DOCKWISE LTD. ANNUAL REPORT 2007

# DOCKWISE

## ANNUAL REPORT 2007

In this annual report we have used images to visualize our transition from a heavy lift transporter to a marine contractor. While our ships loaded with cargo have created stunning, impressive and inconceivable images through the years, other valuable assets have naturally also played a vital part in our development into a marine contractor. That's why this year we have chosen to use primarily images that portray the business operation itself. This photography has enabled us to provide a visual impression of the atmosphere in the field within the market in which Dockwise operates. There are images of projects, but naturally also pictures of people.

After all, Dockwise colleagues around the world have to carry out a huge amount of deskwork including scheduling, designing and engineering before a single piece of cargo can be loaded onto a ship or anything can be installed. However, at the end of the day nothing captures the quintessential adventurous and resilient freedom of the sea as brilliantly as a photograph of a ship on the waves. That is why we have once again decided to adorn the cover of this exciting boys' adventure book with a breathtaking photograph of one of our ships. We hope you enjoy this year's annual report.

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# GENERAL INFORMATION

## Company profile
## Realizing the inconceivable, whatever the challenge

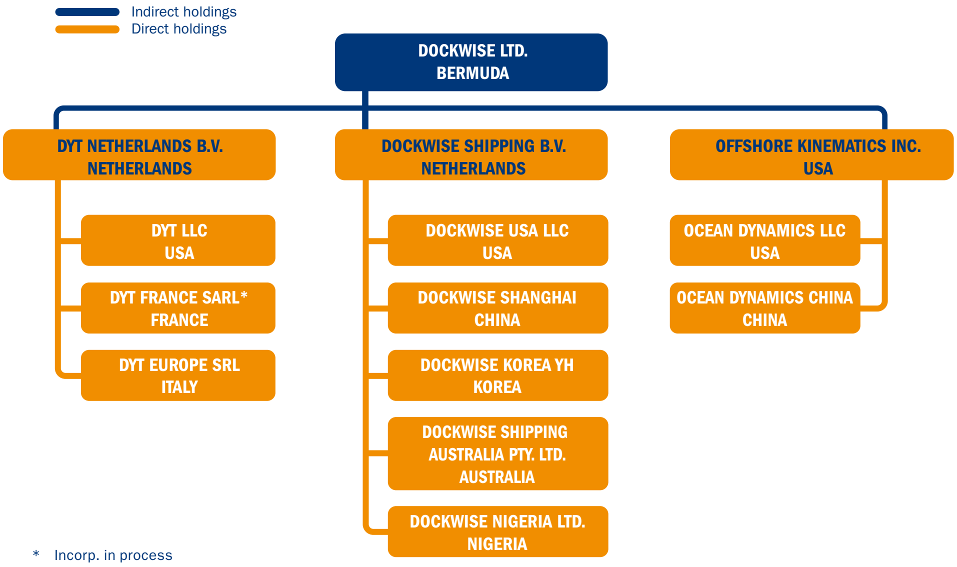
Dockwise Ltd. is the parent company of the Dockwise group of companies, a global leader in the transport and installation of extremely large and heavy cargoes. Group companies transport extraordinary structures safely and with the largest fleet of specialized vessels create superior value for clients by achieving the inconceivable. They offer clients worldwide a full range of logistic services and provide seamless solutions, whatever the challenge.

The Dockwise group of companies owns a fleet of 22 (semi-submersible) vessels in a niche market that requires a high degree of engineering capability.

With the acquisition of Offshore Kinematics Inc. (OKI) and Ocean Dynamics LLC (ODL) in 2007 Dockwise acquired engineering and project management experience in the installation of offshore modules, specifically float-overs. This fits the Group's strategy of expanding the transportation and installation activities as a contractor and providing customers with additional value-added services.

Most of the Dockwise group of companies' clients are in the oil and gas industry. Dockwise also serves clients in Marine Infrastructure and Military.

MOST IMPORTANT DOCKWISE COMPANIES
AND THE STRUCTURE OF THE GROUP




* Incorp. in process

Dockwise Ltd.'s head office is located in Hamilton Bermuda. The Dockwise group of companies has operating offices in Breda (The Netherlands), Houston and Fort Lauderdale (USA). Sales offices are located in Houston, Texas (USA), Shanghai (China), Shenzen (China), Busan (Korea), Genoa (Italy), Perth (Australia), Lagos (Nigeria), Golfe de Juan (France) and Breda (The Netherlands).

Revenues for 2007 were USD 290 million. The average number of employees in 2007 was 213. In addition Anglo-Eastern Ship Management Ltd. employs at any given time up to 900 seafarers to crew the Dockwise fleet.

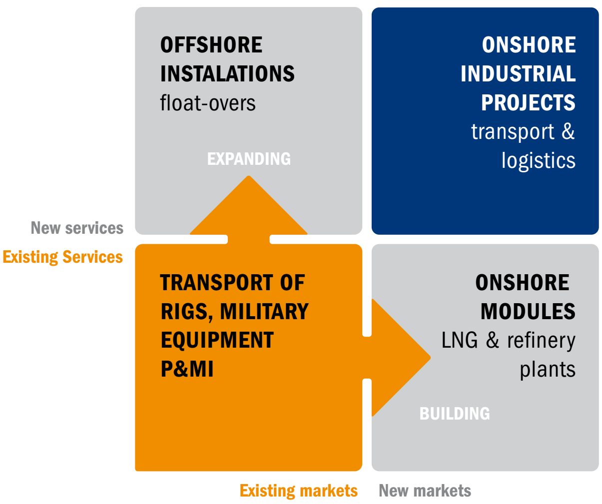
The strategy of Dockwise is based upon three pillars:

- **maintaining** and securing a leadership position in the heavy lift business through development of creative solutions for customer needs, through efficient and safe operation of the heavy lift fleet, through using the size and flexibility of its heavy lift vessels to improve its ability to respond to various opportunities in the oil and gas industry and other industries like military, port and marine infrastructure (PM&I)
- **expanding** the business of transportation and installation of offshore structures using the "float-over" technique. This will focus resources and investments towards targeted projects on the basis of technical complexity, risk profile, profitability and customer requirements

- **building** the business of transportation and installation of onshore modules. As single source in project related modular transportation, company offers customers the opportunity to transport larger and fewer modules directly to onshore installation sites with fewer interface risks (door-to-door solution).

Dockwise was established in 1993 as a joint venture of two companies involved in heavy lift transportation. Ever since the four most important values of the Company have been:

- **Reliable**: Dockwise companies ensures that its vessels are always in top condition and continually strive after improving quality of service. Company offers clients worldwide a full range of logistic services and provides seamless solutions;
- **Innovative**: Dockwise companies always take advantage of the latest developments in the market and search for solutions to seemingly impossible ocean transportation and installation challenges;
- **Passionate**: Dockwise companies recognize that motivated and passionate employees are the key to success. Their wellbeing and belief in the values of Dockwise-products and services is therefore essential;
- **Respectful**: Dockwise employees approach clients, suppliers, co-workers and other business partners with the highest level of service and respect.

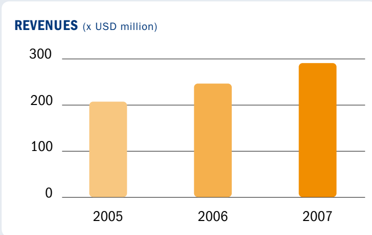


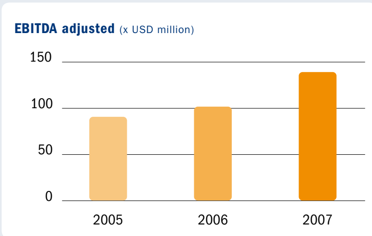

“THE WAY DOCKWISE PAYS ATTENTION TO ONE OF HER CORE VALUES ‘SAFETY’, GIVES ME THE FEELING THAT I WORK IN AN ENVIRONMENT WHERE PEOPLE TAKE CARE OF ME.”

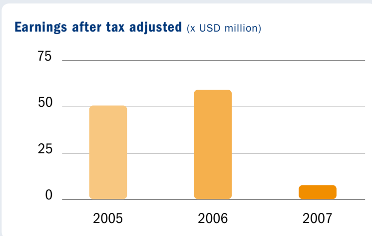
Sergey Korobko, Master of Transshelf

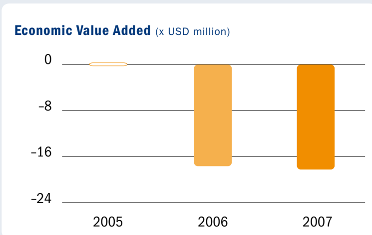
# Key figures

| (x USD 1,000) | 2007 | 2006 | 2005 |
|---|---|---|---|
| **INCOME** | | | |
| Revenues | 290,139 | 252,099 | 208,356 |
| NCI net charter income | 199,268 | 175,522 | 140,635 |
| EBITDA | 104,538 | 101,847 | 89,335 |
| EBITDA adjusted* | 141,038 | 101,847 | 89,335 |
| Depreciation and amortization | 83,050 | 34,518 | 32,074 |
| EBIT | 21,488 | 67,329 | 57,261 |
| Balance paid interest | (96,396) | (6,137) | (6,447) |
| Earnings after tax | (75,773) | 60,495 | 50,681 |
| Earnings after tax adjusted** | 6,741 | 60,495 | 50,681 |
| **BALANCE SHEET** | | | |
| Tangible assets | 837,582 | 295,403 | 285,335 |
| Intangible assets | 614,753 | 539 | 652 |
| Shareholders equity | 553,950 | 209,835 | 188,637 |
| Net debt | 922,347 | 62,842 | 81,088 |
| **CASH FLOW** | | | |
| Operating | 19,117 | 117,057 | 80,837 |
| Investment | (786,072) | (44,473) | (39,163) |
| Finance | 782,449 | (74,717) | (32,745) |
| Movement cash and cash-equivalents | 15,494 | (2,133) | 8,929 |
| **EVA** | | | |
| NOPAT | 106,738 | 73,674 | 57,462 |
| WACC | 9.1% | 10.4% | 9.8% |
| Economic Value Added*** | (1,828) | (1,768) | - |
| **PER SHARE** | | | |
| Average number of shares outstanding × 1,000 | 174,457 | na | na |
| Earnings | (0.43) | na | na |
| Equity | 3.18 | na | na |
| Highest price (NoK) | 25.30 | na | na |
| Lowest price (NoK) | 20.10 | na | na |
| | | | |
| Net Debt/EBITDA | 8.8 | 0.6 | 0.9 |
| EBITDA/interest paid | 1.1 | 16.6 | 14.1 |
| | | | |
| Average number of employees | 213 | 186 | - |
| Order book excl. DYT | 233 | - | - |




* EBITDA adjusted: includes compensation for Mighty Servant 3 (USD 25.9 million) and excludes non-recurring administrative expenses for an amount of USD 10.6 million related to the Sealift transaction and initial public offer of Dockwise Shares.

** Earnings after tax adjusted: includes adjustments as stated under * plus one-of prepayment fees and non cash write-offs of capitalized arrangement fees (USD 11.5 million), and amortization of backlog (USD 34.5 million) as result of the buy out of Dockwise Transport.

*** The capital base of Dockwise drasticly changed with the buy out in 2007. EVA figures of 2006 are restated accordingly.

Note: Comparative figures 2005 and 2006 are for information purposes only.

# Board of Directors

Following the sale of Dockwise Transport N.V. to Delphi Acquisition Holding I B.V. (a 3i subsidiary) and the merger with Sealift, Dockwise Ltd. is managed by a one-tier Board of Directors. All the members of Dockwise Transport's Supervisory Board, Mr. E.J. Nederkoorn, Mr. P.H. Heerema, Mr. S. Galtung and Mr. K. Damen, resigned from the Supervisory Board effective 12 January 2007 being the date on which the sale of the Company was completed. They were given discharge for their supervision by a unanimous resolution of the shareholders dated 12 January 2007. Mr. M. Dickinson (a 3i executive) resigned from the Board effective 17 September 2007.

## The Board of Directors currently consists of the following members:

Mr. Adri Baan (1942), chairman
Mr. André Goedée (1951), CEO
Mr. Menno Antal (1965)
Mr. Bert Bekker (1939)
Mr. Tom Ehret (1952)
Mr. Brian Francoeur (1970)
Mr. Danny McNease (1951)
Mr. Rutger van Slobbe (1952)
Mr. Pietro Franco Tali (1949)

Of this Board of nine members, 8 are independent from the Executive Management of the Company and main business associates and 7 are independent from the main shareholders. The composition of the Board is therefore in accordance with the Norwegian Code of Practice. The CEO is also a member of the Board. Members of the Board of Directors are appointed for a period of 2 years. The schedule of resignation is as follows:

| BOARD MEMBER | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| Adri Baan | | • | • | | • |
| André Goedée | | • | | • | |
| Menno Antal | | • | | • | |
| Bert Bekker | | • | | • | |
| Tom Ehret | | • | • | | • |
| Brian Francoeur | | • | • | | • |
| Danny McNease | | • | | • | |
| Rutger van Slobbe | | • | | • | |
| Pietro Franco Tali | | • | • | | • |

In order to balance the resignation schedule a proposal will be presented to the AGM to re-appoint some of the Board members in 2008. In accordance with article 23.4 of the articles of association, Dockwise operates a Nomination Committee. This committee was appointed by the general meeting on 30 July 2007. Members of the Nomination Committee are: Mr. Adri Baan and Mr. Menno Antal. Since Mr. Menno Antal joined the Board of Directors, this Nomination Committee no longer meets criteria of independence as stipulated in the bye-laws of the Company. A change in composition of the Nomination Committee will be proposed to the AGM in 2008.

From left to right:
Adri Baan, André Goedée, Rutger van Slobbe, Menno Antal, Bert Bekker, Brian Francoeur, Pietro Franco Tali, Tom Ehret and Danny McNease

# Directors of Board profiles

**ADRI BAAN (BORN 1942), CHAIRMAN.**

Mr. Baan was first appointed 30 July 2007. Mr. Baan held a series of senior positions with and has been a member of the Board of Philips Electronics in the period from 1984 to 2001. Further, he was formerly the Chairman of Integrated Production and Test Engineering N.V., an independent director of PSA Corporation Limited (Port of Singapore Authority) and PSA Europe Limited, a member of the Supervisory Board of ASM International N.V. and a director of NPM Capital. He is currently the Chairman of the Supervisory Board of Wolters Kluwer N.V., Hagemeyer N.V. and Royal Volker Wessels Stevin N.V., member of the Supervisory Board of OCE N.V., Chairman of the Supervisory Board of the Authority for Financial Markets in The Netherlands and Chairman of the Trust Office of KAS Bank N.V. He is also a member of the Supervisory Board of the University of Amsterdam and the Amsterdam Medical Centre. Mr. Baan has a Masters degree in Physics from the University of Amsterdam. He is a Dutch citizen and resides in The Netherlands.

