance plans:

<b>Number of shares</b>							
	<b>Full (vested) ownership</b>	<b>Feb 2009</b>	<b>Sep 2009</b>	<b>Nov 2009</b>	<b>Jan 2010</b>	<b>Feb 2011</b>	<b>Total</b>
A. Baan	1,884	-	-	-	-	-	1,844
A. Goedée	135,600	-	-	15,018	9,429	11,100	171,147
P. Wit	1,000	-	24,633	11,553	6,044	6,475	49,705
M. Adler	-	10,172	-	11,091	5,803	6,216	33,282

For all unvested shares a vesting condition of 3 years continued employment is applicable and for the unvested shares in 2010 and 2011 additional performance criteria are set.

#### **Breda, the Netherlands, 29 February 2012**

A. Goedée (Chief Executive Officer)  
 P. Wit (Chief Financial Officer)  
 M. Adler (Chief Commercial Officer)

#### *Board of Directors*

A. Baan  
 A. Goedée  
 T. Ehret  
 D.F. McNease  
 R.P.M. van Slobbe  
 J. van Wiechen

## Other information

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## Appropriation of result as provided for by the Articles of Association

Provisions in the Articles of Association (article 35 Dividends and other payments) governing the appropriation of profit

Dividends may be declared or distributed to the shareholders from "contributed surplus", if there are reasonable grounds for believing that a) Dockwise is not, and would not after the payment be, unable to pay its liabilities as they become due; and b) the realizable value of Dockwise's assets would not thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts. Contributed surplus (section 54(2) of the Companies Act (Bermuda) 1981) includes proceeds from donated shares, credits resulting from the redemption or conversion of shares at less than the amount set up as nominal capital and donations of cash and other assets of Dockwise.

The Board of Directors may award, at its discretion, the payment of future dividends on shares as stated in the Bye-laws. This is subject to Bermuda law. The amount of such dividends will be determined in light of the Company's earnings and cash flow, capital requirements, financial condition and prospects, applicable contractual restrictions and other factors the Board of Directors deems relevant.

### *Dividend Policy*

At the Annual General Meeting of Shareholders dated 6 May 2010 the following dividend policy was approved:

A primary Dockwise objective is to optimize the long term return on invested shareholder capital. This return is to be achieved by realizing sustainable growth and by stable dividend payments (Total Shareholder Return).

The Board will apply a dividend policy that is based on a pay out ratio of between 35 and 45% of adjusted net profit in any year, whilst enabling the company's growth. The proposal in any year to actually pay out is subject to:

- The Company's target net debt: EBITDA ratio of 2.5:1 post dividend payment (i.e. no dividend as long as net debt: EBITDA post such dividend would exceed 2.5:1 or is expected to breach 2.5:1 in the short term);
- The Company generating positive free cash flows, sufficient to meet its obligations under the Senior Facilities Agreement (no dividend if after the obligations under the Senior Facilities Agreement no positive free cash flow is reported);
- Absence of contractual restrictions limiting the Company's ability to pay dividends (no dividends if contractual restrictions of any kind prohibit the company to pay dividend).

Each year declaration of dividends will be proposed to the Annual General Meeting (AGM). Dividends can be paid out of earnings, retained and current, as well as from paid in surplus after satisfaction of the legal reserve as referred to hereinafter.

Applicable laws and regulations authorize the payment of stock dividends if sufficient surplus exists to pay for the par value of the shares issued in connection with any stock dividend.

Alternatively the Company can offer an optional dividend, leaving the choice of cash or stock to the Shareholders. The choice of dividend proposal (cash, stock, mix or optional) takes into account the Company's desired balance sheet structure and the interests of shareholders.

In addition Dockwise explicitly reserves the right to apply any amount set aside for dividend payments towards share buy-backs insofar as permitted under laws and bye-laws and insofar as deemed fiscally advantageous to shareholders.

### *Proposal for profit appropriation*

The General Meeting of Shareholders will be asked to approve the following appropriation of the 2011 loss after tax: The loss of USD 33,488 will be deducted from the retained earnings.

## Group Companies

Reference is made to the list of Group Companies in Note 32, "Group entities", of the Consolidated Financial Statements.

# Independent Auditor's Report

To: the shareholders and Board of Directors of Dockwise Ltd.