**ANDRÉ GOEDÉE (BORN 1951), MEMBER AND CEO.**

Mr. Goedée has been CEO since 2003 and a member of the Board of Directors since 2007. Mr. Goedée has 39 years of experience in shipping, drilling and heavy marine transport management of which 8 years with Nedlloyd Lines and 12 years with Nedrill Drlling Contractors. He graduated from Rijnlands Lyceum, Wassenaar and Merchant Marine College, Scheveningen. He holds a degree as Master Mariner, served as Executive Vice President of the Heerema Group and prior to being appointed as CEO of Dockwise in 2003 served as CEO of the European speciality staffing division of Vedior, a global staffing organization. Mr. Goedée is a Dutch citizen and resides in The Netherlands.

**MENNO ANTAL (BORN 1965), MEMBER.**

First appointed 17 September 2007. Mr. Antal joined 3i in 2000 and he has been Managing Director of 3i's Benelux office since 2003. Prior to joining 3i, Mr. Antal held a broad range of international managerial positions with Heineken. He has a Master of Science degree in Electrical Engineering from Delft University of Technology and an MBA from IMD, Switzerland. He has been a key member of the Benelux team's buyouts working on, amongst others, VNU Media, Dockwise, Refresco, UTT, Malmberg and De Telefoongids/Yellow Brick Road. Mr. Antal currently sits on the Board of ABX and has previously held positions at the Board of Refresco and De Telefoongids/Yellow Brick Road. Mr. Antal is a Dutch citizen and resides in The Netherlands.

**BERT BEKKER (BORN 1939), MEMBER.**

First appointed 4 May 2007. Mr. Bekker has been in the heavy marine transport since 1978 when co-founding Dock Express Shipping Rotterdam, predecessor of Dockwise Transport. As CEO of Dockwise Transport B.V. he retired in May 2003. He remained CEO of Cableship Contractors N.V. until June 2006. In the same year, he was appointed Executive Advisor Heavy Lift of Frontline Management AS, an affiliate of Frontline, and in early 2007, he was appointed CEO of Sealift Management B.V. Mr. Bekker held that position until the recent merger with Dockwise. Mr. Bekker is a Dutch citizen and resides in The Netherlands.

**TOM EHRET (BORN 1952), MEMBER.**

First appointed 15 October 2007. Mr. Ehret has been the Chief Executive Officer of Acergy SA (formerly Stolt Offshore SA) since March 2003, having previously been Vice Chairman of the Management Board of Technip and President of its Offshore Branch. Mr. Ehret has been active in the offshore oil and gas business for over 30 years, and has held a variety of positions, both technical and commercial, working with Comex, FMC Corporation, Stena Offshore, Coflexip Stena and Technip. He has managed companies for over 20 years during this period. Mr. Ehret trained as a mechanical engineer, and started working as an R&D engineer before moving into project management. Mr. Ehret is a French citizen and resides in the United Kingdom.

**BRIAN FRANCOEUR (BORN 1970), MEMBER.**

First appointed 13 June 2007. Mr. Francoeur joined Citco (Bermuda) Limited in 2001 and currently serves as its Managing Director. Citco provides corporate and trust services to Bermuda domiciled companies as part of its global corporate and trust offering. From 1999 until joining Citco, he was the Chief Financial Officer of CCS Group Limited, a computer cabling and network company based in Hamilton, Bermuda, and from 1997 to 1999 he was a Senior Portfolio

*FOTO DIRECTORS OF BOARD*

Manager with Olympia Capital (Bermuda) Limited, a fund administration company in Bermuda. Mr. Francoeur qualified as a chartered accountant in 1994 and was employed by Ernst & Young in Bermuda from 1995 to 1997. Mr. Francoeur is a Canadian citizen and resides in Bermuda.

**DANNY MCNEASE (BORN 1951), MEMBER.**

First appointed 15 October 2007. Mr. McNease has been with Rowan Companies, Inc., an international offshore and land drilling contractor, for 31 years. He is a graduate of the University of Southern Mississippi and the Columbia University Executive Program. He has served in the Drilling Division of Rowan as a barge engineer, driller, rig superintendent and manager both in the USA and abroad before moving into executive management positions. Mr. McNease is currently Chairman and Chief Executive Officer of Rowan Companies, Inc. which is a major customer of Dockwise. Mr. McNease is a United States citizen and resides in the United States.

**RUTGER VAN SLOBBE (BORN 1952), MEMBER.**

First appointed 13 July 2007. Mr. Van Slobbe has been active in the container transport business since he joined Nedlloyd Lines in 1982. After having served in various operational and executive positions he was appointed as executive director of P&O Nedlloyd in 1997. He stepped down as member of the Executive Board after the acquisition and delisting of P&O Nedlloyd by Maersk Sealand in 2005. Mr. Van Slobbe has various additional functions, including as member of the Supervisory Board of the Port of Rotterdam N.V. In this capacity he is amongst others member of the audit and remuneration committee. Mr. Van Slobbe is a Dutch citizen and resides in The Netherlands.

**PIETRO FRANCO TALI (BORN 1949), MEMBER.**

First appointed 15 October 2007. Mr. Tali holds degrees in Business Economics and Political Science. He joined Saipem S.p.A in 1993 and has been its Chairman and Chief Executive Officer since November 2000. From 1981 to 1993 he worked for the textile machinery manufacturing company Savio, reaching the position of Administration, Finance and Control manager. He then became a manager of Saipem S.p.A.'s Administration, Finance and Control Unit and Managing Director and Chairman of some of the Saipem Group's foreign companies. He became Saipem S.p.A.'s Finance and Control Managing Director in 1996 and Managing Director for Commercial Activities of Agip Petroli S.p.A in 1999. Mr. Tali is an Italian citizen and resides in Italy.

# Executive Management Profiles

**ANDRÉ GOEDÉE (BORN 1951), CEO**

Mr. Goedée has been CEO since 2003 and a member of the Board of Directors since 2007. Mr. Goedée has 39 years of experience in shipping, drilling and heavy marine transport management of which 8 years with Nedlloyd Lines and 12 years with Nedrill Drlling Contractors. He graduated from Rijnlands Lyceum, Wassenaar and Merchant Marine College, Scheveningen. He holds a degree as Master Mariner, served as Executive Vice President of the Heerema Group and prior to being appointed as CEO of Dockwise in 2003 served as CEO of the European speciality staffing division of Vedior, a global staffing organization. Mr. Goedée is a Dutch citizen and resides in the Netherlands.

**STEFAN MALFLIET (BORN 1972), CFO**

Mr. Malfliet has been CFO since July 2004. His past experience includes Manager of Finance and Control and Risk Manager of Heerema Marine Contractors B.V., Vice President and Associate Consultant for Stern Stewart Europe Ltd., and Assistant Product Manager for Commerzbank. He holds a Bachelors degree and Masters of Business Administration from European University and a Master of Business Administration from William E. Simon Graduate School of Business Administration at the University of Rochester. Mr. Malfliet is a Belgian citizen.

**ROB SCHOENMAKER (BORN 1957), EXECUTIVE ADVISOR TO THE COMPANY'S BOARD OF MANAGEMENT**

Mr. Schoenmaker has been employed by Dockwise for close to 28 consecutive years, with the exception of one year with EnShip Nederland B.V. and has been Manager of Commercial Affairs since 1997 and General Manager of Commercial Affairs since 2004. Prior to his present position, Mr. Schoenmaker was a senior sales and marketing manager for Dockwise N.V. Offshore Construction, and was the Commercial Manager for Dock-Express Shipping B.V. and EnShip Nederland B.V. He graduated from A.J.T. Stakenburg (Rotterdam) and Harbour and Transport College. Mr. Schoenmaker is a Dutch citizen.

**HERMAN VAN RAAPHORST (BORN 1955), CHAIRMAN OF THE COMPANY'S PROJECT BOARD**

Mr. van Raaphorst has been Manager of Operations of Dockwise since 1997 and General Manager of Operations of Dockwise since 2004. Mr. van Raaphorst has over 30 years of experience in shipping and has been with the Company since 1975, having been Manager of Contract Operations of Dockwise N.V. as well as Superintendent of the Company and Wijsmuller Transport B.V. He holds a Master Mariner certificate. Mr. van Raaphorst is a Dutch citizen.

**MARCO SCHUT (BORN 1961), GENERAL MANAGER FLEET SUPERVISION, QUALITY AND SAFETY OF THE COMPANY**

Mr. Schut joined Dockwise in 1997 and has been General Manager Fleet Supervision, Quality and Safety since 2004. Mr. Schut began his maritime career in 1981, working for three years with Shell Tankers followed by 18 months in the Royal Dutch Navy. Prior to joining Dockwise, he worked for Heerema from 1986 to 1997 initially as First Officer and was promoted to Head Safety Health Environment (SHE) Offshore. He holds a Master of Science degree in Quality Management from Cranfield University, UK and has a post-graduate certificate in occupational safety from the Antwerp University. Mr. Schut is a Dutch citizen.

# MESSAGE FROM THE CHAIRMAN

## Welcome to Dockwise's Annual Report for 2007

To shareholders, management and employees of Dockwise the year 2007 has been quite eventful. Through the driving force of 3i, the private equity house, the Company went through a series of developments which resulted in Dockwise Ltd., listed on the Oslo Stock Exchange and incorporated in Bermuda.
In the first half of 2007 Dockwise acquired six vessels from Frontline Ltd., the shipping line of crude oil, for a combination of cash and shares. At the listing on the Oslo Stock Exchange the Company succeeded to place a primary offering of USD 85 million whilst Frontline sold its shares in a secondary offering. Through these actions the Company is adequately financed to realize its ambitious growth plans.
Whereas the Executive Management stayed the course exploiting the potential of the Company a new Board has been formed. In July 2007 together with the formation of Dockwise Ltd. six Board members have been appointed. In September 2007 Mark Dickinson resigned from 3i and consequently from the Board of Dockwise Ltd. Mark has been of outstanding value to the Company through his many entrepreneurial initiatives and excellent operational skills. We thank him for his great contribution.
After the listing on the Oslo Stock Exchange we have been pleased to announce that Tom Ehret, Pietro Franco Tali and Danny McNease joined the Board as independent non-executive Directors.

The annual report 2007 we are presenting requires careful reading since the developments mentioned above make a comparison with previous years and with peers in the industry not self-evident. At the same time the Company is expanding its scope in adjacent markets like adding well-chosen installation services to its original scope of heavy lift transport.
I would like to thank the management for their extraordinary and successful efforts to realize the financial and strategic goals of the Company.

*FOTO ADRI BAAN*

The management will continue to spend considerable time and effort to inform the market about the attractive markets we operate in and about the competences, skills and experiences and a track record of solid financial performance we bring to bear.
The Company is determined to grow its potential value and will do every effort to realize this value for our shareholders.

Adri Baan
Chairman of the Board of Directors

# REPORT OF THE MANAGEMENT BOARD

## Message from the CEO

### Dockwise is ready for its next steps

2007 was an amazing year for Dockwise. We changed our financial and ownership structure, made major acquisitions and all the while continued to provide our core first class service to clients.

Our clients are some of the most demanding in the world and the tasks we carry out for them are amongst the most difficult and complex. We're proud that we fulfilled our operational commitments at the same time as the structure of the Company was changing to make us better fitted to deliver even more in the future.

#### STRATEGY AND GOALS

In 2003 we began an analysis of our historic performance and of the markets in which we operate.

The conclusion was that a major part of our business relied on the highly volatile exploration cycle of the oil and gas industry and this was reflected in the volatility of our financial performance. Of course, we were not entirely reliant on exploration, through our yacht transport business and ability to deal with special heavy loads, not least in the military sector.

But we decided we needed to create more stability and sustainability both in revenues and in profit. We decided to transform Dockwise from a traditional shipping company into an oil and gas service company, focused on more than one cycle over a 10-15 year horizon.

The urgent pressure to replace global oil and gas resources has resulted in an enormous amount of exploration and drilling activity in the past couple of years. We're still in the upward phase of the first part of the cycle, exploration, and we believe that activity will continue at a high level, possibly also beyond 2010. Dockwise is well placed to benefit from this phase.

But there are other cycles in the energy resources industry, and this is where we are seeking to expand.

The complex business of producing oil and gas is managed separately from exploration in major oil companies. The production cycle is several years behind exploration and requires the construction of vast structures and their transport to often very inhospitable locations.

It is greatly to the advantage of Dockwise that 80% of the construction of offshore production platforms takes place in the Far East, notably in Korea and, increasingly, China. The resources the platforms are designed to exploit are often on the other side of the world, requiring transport services that Dockwise is particularly suited to provide.

But our ambitions lie beyond just transport, as we seek to grow our business in the installation of offshore structures, thereby taking on greater responsibility and limiting risk for our clients.

In a powerful demonstration of confidence in our ability to move into this role, ExxonMobil have pre-qualified Dockwise Shipping B.V. as a contractor capable of carrying out float-over installations, where production platforms are fixed to support structures at sea.

We also plan to expand into a third cycle, the installation of very large and complex downstream projects such as LNG plants and refineries. Exploiting our assets across three cycles will translate into more stable earnings as well as providing opportunities for growth outside our traditional sectors.

This change has required a transformation of every aspect of how we do business. We are now a project-oriented service company where disciplines within the business such as operations, engineering and sales provide services to the projects. We have installed risk management and project management processes as part of these changes.

All this is part of our strategy to grow by serving clients better: continually improving the quality of what we already do, as well as expanding the range of services we can offer.

#### KEY DEVELOPMENTS IN BUSINESS AND OPERATIONS 2007

The Sealift merger in 2007 expanded the Dockwise fleet by six vessels. All of these needed modification to meet the Dockwise requirements to heavy lift vessels. At the end of 2007 the conversions of two of these vessels, the Target and the Transporter were completed and both were taken into

operation. In that period also the Yacht Express was taken into operation. The revenues for 2008 will show full-year operation of these new Dockwise vessels. The remaining four Sealift vessels will be converted in the course of 2008. By the end of 2008 the repair of the Mighty Servant 3 is scheduled to be completed. Consequently Dockwise will be at full strength, operating 22 vessels, by the end of 2008.
Our strategy to move up the value chain in oil and gas production will make us less vulnerable to cycles in the oil and gas exploration industry. With our balanced fleet and global presence we aim at a mix of traditional heavy lift transport projects and value adding float-over projects where engineering and installation form part of the scope. The acquisition of OKI and ODL in Houston added the necessary engineering skills to the capacity of Dockwise and contributed to the approval of Dockwise by Exxon as a main float-over contractor.

### NEW CONTRACTS AND ORDER BOOK

Oil and gas were our main markets in 2007 and contributed roughly 70% of revenues of heavy lift operations. These markets are expected to remain in good shape and currently represent approximately 75% of our good quality order backlog. Our heavy lift order book is higher than ever before with USD 233 million worth of signed contracts at the end of 2007. This includes two floatover contracts for CPOC and OFON. Oil and gas markets look especially bright and with a fleet at full force by end of 2008 we will be able to benefit from anticipated growth.

### OUTLOOK 2008

We are looking forward with great confidence towards 2008. We expect 2008 to be a be a year of further advancement of the realization of our strategy, optimization of the professionalism of our services and advanced opportunities in the markets in which we operate.

Dockwise is prepared for the challenges ahead and will benefit from these good prospects. We have the right team and the right structure to succeed.

*FOTO ANDRE GOEDEE*

The Executive Management wishes to thank the Dockwise employees for their efforts in 2007 and for making the difference in the future.

André Goedée
Chief Executive Officer

Hamilton, Bermuda, 27 February 2008

# History and Changes in Corporate and Financial structure in 2007

The main events in the history of the Company and affecting the business in 2007 were:

| | |
|---|---|
| 1993 | Founding of Dockwise as merger between Wijsmuller Heavy Transport and Dock Express Shipping. |
| 2002 | Merger of Dockwise with Offshore Heavy Transport. |
| 2004 | Shift in strategy targeting complex projects involving transport and installation of offshore structures and onshore modules. |
| 12 January 2007 | 3i completes buyout of Dockwise Group of companies, announced on 23 December 2006. |
| 18 January 2007 | Sealift Ltd. completes initial USD 180 million private placement on the Norwegian OTC Market and issues 90 million shares. |
| 30 January 2007 | Sealift Ltd. agrees to acquire six Suez max tankers from Frontline Ltd. to be converted to heavy lift vessels. |
| 21 March 2007 | Completion of acquisition by Sealift Ltd. of six single ship companies; Sealift Ltd. begins operations. |
| 4 May 2007 | Sealift Ltd. completes NOK 1.2 billion (USD 200 million) Private Placement on the Norwegian OTC Market. |
| 4 May 2007 | Completion of merger between Sealift Ltd. and the Dockwise Group of companies. From an accounting point of view, the merger constitutes a “reverse acquisition” of Sealift by Dockwise. |
| 27 July 2007 | Acquisition of Ocean Kinematics Inc (“OKI”) and Ocean Dynamics LLC (“ODL”), companies specializing in the design, engineering and installation of offshore modules. |
| 6 September 2007 | Issuance of 475,000 new shares related to Sealift stock option plan. |
| 2 October 2007 | Full listing on Oslo Stock Exchange. |
| 5 October 2007 | Issuance of 18,392,300 new shares. |

# Operational review

## Highlights 2007

- Acquisition of Sealift-vessels expands fleet by six operating vessels in 2008
- New Yacht Express online from October 2007
- Acquisition of OKI and ODL adds engineering capacities and technology
- Successful execution of float-over contract for East Area Project in Nigeria; new float-over contracts for CPOC and OFON to be executed
- Listing on Oslo Stock Exchange offers access to capital markets
- Revenue growth by 15% to USD 290 million (USD 252 million in 2006)
- Adjusted EBITDA increased by 39% to USD 141 million or 45% of Adjusted revenues (USD 102 million or 40% in 2006)
- Capex in 2007 USD 87 million

## Market trends and developments in general

### INTRODUCTION

As one of the world's leading marine contracting companies, Dockwise's core business is the marine transport of very large and heavy cargoes over very long distances. The primary source of demand for this service comes from the oil and gas industry, mainly for exploration and development activities. But also large offshore production structures or prefabricated modules for onshore process plants are increasingly transported by heavy lift transport vessels.

As well as to the oil and gas industry Dockwise serves market segments like military equipment, port & marine infrastructures (container cranes or dredging equipment) and other heavy cargoes like power barges, river ships, bridges and other modules.

The increasing demand for offshore projects using the float-over technique and complex onshore industrial projects has extended the use of heavy transport towards total transport & installation management contracting services. Float-over projects are complex projects using semi submersible vessels to lower offshore structures onto pre-installed jackets. Onshore industrial projects are transports and installations of large modules from fabrication yards to onshore installation sites.

### ECONOMIC CLIMATE

At the turn of the year it seemed certain that world economic growth would slow in 2008, while remaining strong by historic standards at just below 5 per cent. As in recent years, this growth is expected to be supported by the strong momentum of major emerging markets such as China and India.

The largest downward revisions to growth forecasts have been in the United States and in countries where financial and trade effects from the US are likely to be most felt.

This general outlook of continuing healthy growth at the global level underpins forecasts for the global oil and gas markets, where our largest clients operate, notably in the exploration and production sectors.

Global oil markets are expected to remain tight throughout 2008. This big picture obscures the known pipeline of exploration and production activity, which in our view has not yet peaked and will continue at a high level possibly beyond 2010.

The market for oil and gas products is of course a global one. The overall consensus of continued strong growth at the global level gives us confidence that we can continue to invest to increase our service offering and our market share.

### OIL AND GAS INDUSTRY

The last decade was characterized by underinvestment in exploration and development of oil and gas, strong energy demand of developing countries, such as China and India, and sustained growth in the USA and Europe. This has resulted in a strong increase of the oil price.

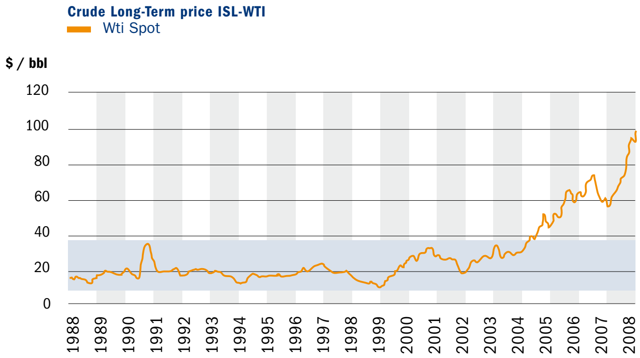



Fig: ISL WTI Crude Long-Term price

Exploration and development efforts have increased globally and the annual expenditures are expected to grow further. For future years exploration and development will move into new areas characterized by deeper water and harsher environments. Environmental issues will become more important.

## Dockwise market segments

Dockwise operates in two segments; Heavy Lift and Yacht Transport. The Heavy Lift segment comprises T&I, offshore structures, onshore industrial projects and transportation of drilling rigs, military and port and marine infrastructures.

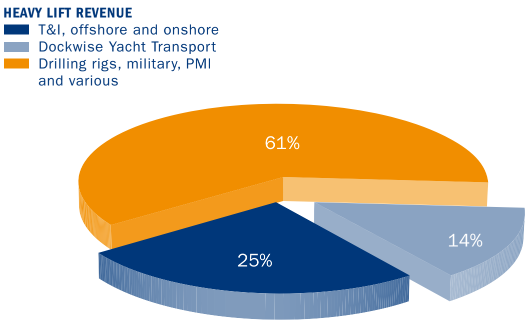



Fig: Percentage of Dockwise heavy lift revenue per segment

### OFFSHORE STRUCTURES

The segment of offshore structures includes all fixed and mobile structures used for the production of oil & gas, i.e. modular topsides, floating production units, SPAR, TLPs and semi-submersible platforms. The segment is characterized by long lead times, as projects are complex and capital intensive.

The capital investment in the complete offshore development market is displayed below.

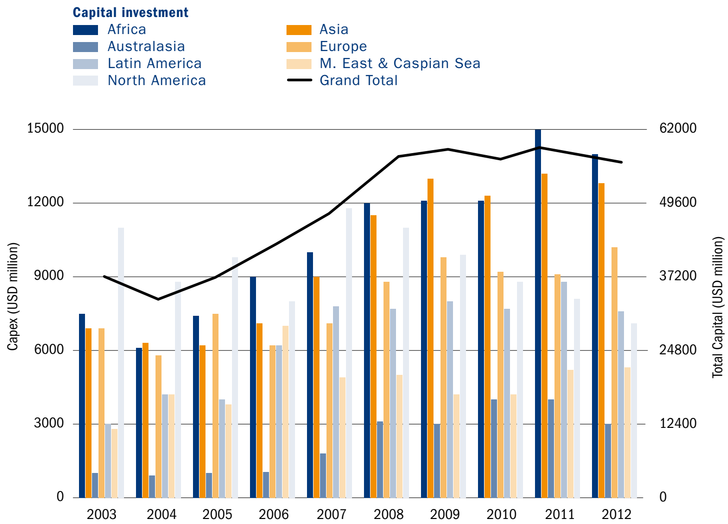



Fig: Global Capital Expenditure of Development of offshore Oil and Gas 2003 – 2012; Source Infield.

Offshore markets continue to grow. Lack of yard capacity in the Far East however is phasing their growth over a larger term. Production consequently will be spread over a series of years, already causing delays of 1 or 2 years to offshore projects. This has the effect that some of the 2007 demand is flowing into 2008. Design is often adjusted during the project phase. The following projects have been identified in the offshore market.

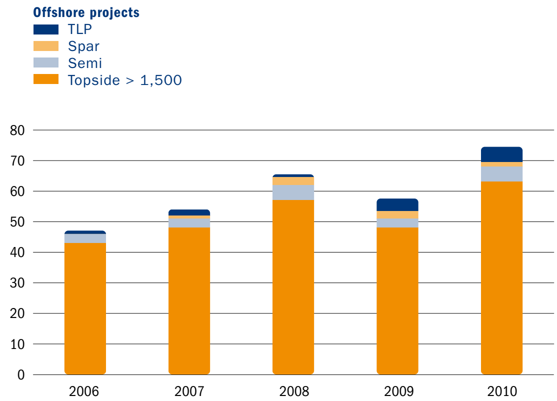



Fig: Offshore projects; Source infield

As in 2006, Dockwise carried out 13 transport assignments in the offshore market in 2007. Some examples: transport of the Tahiti Spar, the Shenzi TLP and modules for COSL.

- **OFFSHORE T&I**

Increasing demand for heavy lift services come from float-over projects. The target market for float-over projects are all topsides as the supply of offshore installation cranes is limited and geographically fixed. In 2007 Dockwise preformed 1 float-over for the East Area Project in Nigeria.

**ONSHORE INDUSTRIAL PROJECTS**

When industrial new build projects are built in remote areas, large items are often assembled at a construction yard, tested, disassembled and containerized or transported as project cargo. Assembly at harsh isolated locations is very expensive. Dockwise can offer total transport and installation management of large modules in order to reduce costs, complexity, risk and environmental impact.

The market for these onshore industrial projects can be divided in oil & gas industry related projects (like LNG regas- and LNG liquifaction-, gas processing-, gas to liquid-. refinery- and sulfur plants) and other energy & resources related projects like power plants, desalination plants and mining projects.

**DRILLING RIGS**

Drilling rigs are used in the exploration phase to find oil or gas and to determine the quantity of reserves. In the development and production phase the rigs are used to drill production wells. This segment includes 2 sub-segments:

1. Jack-ups are platforms that are jacked up on three or four hydraulic legs attached to the platform in water depths up to 500 ft.
2. Semi-submersibles are floating structures, usually self-propelled used for deep water drilling

- **JACK-UP RIGS**

Jack-up rigs cannot be towed over long distances and in that case require dry transport. Under 1,000 miles tug and tow transport (speed of 3 to 4 knots) or tug and barge transport (speed of 6 to 8 knots) are more viable than dry transport.

# CASE STUDY 1

**TAHITI SPAR**
**CLIENT:** TECHNIP OFFSHORE FINLAND OY
**FROM:** PORI, FINLAND
**TO:** CORPUS CHRISTI, TEXAS, USA

Dockwise once again shifted the boundaries in realizing the inconceivable by delivering CVX Tahiti Spar – at 24,787 tonnes the largest spar buoy ever to have been transported in one piece – from Pori, Finland to Corpus Christi, USA.

Dockwise was awarded the contract for the sea transportation of this spar buoy in December 2004 and faced the engineering challenges of this transport, together with Technip. The size of the buoy dictated the unique use of specially designed side tanks (the so called “camel” tanks) as well as an extra buoyancy tank in order to cope with minimized draught and guaranteed sufficient stability during the float off operation. The Tahiti Spar was transported on the Heavy Transport Vessel Mighty Servant 1.

After a record breaking skid on operation of only 12 hours the vessel made a voyage of approximately three weeks, delayed by only 3 ½ hours to pick up shipwrecked survivors in the middle of the Atlantic Ocean. With an average speed of 12,6 knots the Mighty Servant 1 arrived at the GMF yard in Corpus Christi, where the unit will be completed.

Dockwise had previously transported 12 spar buoys, all built in Pori.

Demand for transport is driven by both new build deliveries and inter-basin moves.

Major projects operated by Dockwise were the transport of the West Atlas, the Deep Driller V, the Rowan Gorilla VI and the Offshore Defender.

In the period 2008-2010 more than 80 jack-ups are expected to join the world's fleet with a peak delivery in 2008.

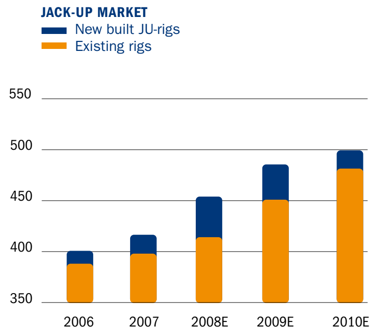



Fig: Jackup fleet; source ODS-Petrodata

- **SEMI-SUBMERSIBLES**

Considering market conditions drilling contractors show an increasing interest for dry transportation of semi-submersibles.