## Report on the financial statements

We have audited the accompanying financial statements 2011 of Dockwise Ltd., Hamilton, Bermuda, which comprise the consolidated and company balance sheet as at 31 December 2011, the consolidated and company income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and the notes, comprising a summary of the significant accounting policies and other explanatory information.

### *Management's responsibility*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's responsibility*

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

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

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

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of Dockwise Ltd. as at 31 December 2011 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

## Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and if the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Rotterdam, 29 February 2012

**KPMG ACCOUNTANTS N.V.**

J. van Delden RA



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## Disclaimer

### Legal Form and Headquarters

Dockwise is an exempted limited liability company organized under the laws of Bermuda with its registered office at Canon's Court, 22 Victoria Street, Hamilton HM 12 Bermuda and its head office at Lage Mosten 21, 4822 NJ Breda The Netherlands. Dockwise is registered with the Bermuda registrar of Companies under registration number 39466 and with the trade register of the Dutch Chamber of Commerce under registration number 20161638.

### Comparability of Accounts

Although the company and its predecessors have been operating for more than 30 years, the company was only incorporated on 11 January 2007 as "Sealift Ltd" and renamed Dockwise Ltd on 30 July 2007. The first financial year of the company ended on 31 December 2007. The operational performance of Dockwise Ltd. and Dockwise Transport NV for the year ended on 31 December 2007 was comparable. However the financial results of Dockwise Ltd. for the year ended 31 December 2006 differ from those of Dockwise Transport NV as a result of a significantly different legal and capital structure.

### Listings of Shares

Shares in Dockwise are traded on Oslo Bors under the ticker DOCK and on NYSE Euronext Amsterdam under the ticker DOCKW. All shares are registered in book-entry form with the Norwegian Central Securities Depository (VPS) under ISIN BMG2786A1062 and in Euroclear Nederland, the Dutch centralized securities custody and administration system (EUROCLEAR) under ISIN BMG2786A2052.

### Rounding of Numbers and Currency

Certain figures have been subject to rounding adjustments. Accordingly, in certain instances the sum of the numbers in a column or a row in tables contained in these documents may not conform exactly to the total figure given for that column or row.

All amounts mentioned in this annual report are stated in thousands of United States Dollars (USD) unless explicitly stated otherwise.

### Forward-looking Statements

This annual report contains forward-looking statements. By their nature these involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. While the company has prepared these forward-looking statements in good faith and on the basis of assumptions it believes to be reasonable, the company cautions potential investors that forward-looking statements are not guarantees or warranties of future performance and that its actual financial condition, actual results of operations and cash flows and the developments of the markets or industry in which it operates may differ materially from those made or implied by the forward-looking statements contained in this annual report.

### Audit and Jurisdiction

The audit of financial information included in this annual report were performed in accordance with Dutch law and auditing standards generally accepted in the Netherlands.

### IFRS and Non IFRS Measures

Dockwise moved to International Financial Reporting Standards (IFRS) as its sole accounting standard from 1 January 2006 onwards. The financial information included in this document is based on IFRS, unless otherwise indicated.

Gross margin, EBITDA, adjusted EBITDA, revenue backlog, adjusted revenues, adjusted total costs and the related ratios presented in this annual report are supplemental measures of the company's performance and liquidity that are not required by or presented in accordance with IFRS. Furthermore neither EBITDA nor adjusted EBITDA is a measure of the company's financial performance or liquidity under IFRS and neither should be considered as an alternative to profit/loss, operating profit/loss or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating activities or the company's liquidity. Dockwise uses these terms since these are frequently used by security analysts, investors and other interested parties in evaluating companies in the company's industry.

## Contact details

### Investor Contact

Fons van Lith, Manager Investor Relations

T: +31 [0]76 - 548 41 16

M: +31 [0]6 - 51 31 49 52

E: fons.van.lith@dockwise.com

### General information

Dockwise Ltd.

Lage Mosten 21

4822 NJ BREDA

The Netherlands

Mail Address:

PO Box 3208

4800 DE BREDA

The Netherlands

T: +31 [0]76 - 548 41 00

F: +31 [0]76 - 548 42 99

E: dockwise.netherlands@dockwise.com