Major projects operated by Dockwise were the transport of the Sedco 706, the West E-drill, and the Ocean Endeavour.

In the period 2008-2010 more than 40 semi-submersibles are expected to come online, spread equally over the years.

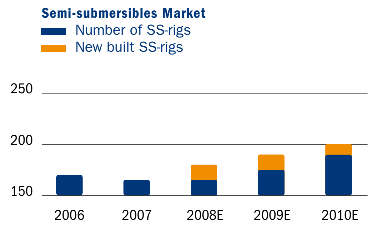



Fig: Semi-submersible fleet; source ODS-Petrodata

**MILITARY**

All military related transports, i.e. submarines, mine sweepers/hunters, dry-docks, radar platforms and all associated logistics services. Due to the nature of these projects we are reporting no further detail. Dockwise has relationships both with national governments and construction yards to further expand its activity.

**PORT & MARINE INFRASTRUCTURE**

This segment includes all equipment associated with building and operating marine infrastructure, i.e. dredging equipment, floating cranes, container cranes.

**YACHT TRANSPORT (DYT)**

Dockwise, next to its heavy lift activities, also operates in the transport of luxury yachts. In 2007 this operation realized 14% of total revenues. DYT operated at a core with three ships in 2007. Challenges in 2007 concluded the new Yacht Express which went in service in October 2007 and the retiring of the Dock Express 12. DYT further pursued the implementation of its strategy to become a more customer centric business, with clear focus on efficiency and leveraging its brand into new business through the employment of flexible add-on tonnage using the Lo/Lo (Lift-on/Lift-off) method. Organizational changes encompassed the new web-based CRM & booking system and the alignment of the sales organization, including the opening of a new office in Genoa, Italy.

## New offices

Dockwise established offices in various important areas in the world. After the opening of offices in Busan (Korea) and Lagos (Nigeria) in 2006, an office in Perth (Australia) was opened in 2007. In addition, the acquisition of OKI and ODL strengthened our presence in engineering activities and brought new offices in Houston and Shenzen (China). For sales-purposes Dockwise contracted 8 representing agents in various countries.

The Board believes this expanded presence will allow Dockwise to execute its expansion strategy and to better service and communicate with our customers.

## Fleet operations

Dockwise owns a fleet of 22 (semi-submersible) heavy lift vessels of different concepts and designs, the largest of which can transport loads of up to 73,000 tons. For an overview of vessel characteristics see page 125 of this annual report. Of this fleet, 5 are to be taken into operation in the course of 2008 while 1 was taken into operation in the second quarter of 2007 (Transporter) and 2 in the last quarter of 2007 (Yacht Express and Target).

| VESSEL | RENAMED UNDER DOCKWISE OPERATIONS | EXPECTED DATE OF DELIVERY | REASON |
|---|---|---|---|
| Traveller | Treasure | Mid 2008 | Conversion |
| Comor | Talisman | Mid 2008 | Conversion |
| Granite | Trustee | Late 2008 | Conversion |
| Marble | Triumph | Late 2008 | Conversion |
| Mighty servant 3 | | Late 2008 | Reinstatement |

The technical management and crewing for all vessels is provided by Anglo Eastern Ship Management, based in Hong Kong and Glasgow, under a three year contract (renewed in 2007). Anglo Eastern has continued to meet all required Key Performance Indicators which are an essential part of the contract. The crew on board the vessels is mostly a mixture of Baltic and Ukrainian nationalities.

Operational policies are fully compliant with ISM, ISO 9001:2000, ISO 14001 and DNV Rules for Management of Safe Ship Operation and Pollution Prevention. All major surveys, dry dockings and regular maintenance are performed under the supervision and management of Anglo Eastern.

Servicing the oil and gas industry, the Dockwise maintenance and Life Time Extension philosophy is directed towards the highest level of maintenance and preservation of its equipment, in line with clients expectations.
Dockwise applies an extensive upgrading and Lifetime Extension Program in excess of normal prevailing survey and docking costs, extending the life of the vessels by 5 to 20 years. This program is made possible because the vessels are maintained at a very high standard throughout their originally expected lifetime with intermediate execution of extensive steel refurbishment and recoating programs of particularly the water ballast tanks and exposed cargo deck areas. Annual routine maintenance costs per vessel amount to approximately USD 1 million. In average every vessel has 45 docking and repair days per year. The average age of the fleet is approximately 22 years.

Dockwise is in full compliance with International Security Legislation for globally operating ship owners. All of the vessels

# CASE STUDY 2

**3 JACK-UP RIGS IN A SINGLE VOYAGE**
**CLIENT:** ROWAN DRILLING & GLOBALSANTAFE
**FROM:** PASCAGOULA, USA
**TO:** SHARJAH, UAE

On 15 December 2006, Dockwise was awarded with a unique contract to transport 3 jack-up rigs in a single voyage. The 3 jack-up rigs owned by two separate clients were transported onboard the heavy transport vessel Black Marlin. The biggest challenge for these transports was the timeframe available for the preparation: not more than one week. Successful execution of this challenging task was only possible due to the positive and constructive attitude of the staff of GlobalSantaFe & Rowan Drilling.

Transporting 3 rigs onboard Black Marlin meant every inch of the available deck space had to be used. The rigs had to be squeezed on the deck like a jigsaw puzzle. Space available due to the shape of one rig had to be used by the other rig. Not more than 2 meters clearance between the rigs and the vessel's superstructure was available during the loading operation; maneuvering with great precision was mandatory. The wires available to guide the rigs into position were limited due to the presence of the other rigs, complicating the loading even further. Sailing with 9 huge jack-up legs brought another challenge; with the legs acting as 9 large sails, keeping Black Marlin on course demanded the most of men and machines.

in the fleet are equipped accordingly and personnel are trained in accordance with applicable regulatory requirements. In 2007, none of the vessels in the fleet experienced problems with security issues. Specific precautions against piracy have included vessel route planning and policies agreed in conjunction with clients' operational staff.

## Competition

Dockwise operates in a global, highly specialized niche environment. The strategy of Dockwise aims presence in various market segments as described earlier. The shift to installation of offshore structures and onshore industrial projects requires an increasing degree of engineering skills and experience. Thus competition varies from traditional heavy lift transportation companies to marine contracting companies providing either transportation, installation or logistic services.

Dockwise's competitive position is characterized by the following key strengths:

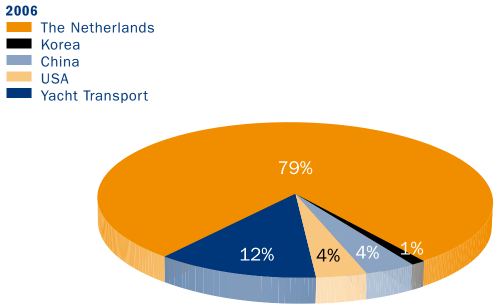
- A leading market position in heavy lift shipping projects based on flexibility and knowledge. Flexibility in respect of size and variation of fleet. Dockwise with its largest and most versatile fleet can deploy interchangeable vessels throughout the world.
- Constraints on shipyard capacity that form a barrier to entry.
- In house project management, operations and engineering capabilities.
- Operational excellence and focus on health, safety, environment and quality.
- Experienced and incentivized management both in heavy transport and in newer transportation and installation business.
- A strong customer relationship through reliable performance over the years.

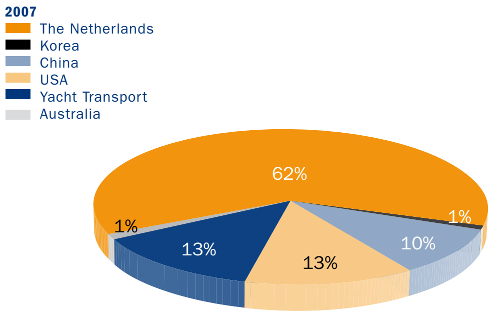
# Human Resources

## Employment

As at 31 December 2007 Dockwise employs the equivalent of 261 employees of which 35 are employed on a temporary staffing contract. In addition, Anglo-Eastern, a third party contractor that manages our heavy lift fleet vessels, employs at any given time up to approximately 900 seafarers to crew the vessels.

The spread over the different areas/skills developed as follows:




## Recruitment

Dockwise strives to recruit and retain the best possible personnel. In the recruitment process the company cooperates with search agencies and universities. In 2007 40% of all applicants came through the Dockwise.com site making this the most efficient recruitment tool.

The highest need for qualified personnel in 2007 was for the departments of Engineering, Fleet Supervision and Finance & Control. As per 31 December 2007 Dockwise had 21 vacancies. Dockwise recruits employees in accordance with national laws, labor conditions and remuneration structures.

## Pensions

Dockwise makes contributions to both defined benefit and defined contribution (USA) plans that provide pension benefits to its employees upon retirement. Pensions obligations are fully funded as at 31 December 2007.

## Executive Management Remuneration Policy

An executive management remuneration policy is developed by the Remuneration Committee and will be proposed for approval to the shareholders at the general meeting of 2008.

The policy is designed to ensure the executive management is rewarded fairly for their contribution to the Company and that their rewards are in keeping with the overall compensation goals and structures which apply across the Company and the industry. Remuneration packages are designed to be competitive with those offered by a range of companies within the same business sectors and geographic areas of the Company. Furthermore the policy aims to establish a level of remuneration, which is sufficient to attract, retain and motivate executive management with the knowledge, know how, experience and talent required to achieve the Companies objectives.

Remuneration packages comprise performance related and non-performance related elements. The current total remuneration package for each member of the executive management comprises a basic salary, benefits-in-kind, annual and deferred cash bonus and pension arrangements through participation in individual or Company's pension plans.

The Remuneration Committee is of the opinion that considering the challenges the Company faces in its Strategic Growth scenario the proposed remuneration of executive management is in balance with expectations of the shareholders and Board of Directors.

### COMPANY (GENERAL) REMUNERATION PHILOSOPHY

The proposed policy is based on delivering a midpoint total compensation package. In order to attract and retain top talent and key personnel the pay philosophy is to deliver a 70th percentile total compensation package in exceptional cases. Market remuneration information per job level is being used in order to develop the salary structure (pay range by grade).

There is a compensation and benefits system in place to reward company performance and individual performance. The total compensation programs are aligned to support business objectives.

### BASIC SALARY

In determining the basic salaries of the members of the executive management, the Committee seeks to set total remuneration at competitive levels while ensuring that performance related pay makes up a significant part of the total package.

### ANNUAL CASH BONUS SCHEME

Annual cash bonuses for the members of the executive management are based directly on the actual financial performance. The bonus is divided into a short term cash bonus and a long term deferred cash bonus. The bonus system is based on value creation by applying the EVA® (economic value added) method. The system is designed such that only long-term sustainable value creation is rewarded. It also encourages entrepreneurial thinking and behavior at the Company (every employee within the Company participates in the bonus scheme). Bonus payments are not part of pensionable earnings.

### EMPLOYMENT SPECIFICS

The service contracts of the members of the executive management have no fixed term. The service contracts provide for pre-determined amounts of compensation in the event of early termination. The service agreements contain a Change of Control Clause.

### MEMBERS OF THE EXECUTIVE MANAGEMENT AND OTHER MEMBERS OF MANAGEMENT OF THE COMPANY AND STAFF UP TO A CERTAIN LEVEL HOLD SHARES IN THE COMPANY.

In order to be able to attract new members of the executive management the Remuneration Committee considers it possible that a personal Performance Share Plan (PSP) will be part of the individual service agreement, or that at the time of employment a one time share issue will be effected, such to establish an alignment in the level of motivation of all the members of the Executive Management.

# Health and Safety, Environmental & Sustainable Development

## Health and safety

The Dockwise HSES (Health, Safety, Environment and Security) management system was updated and expanded in 2007 and certified to the internationally recognized ISO 14001 (environment) and OHSAS 18001 (safety) standards. Implementation of an ambitious two-year HSE plan for the management of ships by Anglo-Eastern commenced in 2007. The plan envisages a broad range of classroom, onboard and web-based HSES training courses involving over 350 crew members as well as various other HSES activities. A comprehensive HSES audit program was executed including an audit of Anglo-Eastern operations and 4 vessel audits.

The Dockwise fleet is in full compliance with the International Safety Management (ISM) Safety Code, Flag State legislation, Class requirements MARPOL, International Ship and Port Facility Security Code and all other relevant legislation.

The personal safety of our employees and contractors is of great importance to Dockwise. Our goal is clear and our message is strong: a zero-accident policy, both on board vessels and in offices. Everyone in the organization is expected to participate in a culture where safety is of primary importance and continues to underpin our behavior.

Initiatives taken by Dockwise include extra safety training for all Dockwise personnel. The company developes dedicated safety cases for operational vessels. These initiatives will be continued in 2008.

To further minimize the risk of personal harm as a result of operations, we continuously invest in optimizing our processes and procedures. Dockwise uses a number of tools to identify risks in an early phase on and provides measures to limit them. These tools include Hazid/Hazop meetings for projects, root cause analysis, BowTie analysis and Tripod Delta and Beta Investigation Methods.

Dockwise continues to provide several ways to facilitate personal health assessment and improvement. Employees are given the opportunity to have a full medical check-up every 3 years. Absence due to sickness in 2007 has with approximately 2.5% been far below industry average.

## Accidents

Safety reporting is based on OCIMF Marine Injury reporting guidelines. During the course of the year 14 crew members sustained various injuries including 10 Lost Time Injuries (LTI) of which 4 required Medical Treatment. The resulting 2007 LTI frequency rate was 3.2. This does not deviate from industry standards.

There was a 53% reduction in number of damages reported in 2007 compared with 2006. One of these damages concerned the Transshelf where the deck was damaged by jack-ups transported by the vessel. Damage is subject to arbitration between Dockwise and the client.

Following the incident with Mighty Servant 3 in December 2006 the Company initiated a number of investigations and operational safety reviews. In a separate procedure the accident is being investigated by Dutch Shipping Authority.

## Environmental & sustainable development

The International Maritime Organization (IMO) is responsible for maritime safety and prevention of maritime pollution by ships. IMO has adopted several international conventions of which MARPOL imposes requirements to prevent pollution by ships due to operational, intentional or accidental causes. Technical standards are set forth in annexes to the convention. Company meets all of the MARPOL requirements including annex VI regulations with regard to air pollution of vessels. In addition Dockwise will meet Low Sulphur Fuel consumption requirements in SECA areas when these come into force.

All engines on board the Dockwise fleet are in compliance with latest NOx and SOx maximum output requirements, while newly installed propulsion on board the Yacht Express and Mighty Servants 1 & 3 are certified for NOx output below the existing regulations in force.

Our main contribution to the environment comes from our focus on (ballast) water management. We aim to comply with provisional legislation and to refresh the water ballast at deep sea to prevent the contamination of coastal waters with hostile species. We try to ensure that all our waste water flows are treated and monitored as necessary in order to meet any relevant legislation before discharge.

Furthermore, a number of vessels have been equipped with homogenizers to reduce sludge output and incinerator plants in compliance with the latest requirements for burning waste.

## Quality system

The Dockwise Management System for Dockwise Shipping B.V. is certified to ISO 9001:2000 for the development, engineering, execution and management of on- and offshore heavy transportation- and installation services.

The Dockwise strategy of being a leading marine contractor requires a clear framework for development and innovation. In 2006, the European Foundation for Quality Management [EFQM] Business Excellence Model [BEM], was selected by the Dockwise Management to become the foundation of this framework.

One of Dockwise's objectives is a nomination for Business Excellence Award by 2010 at the latest.

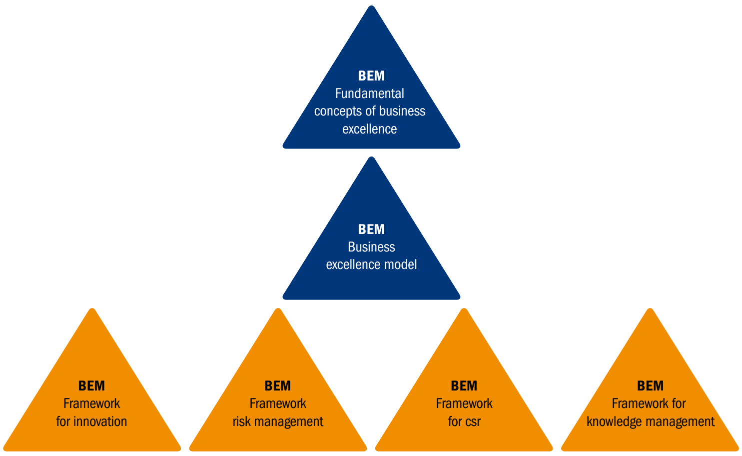



Fig. Dockwise Business Excellence Model

**"SAFETY ABOVE ALL; EVEN WHEN DOCKWISERS ENJOY THEIR WEEKENDS AT HOME THEY SHOULD BE CONSTANTLY AWARE OF THE SAFEST WAY TO ENJOY THEIR LEISURE ACTIVITIES."**

Marco Schut,
General Manager Fleet Supervision,
Quality and Safety

# Risk management

A key pillar in the Business Excellence Model (figure page 23 Dockwise Business Excellence Model) is a framework for enterprise wide risk management. Development of this framework was initiated in 2006 followed by implementation in 2007.

Project and portfolio risk management is considered the bottom-up driver of the Dockwise Enterprise Risk Management framework. Tactical and strategic business risk management form the connection between project control & sustainable project results and corporate control & sustainable shareholder value. Corporate risk management finally secures the top-down enforcement of involving shareholder value in enterprise wide risk and opportunity management (figure Dockwise framework for enterprise risk management). Risk based auditing adds a learning cycle to the continuous improvement cycle of risk management and allows Dockwise to timely reset business objectives and business targets when necessary.

## Main risk areas:

### PROJECT AND PORTFOLIO RISK

Best practice shows that projects in general require a pro-active risk management process during proposal and execution stages in order to safely realize budget and planning. Especially failure to manage risks associated with tendering and execution for transportation and installation of offshore structures and onshore modules could affect our business, results of operations, financial condition or prospects. The Dockwise proposal scan triggers early identification of risk management minimum requirements during the early proposal and the follow-up according to these requirements. Our transport-only projects are subject to a qualitative process of key-threat identification and risk management. This typically results in a top 5 of commercial and operational risks and opportunities. Our extended scope projects (transports where we provide additional services such as tug spreads and mooring) are subject to a semi-quantitative process of risk-analysis and risk management. Marine contracting projects (float-overs and onshore modules) are subject to quantitative risk analysis. Quantitative risk modeling techniques are involved in cost estimation and planning to come to integral decision support models for commercial decision making and for risk forecasting throughout project execution. A framework for Risk Based Contracting is currently being developed to allow for timely initiation of risk management processes with clients.

A Project Board has been installed to monitor compliance with and quality of project risk management processes. As a result this Project Board controls the overall risk level of the proposal

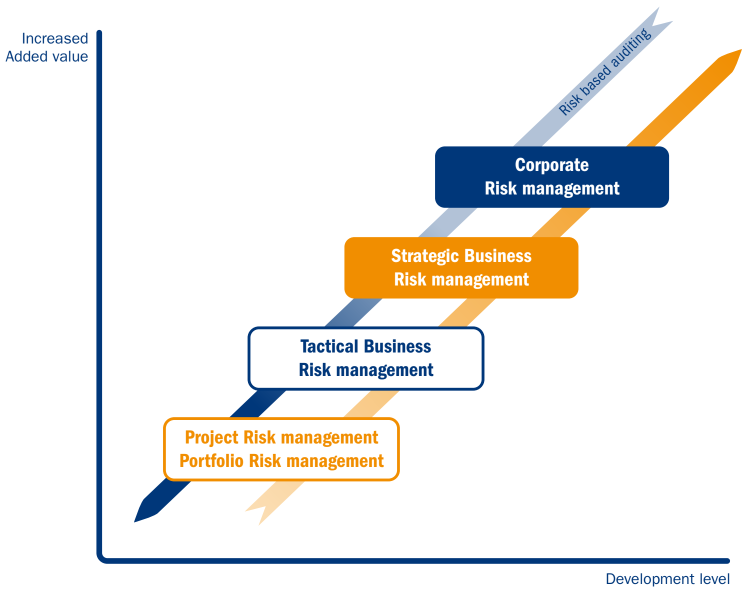



Fig. Dockwise framework for enterprise risk management portfolio and project portfolio. Project risks are reported to the Project Board on a monthly basis and are consolidated in the enterprise wide Quarterly Risk Consolidation as input for the Management Board. Project specific risks which required special risk management attention by Project Management throughout 2007 were especially related to project security, vessel modification, engineering principles, reliability of critical vessel systems, procurement and crew experience.

### BUSINESS RISK

Strategic business risk management is the process of early identification of and follow-up on risks and opportunities emerging from technical, commercial and general market developments. The risk and opportunity register is updated quarterly.

Company's business, results and prospects depend largely upon the developments in the oil and gas industry. More in particular the willingness and ability of oil and gas companies to invest in exploration and production of new oil and gas fields. This willingness and ability are driven by macroeconomics and geopolitical factors beyond the control of the Company. They are subject to business cycles and volatility. To mitigate this risk the Company aims for transport and installation services to different cycles in the oil and gas industry. The Company also aims for services to other industries like Port and Marine Infrastructure and Military which in itself have their own cycles and macroeconomic dependence.

A selection of top-5 business risks is subject to monthly discussion in the Management Board to secure risk ownership and follow-up. Business risks that required special management attention throughout 2007 were especially related to human capital management, availability of internal processes for project management and asset development by market competition.

Group companies operate in a marine environment which is subject to forces of nature as well as environmental and climatological risks that could cause damage to, or loss of our vessels and that could result in reduced levels of offshore activity. Operating in a global environment makes that changes in legislation and/or political regimes could have adverse effect on our ability to carry out our business.

**"TEAMWORK IS WHAT I LIKE; THE IDEA OF BEING CONNECTED TO SO MANY DOCKWISE EXPERTS ALL AROUND THE WORLD MAKES THAT OUR CLIENTS CAN RELY ON US."**

Jan Wolter Oosterhuis,
Liaison Engineer (Naval architect)

Dockwise operates vessels and executes projects in political less stable countries and areas. The vessels could be subject to piracy or terrorist activity. Operations and project execution could take place in war zones.

### STRATEGIC RISK

Failure to expand our activities in transportation and installation of offshore structures and onshore modules business will continue to position us as a traditional shipping company.

Though barriers to entry are presently high because of a lack of shipyard capacity and the capital intensity of the business, additional supply in heavy lift shipping capacity could eventually affect our competitive position and the rates we can charge for our services.

Late delivery of the five vessels currently under conversion or repair may cause loss of revenues.

Dockwise may not be able to attract, integrate, retain and incentivize senior management and qualified staff to continue growth and success of the Company. Operations, engineering and project management remain subject to human error.

The Company's business, results of operations or financial condition could be affected if vessels suffer damage in the course of loading, transporting or discharging cargoes.

### CORPORATE AND COMPLIANCE RISK

We are subject to various environmental, health, security and safety laws, regulations and standards. Failure to comply could affect our business, results of operation, financial conditions or prospects.

Listing on the Oslo Stock Exchange and the subsequent establishment of the Board of Directors required an environment for the reporting and management of compliance risks.

Corporate risks are reported to the Board of Directors as part of Quarterly Risk Consolidation and are followed-up in each Board meeting. Corporate risk analysis and risk management was initiated in December 2007. Thus, a corporate risk & opportunity register is in place and followed-up. Corporate risks that received special management attention in this initial corporate risk analysis were specially related to compliance to requirements by Oslo Børs and tax authorities.

## Insurance

Dockwise maintains insurance policies to cover risks related to physical damage to, and loss of, heavy lift vessels and vessel equipment, other equipment and properties, loss of revenues in the consequence of damage and any general liabilities that may arise through the course of our normal business operations. All heavy lift vessels are insured under policies for damage to, and loss of, the hull and machinery. We insure each vessel for at least its market value plus an increased value. Our basic war policy also covers heavy lift vessels for losses due to war and acts of terrorism, except when these vessels operate in excluded zones, in which case additional war risk insurance is taken out. Those additional premiums are passed to customers. We also maintain protection and indemnity policies for all vessels for third party claims arising from carriage of goods, for claims arising from the operation of owned and chartered vessels including injury or death to crew, passengers or others, for claims arising from collisions, for damage to property of third parties, for pollution arising from oil and other substances and salvage and for other related costs. We do not accept liability with respect to cargoes we carry.

## Audit

Risk based auditing is a process which uses risk and risk control to measure output from the Dockwise risk management framework to cluster risks and to longlist, shortlist and execute audits. Risk based auditing allows us to focus internal and external audits on "real risk areas" and provide recommendations for improvement or change to any desirable enterprise management level within the company. A Dockwise Risk Audit Committee was established in December 2007. This Committee reports to both CEO and Chairman of the Audit Committee. The risk based auditing process is part of Quarterly Risk Consolidation and reporting to the Board of Directors. Risk based audit recommendations to third party auditors will commence throughout 2008.

A comprehensive set of risk management support functions and support systems have been developed and implemented:

- Project Board
- Risk Audit Committee
- Framework of procedures, guidelines and best practises
- Integrated risk management, planning & control cycle
- ColibriWeb: web based risk reporting system
- Calamares: model for quantitative risk analysis
- Risk management KPI dashboard
- Squirrel: assessment of risk management excellence level according to Business Excellence Model

**“INNOVATION KEEPS US GOING, EVERY DAY!”**

Frans Slob, Junior Structural Engineer

# Corporate governance

Dockwise is committed to good corporate governance. To demonstrate this commitment, the Board of Directors of Dockwise adopted a Corporate Governance Policy on 30 July, 2007. The purpose of that policy is to ensure an efficient management and control over the operations of the Dockwise group of companies. To create this efficient management and control Dockwise continuously develops and improves systems for communication, monitoring, accountability and incentives that enhance and maximize corporate profit, long term health, continuity and overall success of the business of the Dockwise Group. Furthermore to this end Dockwise adopted Rules of Procedure for the Board of Directors of Dockwise and an Insider Trading Policy.

Dockwise's Corporate Governance Policy is based on the Bermuda Companies Act, the company's Bye-laws and the corporate governance requirements as set out in the Norwegian Securities Trading Act 2007, the Norwegian Securities Trading Regulations 2007 and Oslo Børs Member Rules. The Norwegian Code of Practice for Corporate Governance (Norsk anbefaling for eierstyring og selskapsledelse, hereinafter the "Code of Practice") applies to Dockwise. In general Dockwise is in compliance with the Code of Practice; sound corporate governance as defined in paragraph 1 of the Code of Practice has been implemented. Where Dockwise is not in full compliance with the Code of Practice this is explained below in the schedule under the heading "Compliance with the Code of Practice".

## Board members' term of office and benefits

### BOARD MEMBERS' TERM OF OFFICE

All members of the Board have been appointed to serve a term ending on the date of Dockwise's annual general meeting in 2009. The term of office for Board members is two years. In the interest of continuity of Board composition, Dockwise aims for a rotation schedule in which half of the Board is (re)appointed in a certain year. To align the rotation schedule with this aim, certain reappointments are scheduled for the annual general meeting in 2008, ahead of termination of terms of office.

### BENEFITS

The remuneration of the Board members is determined by the general meeting 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 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 Senior Managers" below.

## Employment and Severance Agreements of Senior Managers

Unless otherwise terminated, the employment agreement with André Goedée, the Chief Executive Officer terminates on the first day of the month in which he reaches the age of 65. The employment may be terminated by Dockwise with a notice period of six months or by Mr. Goedée with a notice period of three months. In the event of termination of his employment agreement, Mr. Goedée is subject to a non-competition and non-solicitation provision applicable for 12 months after the termination. However, if the employment agreement is terminated by Dockwise for reasons other than for cause, and Dockwise requires Mr. Goedée to be bound by these non-competition and non-solicitation provisions, Mr. Goedée will be entitled to receive compensation equaling 1/12 of his annual gross base salary for each month that the said provisions prohibit him from taking on suitable employment elsewhere. Such compensation is not payable once Mr. Goedée has found alternative employment.

Unless otherwise terminated, the employment agreement with Stefan Malfliet, the Chief Financial Officer terminates on the first day of the month in which he reaches the age of 65. Mr. Malfliet's employment agreement may be terminated by Dockwise with a notice period of six months or by Mr. Malfliet with a notice period of three months. In the event of termination of his employment agreement, Mr. Malfliet is subject the same non competition and non-solicitation provisions described above for Mr. Goedée.

Unless otherwise terminated, the employment agreements for the remaining senior managers will expire on the first day of the months during which these employees reach the age of 65. The employment agreements may be terminated by Dockwise with a notice period of four months or by the employees with a notice period of two months.

## Board Committees

### AUDIT COMMITTEE

The Audit Committee assists the Board in financial reporting, external and internal audits and controls, including preparation and reviewing of 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 audit activities, internal controls and risk management systems. The ultimate responsibility for reviewing and approving Dockwise's annual report and accounts and the half-yearly reports remains with the Board of Directors.

The Audit Committee is composed of three members of the Board who are independent of the management; Mr. Bert Bekker, Mr. Rutger van Slobbe and Mr. Menno Antal.

### REMUNERATION COMMITTEE

The Remuneration Committee assists the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the remuneration of the Chief Executive 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 comprises Mr. Adri Baan and Mr. Rutger van Slobbe (chairman).

## Nomination Committee

The Nomination Committee assists 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 general meeting on such matters. In addition, the Nomination Committee is responsible for making recommendations to the shareholders at the annual general meeting as to remuneration to be paid to Board members.

The Code of Practice provides that members of the Nomination Committee must be independent of management and the majority must be other than Board members of Dockwise.

The Nomination Committee is currently composed of two members: Mr. Menno Antal and Mr. Adri Baan. See further explanation on the deviation from the Code of Practice below in section 7 under "Compliance with the Code of Practice".

## Board and management shareholdings

Members of the Board own shares in Dockwise as follows:

| | |
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| Adri Baan | 20,000 shares |
| André Goedée | 3,208,917 shares |

Executive management, including Chief Executive Officer, own 3.8% of the company's shares through a Dutch-registered Foundation under the name of Stichting Administratiekantoor Dockwise. The Foundation is the legal owner of the shares and issued depositary receipts to the participants. Total holdings of the foundation amount to 5.4%. In addition, certain former shareholders in OKI and ODL, acquired during the year, own shares in Dockwise Ltd. directly. Members of executive management participating in the Foundation are:

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| Stefan Malfliet | 2,662,637 shares |
| Rob Schoenmaker | 1,011,268 shares |
| Herman van Raaphorst | 1,005,888 shares |
| Marco Schut | 1,023,838 shares |

## Compliance with the Code of Practice

| SECTION NO IN CODE OF PRACTICE | PRINCIPLE SET FORTH IN THE CODE OF PRACTICE | DOCKWISE IMPLEMENTATION |
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| 1. Implementation and reporting of Corporate Governance | *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 in accordance with these values.* | Dockwise is committed to good corporate governance and has adopted a Corporate Governance Policy, Rules of Procedure for the Board of Directors and Insider Trading Policy. Compliance with the reporting obligation is made herewith. Dockwise has chosen to use the Code of Practice as last amended 4 December 2007 as the basis of the report.<br><br>**There are no deviations from section 1 of the Code of Practice.** |
| 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 on page 4 of this annual report provides a further description of the business activities, the objectives and strategy of the Company.<br>**There are no deviations from section 2 of the Code of Practice** |
| 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 a clear and predictable dividend policy as the basis for the proposals on dividend payment 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 and 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. At the end of 2007, this ratio was considered by the Board to be an adequate ratio with respect to the risks and the scope of the operations.<br>Dockwise's objective is to yield a competitive return on invested capital to the shareholders through a combination of dividends and increase in share-price. Dockwise's general dividend policy is disclosed in the company's Corporate Governance Policy. Given the level of debt and the projected capital expenditure for the next years, the dividend policy does not allow for payment of any dividend until the year 2009. |

| SECTION NO IN CODE OF PRACTICE | PRINCIPLE SET FORTH IN THE CODE OF PRACTICE | DOCKWISE IMPLEMENTATION |
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| | | The Board is authorized to increase the share capital of the Company or to purchase own shares of the Company for a period limited to the date of the next annual general meeting. Use of the authorization must be within the business purpose of Dockwise. It was not considered appropriate to restrict the use of the authorization further. The natural purpose of a capital increase are an acquisition fitting the strategy of the company or a mending of a structural lack of equity compared to the net debt level of the Company.<br>**There are no deviations from section 3 of the Code of Practice** |
| 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. Any transactions the company carries out in its own shares should be carried out either through the stock exchange 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.* | 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. |
| | *In the event of any not immaterial transactions between the company and shareholders, members of the board of directors, members of the executive management 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 also be arranged in respect of transactions between companies in the same group where any of the companies* | 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.<br><br>Rules and procedures for notification to the Board by Directors and senior management in |

| SECTION NO IN CODE OF PRACTICE | PRINCIPLE SET FORTH IN THE CODE OF PRACTICE | DOCKWISE IMPLEMENTATION |
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| | *involved have minority shareholders. The company should operate guidelines to ensure that members of the board of directors and the executive management notify the board if they have any material direct or indirect interest in any transaction entered into by the company.* | 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.<br><br>**There are no deviations from section 4 of the Code of Practice** |
| 5. Freely negotiable shares | *Shares in listed companies must, in principle, be freely negotiable. Therefore, no form of restriction on negotiability should be included in a company's articles of association.* | The shares in Dockwise are in general 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.<br><br>**The slight deviation from section 5 of the Code of Practice is justified in the best interest of the shareholders** |
| 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:*<br>*– making the notice calling the meeting and* | 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.<br>Pursuant to the Corporate Governance Policy |

| SECTION NO IN CODE OF PRACTICE | PRINCIPLE SET FORTH IN THE CODE OF PRACTICE | DOCKWISE IMPLEMENTATION |
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| | *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, and sending this information to shareholders no later than two weeks prior to the date of the general meeting;*<br>– *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;*<br>– *setting any deadline for shareholders to give notice of their intentions to attend the meeting as close to the date of the meeting as possible;*<br>– *ensuring that shareholders who cannot attend the meeting in person can vote by proxy;*<br>– *ensuring that the members of the Board of Directors and the nomination committee and the auditor are present at the general meeting; and*<br>– *making arrangements to ensure an independent chairman for the general meeting*<br>*The notice calling the general meeting shall provide information on the procedures shareholders must observe in order to participate in and vote at the general meeting. The notice should also set out:*<br>– *the procedure for representation at the meeting through a proxy, including a form to appoint a proxy;*<br>– *the right for shareholders to propose resolutions in respect of matters to be dealt with by the general meeting; and*<br>– *the web pages where the notice calling the* | 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.<br><br>Shareholders who are unable to attend may vote by proxy. Proxy may also be given to the Chief Executive Officer. A proxy form will be attached to the notice of the general meeting.<br><br>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.<br><br>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.<br><br>**There are no deviations from section 6 of the Code of Practice** |

| SECTION NO IN CODE OF PRACTICE | PRINCIPLE SET FORTH IN THE CODE OF PRACTICE | DOCKWISE IMPLEMENTATION |
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| | *meeting and other supporting documents will be made available.*<br>*The company should, at the earliest possible opportunity, make available on its website:*<br>*– information on the right of shareholders to propose matters to be considered by the general meeting;*<br>*– proposals for resolutions to be considered by the general meeting, alternatively comments on matters where no resolution is proposed; and*<br>*– a form for appointing a proxy*<br>*The Board of Directors and the chairman of the general meeting should ensure that the general meeting is given the opportunity to vote separately for each candidate nominated for election to the company's corporate bodies.* | |
| 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 members of the nomination committee should be selected to take into account the interests of the shareholders in general. The majority of the committee should be independent of the board of directors and the executive management. 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 reelection. The nomination committee should not include the company's chief executive or any other representative of the company's* | Dockwise operates a Nomination Committee appointed by the general meeting, see Bye-law 23.4 and page 29 of this annual report.<br><br>Both of the current members of the Nomination Committee are Board members, therefore Dockwise is not in compliance with section 7 of the Code of Practice in this regard. This non-compliance was originated when the independent member of the Nomination Committee became a Board member and was not replaced immediately. Thus, at the annual general meeting of 2008, amendments to the composition will be proposed in order to ensure compliance.<br><br>Further guidelines for the work of the Nomination Committee are set forth in the Corporate Governance Policy of Dockwise.<br><br>**The deviation from section 7 of the Code of Practice relates to a pre-listing situation and** |

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| | *executive management. 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.* | **the Board has proposed that amendments are made to the composition of the Nomination Committee at the annual general meeting in 2008.** |
| 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 interests 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 interests. The majority of the shareholder-elected members of the board should be independent of the company's executive management 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 representatives of the company's executive management. If the board does include members of the executive management, the company should provide an explanation for this and implement consequential adjustment to the organization 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* | Dockwise does not have a corporate assembly as this is not a corporate body under the Bermuda Companies Act.<br><br>The Board of Directors has collective responsibility for the success of the Company. The Board of Directors presently consists of 9 persons, the majority of which is independent from the Executive Management and material business contacts see director profiles on page 8 of this annual report). The requirement as to independence from the company's main shareholders (owning more than 10% of the shares) is also fulfilled. See page 7 of this annual report.<br><br>However, 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 |

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| | *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 shall 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 and capacity of the members of the board of directors and identify which members are considered to be independent. Members of the board of directors should be encouraged to own shares in the company.* | strengthen and ensure adequate procedures regarding certain matters as described above under item 4 "Board Committees", Dockwise operates an Audit Committee and a Remuneration Committee consisting solely of persons being independent of the management.<br><br>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. Dockwise has established Board Committees to help ensure more independent preparation of matters for discussion by the Board.** |
| 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. A deputy chairman should be elected for the purpose of chairing the board in the event that the chairman cannot or should not lead the work of the board. The board of directors should consider appointing board committees in order to help* | 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. The Board currently has not appointed a deputy chairman of the Board. |

| SECTION NO IN CODE OF PRACTICE | PRINCIPLE SET FORTH IN THE CODE OF PRACTICE | DOCKWISE IMPLEMENTATION |
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| | *ensure thorough and independent preparation of matters relating to financial reporting and compensation paid to the members of the executive management. Membership of such sub-committees should be restricted to members of the board who are independent of the company's executive management. 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.* | 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 and a Remuneration Committee, both consisting solely of Directors being independent of the management.<br>**The deviation from section 9 is that currently there is no appointed deputy chairman.** |
| 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 and ethical guidelines. 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.*<br>*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. Please refer to section "Risk management" in this annual report.<br>The Chief Executive Officer and the Chief Financial Officer shall give balanced presentations to the Board at least once per 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 Board focuses on:<br>– changes from previous year's reports;<br>– extent and quality of management procedures for monitoring risks and internal control systems;<br>– extent and frequency of management reporting and quality thereof;<br>– material shortcomings or weaknesses that could impact financial results or standing; and<br>– functionality of reporting procedures.<br><br>The Board is updated on the financial situation of the company in each Board meeting (bi-monthly) and receives monthly Board reports |

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| | | on the financial situation. Board members have free access to executives, employees and books and records of the company. **There are no deviations from section 10 of the Code of Practice.** |
| 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. The annual report should provide information on all remuneration paid to members of the board of directors. Any remuneration in addition to normal directors' fees should be specifically identified.* | The remuneration of the members of the Board 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, see page 118 of this annual report.<br><br>Dockwise has implemented a policy in respect of remuneration of its Board members.<br><br>**There are no deviations from section 11 of the Code of Practice.** |
| 12. Remuneration of the executive management | *The board of directors is required by law to establish guidelines for the remuneration of the members of the executive management. These guidelines are communicated to the annual general meeting. The guidelines for the remuneration of the executive management should set out the main principles applied in determining the salary and other remuneration of the executive management. The guidelines should help to ensure convergence of the financial interests of the executive management and the shareholders. Performance-related remuneration of the* | The Board determines the remuneration of Chief Executive Officer and Chief Financial Officer 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. |

| SECTION NO IN CODE OF PRACTICE | PRINCIPLE SET FORTH IN THE CODE OF PRACTICE | DOCKWISE IMPLEMENTATION |
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| | *executive management in the form of share-options, bonus programmes 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.* | 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.<br>No share-options will be granted to Board members, although such share-options may be granted to the Chief Executive Officer also if he is a Board member.<br>**There are no deviations from section 12 of the Code of Practice**. |
| 13. Information and communications | *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 all 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 website 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.<br>**There are no deviations from section 13 of the Code of Practice.** |
| 14. Take-overs | *The board of directors should establish guiding principles for how it will act in the event of a take-over bid. During the course of a take-over process, the board of directors and management of both the party making the offer* | 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. |

| SECTION NO IN CODE OF PRACTICE | PRINCIPLE SET FORTH IN THE CODE OF PRACTICE | DOCKWISE IMPLEMENTATION |
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| | *and the target company have an independent responsibility to help ensure that shareholders in the target company are treated equally, and that the target company's business activities are not disrupted unnecessarily. The board of the target company 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 resolutions 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 the company's shares, the company's board of directors should issue a statement evaluating the offer and 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, it should explain the background for not making such a recommendation. The board's statement on a bid 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 a board statement. The board should consider whether to arrange a valuation from an independent expert. If any member of the board or executive management or close associates of such individuals or anyone who has recently held such a position is either the bidder or has a particular personal interest in the bid, the board should arrange an* | 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.<br><br>**There are no deviations from section 14 of the Code of Practice.** |

| SECTION NO IN CODE OF PRACTICE | PRINCIPLE SET FORTH IN THE CODE OF PRACTICE | DOCKWISE IMPLEMENTATION |
|---|---|---|
| | *independent valuation in any case. This shall also apply if the bidder is a major shareholder. Any such valuation should be either appended to the board's statement, be reproduced in the statement or be referred to in the 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.* | |
| 15. Auditor | *The auditor should submit the main features of the plan for the audit of the company to the board of directors 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 board of directors 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 Officer 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 should receive annual written confirmation from the auditor that the auditor continues to satisfy the requirements for independence. In addition, the auditor should provide the board with a summary of* | 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 approval and signing of the annual report.<br><br>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.<br><br>**There are no deviations from section 15 of the Code of Practice.** |

| SECTION NO IN CODE OF PRACTICE | PRINCIPLE SET FORTH IN THE CODE OF PRACTICE | DOCKWISE IMPLEMENTATION |
|---|---|---|
| | *all services in addition to audit work that have been undertaken for the company. 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.* | |

# Financial Review

## Preliminary remark: comparative figures

In January 2007 Delphi (a 3i-Funds subsidiary) acquired Dockwise Transport N.V. As Delphi was established in November 2006 there are no relevant comparative figures for the year 2006. In order to facilitate all stakeholders in the financial developments of the new reporting entity the 2006 figures of Dockwise Transport N.V. are presented for information purposes only. The operational performance of both Dockwise Ltd. and Dockwise Transport N.V. is comparable but the legal and capital structures have changed significantly.
The main changes between the Dockwise 2007 and the Dockwise Transport N.V. 2006 figures are:

- Accounting for the acquisition of Dockwise Transport N.V. by Delphi which entailed amongst others:
  - Recognition of fair values for the tangible fixed assets;
  - Recognition of goodwill and other intangibles;
- New finance agreement with a bank consortium.
- Accounting for the merger between Dockwise and Delphi (Reverse acquisition).
- Results of the former Sealift Ltd. are included from 4 May 2007 onwards.
- Results of OKI/ODL are included as of 27 July 2007.

The figures of Dockwise Transport N.V. for the period ended and as at 31 December 2006 are presented for information purposes only.

## Preliminary remark: reporting and functional currency

All amounts mentioned in the Consolidated Financial Statements are stated in thousands of United States Dollars (USD) unless stated otherwise. Dockwise Transport N.V. reports in United States Dollars in view of the concentration of operational revenues and expenditures in this currency. The USD is also the Company's functional currency. Apart from using natural hedges, the Company hedges its transaction exposure versus the Euro in general one year in advance using currency options.

**"I WAS PASSIONATE ABOUT INTRODUCING THE NEW LOGO IN 2007 FOR DOCKWISE BECAUSE IT GAVE US THE OPPORTUNITY TO POSITION OURSELVES AS THE HEAVY LIFT MARKETLEADER WHO REALIZES THE INCONCEIVABLE THROUGH EXCEPTIONAL TRANSPORT MANAGEMENT."**

Jacqueline van den Bergen,
Manager Internal & External Communications

## Revenues

The consolidated revenues in 2007 amounted to USD 290 million (USD 252 million in 2006), an increase of more than 15% compared to 2006.

The increase was primarily due to higher contract values in the heavy lift business, the inclusion of revenues from charter arrangements for Sealift vessels up to conversion (5% or USD 12 million) and the acquisition of OKI and ODL in July 2007 (3% or USD 8 million) offset by the reduction in capacity caused by the accident by the Mighty Servant 3 late 2006 (11% or USD 27 million).

The accident with the Mighty Servant 3 reduced the revenues due to the loss of transportation capacity. In addition it decreased property, plant and equipment by USD 26.7 million while increasing our trade and other receivables by the same amount. A receivable of USD 25.3 million has been recognized relating to receivables from the escrow-account established by the former owners of Dockwise. Cash payments from this escrow account are deducted from the receivables. Currently the Mighty Servant 3 is in repair and expected to return in service by the end of 2008. In relation to this repair Dockwise has prepaid an amount of USD 25.1 million which is receivable on insurance or from former owners.

| | YEAR 2007 IN USD MILLIONS | PERCENTAGE OF REVENUES | YEAR 2006 IN USD MILLIONS | PERCENTAGE OF REVENUES |
|---|---|---|---|---|
| T&I, Offshore and Onshore | 73 | 25% | 58 | 23% |
| Rigs, Military, P&MI, various | 176 | 61% | 152 | 60% |
| **Heavy lift** | **249** | **86%** | **210** | **83%** |
| **Yacht transport** | **41** | **14%** | **42** | **17%** |
| **TOTAL** | **290** | **100%** | **252** | **100%** |

Revenue order book represents the aggregate value of our signed contracts less revenue recognized from those contracts. The order book only includes signed contracts and letters of intent related to our heavy lift business, including any transportation and installation contracts. As at 31 December 2007 we had revenue order book of USD 233 million contracts to be executed during 2008 and thereafter. This order book helps to provide us with visibility with respect to future earnings. However of equal importance in the period under review has been our ability to anticipate the possible magnitude of future demand because of the long lead-times before a contract can be executed. The order book is monitored on a monthly basis.

## Expenses

Total project related expenses in 2007 increased with USD 14 million to USD 91 million compared to 2006. USD 6 million thereof relates to the acquisition of ODL and OKI. The increase was besides this mainly driven by increases in materials costs (gas, oil, lubricants) and management costs (port calls, commissions, canal passages).

Vessel operating expenses in 2007 increased with USD 2 million to USD 41 million compared to 2006. The most important contributions to this cost increase came from insurance costs and were offset by costs of phasing out of Dutch crew.

Total selling, general and administration expenses (SG&A) increased by USD 19 million to USD 54 million compared to 2006. The main reasons for this increase were IPO related costs, consultants fees and bonus and redundancy payments related to the merger with Sealift, the IPO and payroll increase (due to setting up a project-organization). Furthermore sales related costs as business development and logo-change.

## Income

Net Charter Income NCI consequently came out at USD 199 million compared to USD 176 million in 2006, an increase of 13%.

The results of 2007 were affected by several non-recurring items. Adjusted EBITDA increased by USD 39 million to USD 141 million in a year which saw the Company engaged in substantial non-operational change. This is including the MS3 escrow account and excluding USD 11 million deal related expenses. The increase in EBITDA was mainly driven by higher revenues of USD 38 million (excluding escrow related to MS3 of USD 26 million).

## Tax

Dockwise, for the majority of its operations, is subject to the Dutch tonnage tax regime. Consequence hereof is a tax assessment on a dead weight tonnage capacity of the fleet. The tax tonnage regime does not apply to operating results generated for providing services that fall out of the scope of heavy lift services. Furthermore such services may be subject to tax in the jurisdictions in which those services are provided. In 2007 the total tax amounted to USD 0.9 million (USD 0.7 million in 2006). As a percentage this equals approximately 1% of net result before income tax.

## EVA

Net Operating Profit After Taxes (NOPAT) amounted to USD 107 million, while the profit after tax for the year resulted in a loss of USD 75 million. The Weighted Average Cost of Capital WACC in 2007 came in at 9.1%. Economic Value Added (EVA) for the whole of 2007 amounted to USD 1.8 million negative.

## Depreciation, amortization and capital expenditure

Depreciation increased from USD 34 million in 2006 to USD 46 million in 2007. This was mainly due to Sealift vessels and higher depreciation due to revaluation of Dockwise vessels following the buy-out by 3i.

Amortization in 2007 amounted to USD 37 million (zero in 2006) consisting of USD 34 million backlog amortization and USD 3 million amortization of customer relations and technology.

**"WE SEE A CONSTANT GROWING DEMAND FOR YACHT TRANSPORT, AS OVER THE LAST TEN YEARS THE NEW BUILD ORDERS FOR YACHTS HAVE INCREASED BY 230%, SHOWING NO SIGNS OF WEAKENINGS."**

Clemens van der Werf, President DYT

Capital expenditure for 2007 totals USD 87 million (USD 45 million in 2006). This is comprised of USD 20 million Survey & Docking, USD 7 million Life Time Extension, USD 53 million investment in new vessels and conversions and USD 7 million non vessel related expenses.

## Financing and cashflow

With the acquisition of Dockwise Transport N.V. by Delphi, the Company became leveraged. Debt in 2007 increased to USD 938 resulting in net financing costs of USD 96 million (including USD 12 million prepayment penalties and write-offs on capitalized loan fees) compared to USD 6 million in 2006.

Current debt arrangements are satisfactory while the Company remains alert to opportunities for refinancing. We always seek to optimize our cost of capital. Bank facility arrangements are based on key financial covenant ratio's:

- Consolidated cashflow/net debt service
- Consolidated EBITDA/net finance charges
- Consolidated net debt/EBITDA
- CAPEX

## Management outlook for 2008

Global spending by oil companies is expected to increase substantially in the years to come. Current levels of drilling are still insufficient to turnaround the trend of declining reserves. This trend in the exploration market has also a positive effect on the offshore development market, where current facilities are getting older and there is limited equipment and human resource capacity available to be able to execute all projects in the near term. Therefore, we already see trends of phasing these projects over a longer term beyond 2010, without hampering medium-term demand. In addition, large industrial onshore developments are prolonging the market visibility even further.

As such, the fundamental drivers of the different market segments in which Dockwise operates continue to be strong. Given proven track records in each of these segments and Dockwise's strategic orientation towards the more highly value added and complex projects, Dockwise is ideally positioned to take advantage of these growth opportunities.

The total Capex-commitment for 2008 will amount to up to USD 240 million (total investment program 2007 amounted to USD 908 million based on enterprise values of Sealift and OKI/ODL). These investments are mainly related to the finalization of the fleet expansion started in 2007. A detailed schedule of when vessels are expected to come on line is presented on page 19 of this annual report. This total amount of investment can be broken down into:

- Approximately USD 20 million for Survey and Docking for the entire fleet of vessels
- USD 80 million for the last installment to Frontline of USD 40 million each regarding the purchase of the Treasure and the Talisman
- Approximately USD 100 million for the conversion of the Trustee and Triumph
- Approximately USD 20 million in the Life Time Extension Project for the entire fleet
- Approximately USD 20 million in project and office related investments

These efforts will be complemented by further growing the global footprint of Dockwise Companies in order to get closer to the customer and becoming involved much earlier in the decision making process for large projects. Dockwise expects to open additional offices as well as growing our Human resource capacity and capabilities across the existing offices. All these offices primarily have a commercial orientation, whereas the medium-term goal is to complement this with engineering, operational and project management expertise.

Ultimately, all these investments are aimed at improving the competitive position of Dockwise in both the existing core business and the new growth areas of onshore industrial projects and offshore installation.

## Financial Outlook 2008

- Depreciation and amortization charges will be approximately USD 80 million
- Total net interest expenses are expected to be around USD 85 million. 70-80% of our interest exposure on debt is hedged at an average LIBOR of 5.05%
- Backlog is strong at USD 233 million
- Taxes are driven largely by the Bermuda tax regime as well as Dutch tonnage tax regime
- The strong fundamentals of the different market segments, the high level of backlog, the expertise available in the Company to handle the scheduling of the significantly increased fleet, the access to different market segments through our global footprint and the project execution track record, reinforce management's belief that, in 2008, revenue is expected to be around USD 500 million with an expected Adjusted EBITDA margin broadly in line with 2007.

**"INNOVATION IS NOT ALWAYS ABOUT NEW TECHNIQUES; IT IS ALSO ABOUT THE WAY YOU SERVE YOUR INTERNAL CLIENTS TO MAKE THEM SERVE THEIR CLIENTS WITHOUT HASSLE."**

Annemiek ten Cate, Receptionist

# Share information

## Capital

The authorized share capital of Dockwise is USD 500,000,000 divided into 500,000,000 ordinary shares of par value USD 1.00 each. Thereof 229,755,438 ordinary shares have been issued and are all listed under the symbol DOCK on the Oslo Stock Exchange with reference OSE10101020 oil&gas equipment and services. The shares are registered in the Norwegian Central Securities Depositary under ISIN number BMG2786A 1062. Date of first listing was October 2nd 2007 at a price of 25 NoK and a first quotation of 25.30 NoK. At this occasion 18,392,300 new shares were issued.
Dockwise did not issue any preference shares.

## Dividend

The dividend policy of Dockwise does not forsee any dividend payment until 2009. Eventual future payments will be related to results, capital requirements, financial condition and the prospects of Dockwise.

## Share distribution

According to the information available per 31 December 2007 the following shareholders hold a major (5% or larger) stake in Dockwise:

| NAME | CAPITAL INTEREST | VOTING POWER |
|---|---|---|
| 3i Investments Plc | 60,264,626 | 26.2% |
| Stichting Administratie-kantoor Dockwise (Dockwise management) | 12,293,483 | 5.4% |

The 229,755,438 listed shares in Dockwise were end of 2007 spread over almost 450 shareholders, the 10 largest together holding approximately 43% of issued capital.

### LOCK-UP PERIOD

Both 3i and Stichting Administratiekantoor Dockwise have agreed to a lock-up period of respectively 90 and 270 days after 2 October 2007 (day of first trading). Therefore the lock-up period for 3i expired on 31 December 2007 and for the Stichting Administratiekantoor Dockwise this will expire on 28 June 2007.

## Fair disclosure

Dockwise applies a disclosure-policy aiming immediate, widespread and clear communication on issues that can affect the decision of investors to invest or divest in the Company.
In this policy, all shareholders are treated equal. The policy foresees in a possibility to qualify as an Insider, once aware of price-sensitive information before this is published. Insiders commit themselves to strict trading-regulations including amongst others closed periods around public financial- or trading statements. Insiders are only allowed to trade shares immediately after public statements have been made and assuming there is at that moment no other undisclosed price-sensitive information.

## Analyst followers

In 2007 four sell-side analysts initiated coverage on Dockwise.

| BROKER FIRM | NAME ANALYST | NATIONALITY | RECOMMENDATION 31 DEC. 2007 |
|---|---|---|---|
| Lehman brothers | Mick Pickup +44 20 7102 1414 | United Kingdom | Buy |
| Carnegie | Frederik Lunde +47 2200 9379 | Norway | Buy |
| Simmons & co | Stephen Williams +44 20 7053 1000 | United Kingdom | Buy |
| Pareto | Rolf Kristiansen +47 2287 8746 | Norway | Buy |
| Fearnley | Kjell Eilertsen +47 2293 6388 | Norway | Sell |

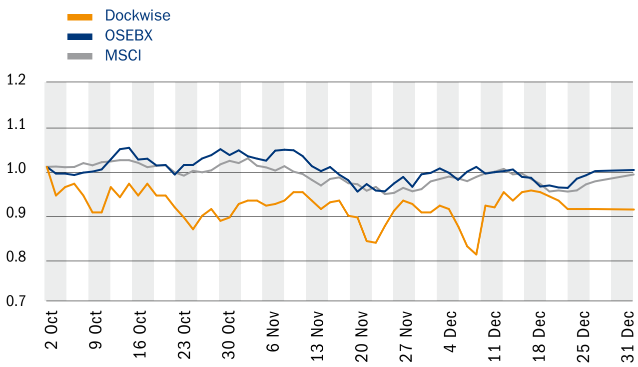
## Performance of Dockwise per share

based on an average number of issued shares.

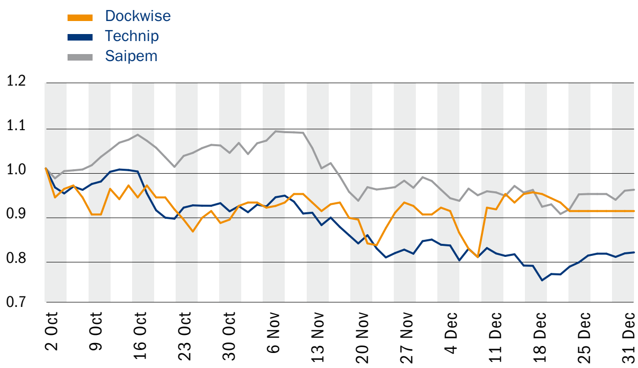
| | 2007 |
|---|---|
| Adjusted profit after tax | USD 0.04 |
| Operating cash flow | USD 0.11 |
| Lowest price | NoK 20.10 |
| Highest price | NoK 25.30 |

## Share price performance

Relative to the OSEBX and MSCI world indexes, the Dockwise shares showed the following performance:




Relative to Technip and Saipem, the Dockwise shares showed the following performance:




## Investor Contact

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"NOT ONLY DO WE TRANSPORT YOUR CARGO FROM A TO B BUT WE WANT YOU TO ENJOY A HASSLE FREE TRIP AND THAT'S WHY WE EXTEND OUR SCOPE; TO SERVE YOU!"

Marten Dresen, Sales Manager

# EXCEPTIONAL TRANSPORT MANAGEMENT

**Cover**
Transshelf arrived in Corpus Christi just before New Year's 2008. Within 24 hours after arrival of the rig, it was safe on Transshelf's deck. The discharging operation went fast and smooth as well; within 24 hours after the vessel's arrival in Rio de Janeiro, the rig was safely redelivered to the client.

**Page 52-53**
A Dockwise crew member is welding a standard seafastening.

**Page 54-55**
Dockwise Shipping B.V. transported 3 jack-up rigs with a total weight of 30.500 tons from Pascagoula, USA to Sharjah, UAE in one single voyage with the Black Marlin from 6 January until 25 February, 2006.

**Page 56-57**
The Black Marlin loaded the 18,000 tons East Area fully integrated GN production deck at the Samsung Heavy Industries yard by skidding the unit over the starboard side of the vessel. After a voyage of 39 days the Black Marlin successfully installed the GN-deck onto a pre-installed jacket in the East Area field offshore Nigeria.

**Page 58-59**
Dockwise crew is cleaning the mud of the anchor chain while anchor is retrieved.

**Page 60-61**
The Diana Spar was transported in two Main Sections from Pori, Finland to Ingleside, TX. Main Section 1 was transported by the Transshelf, Main Section 2 was transported by the Mighty Servant 1 (photograph). Both sections were loaded by skid-on and discharged by float-off. Main Section 2 had a diameter of 37.186 m, a length of 88.142 m and a weight of 17,855 mt.

SINGAPORE
1°18'19.43''N
103°57'05.06''E

A DOCKWISE CREW MEMBER IS WELDING A STANDARD SEAFASTENING


DOCKWISE
BLACK MARLIN


SHARJAH UAE
25°21'50.68''N
55°25'03.58''E
TRANSPORT OF
3 JACK-UP RIGS
IN ONE SINGLE
VOYAGE WITH THE
BLACK MARLIN

NIGERIA
34°54'10.29"N
128°35'50.34"E

SKIDDING THE UNIT
OVER THE STARBOARD
SIDE OF THE VESSEL

SINGAPORE
1°18’19.43’’N
103°57’05.06’’E

CLEANING MUD OF
THE ANCHOR CHAIN

INGLESIDE, TX
27°49'30,33'' N
97°13'33.98'' W

THE DIANA SPAR WAS
LOADED BY SKID-ON
AND DISCHARGED
BY FLOAT-OFF

CONSIDER IT DONE

# CONSOLIDATED FINANCIAL STATEMENTS

# CONSOLIDATED INCOME STATEMENT

| FOR THE YEAR ENDED 31 DECEMBER 2007<br>(× USD 1,000) | NOTE | DOCKWISE<br>2007 | DOCKWISE TRANSPORT<br>2006* |
|---|---|---|---|
| Revenue | 7 | 290,139 | 252,099 |
| Direct costs | 8 | (214,685) | (149,990) |
| **GROSS PROFIT** | | **75,454** | **102,109** |
| Administrative expenses | 9 | (53,966) | (34,780) |
| **PROFIT FROM OPERATIONS** | 5 | **21,488** | **67,329** |
| Financial income | | 5,567 | 1,189 |
| Financial expense | | (101,963) | (7,326) |
| **NET FINANCING COSTS** | 11 | **(96,396)** | **(6,137)** |
| **PROFIT / (LOSS) BEFORE INCOME TAX** | | **(74,908)** | **61,192** |
| Income tax expense | 12 | (865) | (697) |
| **PROFIT / (LOSS) FOR THE PERIOD** | 5 | **(75,773)** | **60,495** |
| **ATTRIBUTABLE TO:** | | | |
| Equity holders of the Company | | (75,773) | 60,495 |
| **PROFIT / (LOSS) FOR THE PERIOD** | 5 | **(75,773)** | **60,495** |
| **EARNINGS PER SHARE:** | | | |
| Basic earnings per share (× USD 1) | 20 | (0.434) | |
| Diluted earnings per share (× USD 1) | 20 | (0.434) | |

* For information purposes only

# CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSE

| FOR THE YEAR ENDED 31 DECEMBER 2007<br>(× USD 1,000) | NOTE | DOCKWISE 2007 | DOCKWISE TRANSPORT 2006* |
|---|---|---|---|
| **CASH FLOW HEDGES:** | | | |
| Effective portion of changes in fair value | 19 | (20,612) | 716 |
| **INCOME AND EXPENSE RECOGNIZED DIRECTLY IN EQUITY** | | **(20,612)** | **716** |
| Profit / (Loss) for the period | | (75,773) | 60,495 |
| **TOTAL RECOGNIZED INCOME AND EXPENSE FOR THE PERIOD** | 19 | **(96,385)** | **61,211** |
| **ATTRIBUTABLE TO:** | | | |
| Equity holders of the Company | | (96,385) | 61,211 |
| **TOTAL RECOGNIZED INCOME AND EXPENSE FOR THE PERIOD** | 19 | **(96,385)** | **61,211** |

* For information purposes only

# CONSOLIDATED BALANCE SHEET

| AS AT 31 DECEMBER 2007<br>(× USD 1,000) | NOTE | DOCKWISE<br>31 DEC 2007 | DOCKWISE TRANSPORT<br>31 DEC 2006* |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 13 | 837,582 | 295,403 |
| Intangible assets | 14 | 614,753 | 539 |
| Employee benefits | 15 | 1,076 | 819 |
| | | **1,453,411** | **296,761** |
| **CURRENT ASSETS** | | | |
| Inventories | 16 | 15,398 | 8,364 |
| Trade and other receivables | 17 | 118,888 | 32,466 |
| Cash and cash equivalents | 18 | 15,494 | 34,783 |
| | | **149,780** | **75,613** |
| **TOTAL ASSETS** | 5 | **1,603,191** | **372,374** |
| **EQUITY** | | | |
| **CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY** | | | |
| Issued share capital | | 229,755 | 59 |
| Share premium | | 420,580 | 161,097 |
| Other reserves | | (20,612) | 96 |
| Retained earnings | | - | 28,101 |
| Unappropriated result | | (75,773) | 20,482 |
| **TOTAL EQUITY** | 19 | **553,950** | **209,835** |
| **LIABILITIES** | | | |
| **NON-CURRENT LIABILITIES** | | | |
| Non-current interest-bearing borrowings | 21 | 917,841 | - |
| | | **917,841** | **-** |
| **CURRENT LIABILITIES** | | | |
| Current maturities of interest-bearing borrowings | 21 | 20,000 | 97,625 |
| Trade and other payables | 23 | 108,532 | 59,228 |
| Income tax liabilities | 12 | 574 | 676 |
| Provisions | 22 | 2,294 | 5,010 |
| | | **131,400** | **162,539** |
| **TOTAL LIABILITIES** | 5 | **1,049,241** | **162,539** |
| **TOTAL EQUITY AND LIABILITIES** | | **1,603,191** | **372,374** |

* For information purposes only

# CONSOLIDATED STATEMENT OF CASH FLOWS

| FOR THE YEAR ENDED 31 DECEMBER 2007<br>(× USD 1,000) | NOTE | DOCKWISE<br>2007 | DOCKWISE TRANSPORT<br>2006* |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit from operations before tax | | 21,488 | 67,329 |
| Adjustments for: | | | |
| - Depreciation property, plant and equipment | 13 | 46,379 | 34,255 |
| - Amortization intangible assets | 14 | 36,671 | 263 |
| - Decrease / (Increase) employee benefits assets | 15 | (670) | (590) |
| **OPERATING CASH FLOW BEFORE MOVEMENTS IN WORKING CAPITAL** | | **103,868** | **101,257** |
| Decrease / (Increase) inventories | 16 | (4,828) | (636) |
| Decrease / (Increase) work in progress | 23 | 8,336 | (7,239) |
| Decrease / (Increase) current receivables | 17 | 1,923 | 7,111 |
| (Decrease) / Increase current liabilities | 23 | 1,840 | 22,701 |
| (Decrease) / Increase in provisions | | (2.716) | - |
| **CASH GENERATED BY OPERATIONS** | | **108,423** | **123,194** |
| Interest (paid) / received | | (88,339) | (6,137) |
| Income tax paid | | (967) | - |
| | | **(89,306)** | **(6,137)** |
| **NET CASH GENERATED FROM OPERATING ACTIVITIES** | | **19,117** | **117,057** |
| **INVESTING ACTIVITIES** | | | |
| Acquisition of intangible assets | 14 | (484) | (150) |
| Acquisition of property, plant and equipment | 13 | (86,565) | (44,556) |
| Acquisition of financial fixed assets (net of cash acquired) | 6 | (699,023) | - |
| Proceeds from disposal of fixed assets | 13 | - | 233 |
| **NET CASH USED IN INVESTING ACTIVITIES** | | **(786,072)** | **(44,473)** |
| **FINANCING ACTIVITIES** | | | |
| New loan facilities and Delphi shareholders' loan net of bank fees | 21 | 1,351,679 | - |
| Repayment of borrowings | 21 | (750,733) | (21,100) |
| Share issue | 19 | 176,413 | - |
| Issue of Delphi convertible bonds | 19 | 5,090 | - |
| Dividend | 19 | - | (53,617) |
| **NET CASH FROM (USED IN) FINANCING ACTIVITIES** | | **782,449** | **(74,717)** |
| **NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS** | | **15,494** | **(2,133)** |
| Cash and cash equivalents at beginning of the year | | - | 36,916 |
| **CASH AND CASH EQUIVALENTS AT END OF THE YEAR** | 18 | **15,494** | **34,783** |

* For information purposes only

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. Reporting entity

Dockwise Ltd. (the "Company" or "Dockwise") is a company domiciled in Bermuda and is listed at the Oslo Stock Exchange (OSE). The Consolidated Financial Statements of Dockwise as at and for the year ended 31 December 2007 comprise Dockwise and its subsidiaries (together referred to as the "Group"). The Dockwise Group of companies is one of the world's leading integrated heavy lift services providers. With the acquisition of Offshore Kinematics Inc. (OKI) and Ocean Dynamics LLC (ODL) Dockwise acquired experienced engineering and project managers in the installation of offshore modules, specifically float-overs.

### Company structure / Reverse acquisition

Dockwise (at that time known as Sealift Ltd.) was established on 11 January 2007. On 4 May 2007 Dockwise legally acquired Delphi Acquisition Holding S.A. (further referred to as Delphi), then parent (through intermediate holding companies) of Dockwise Transport N.V.. From an accounting perspective, this acquisition constitutes a "reverse acquisition" under IFRS. Consequently:

- Although Dockwise is the reporting entity for these Consolidated Financial Statements, these must be regarded as a continuation of the Consolidated Financial Statements of Delphi (i.e. the acquirer for accounting purposes). As a consequence, these Consolidated Financial Statements comprise the period from 1 January until 31 December 2007.
- The financial information in these Consolidated Financial Statements comprises the consolidated results of operations of Delphi for the year 2007, which includes the results of the former Sealift Ltd. from 4 May 2007 onwards.

Early January, Delphi acquired (through intermediate holding companies) all shares of Dockwise Transport N.V. from the former shareholders Heerema Group (76%) and Wilhelm Wilhelmsen ASA (24%). The acquisition of Dockwise Transport N.V. by Delphi has been accounted for in these Consolidated Financial Statements as from 1 January 2007.

On 27 July 2007 Dockwise acquired OKI and ODL. This acquisition is included in these Consolidated Financial Statements as from 1 August 2007.

Dockwise Transport N.V. was the reporting entity for the consolidated financial statements 2006, which are available upon request from Dockwise Transport N.V.'s registered office at Breda, The Netherlands.

## 2. Basis of preparation

### A. STATEMENT OF COMPLIANCE

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

The financial statements were approved and authorized for issue by the Board of Directors on 27 February 2008.

### B. BASIS OF MEASUREMENT

The Consolidated Financial Statements have been prepared on the historical cost basis, except that derivative financial instruments and plan assets of defined benefit pension plans are valued at fair value.

The methods used to measure fair values are discussed further in note 4.

### C. FUNCTIONAL AND PRESENTATION CURRENCY

Dockwise reports in United States Dollars (USD) in view of the concentration of operational revenues and expenditures in this currency. The USD is also Dockwise's functional currency. Apart from using natural hedges, Dockwise hedges its transaction exposure versus the Euro in general 12 months in advance using forward contracts and zero cost collar options. All financial information is presented in thousands of USD unless stated otherwise, and has been rounded to the nearest thousand.

### 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 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.

Judgments made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 30.

## 3. Significant accounting policies

The accounting policies set out below have been applied as at and for the period ending 31 December 2007 presented in these Consolidated Financial Statements and have been applied consistently by Group entities. The accounting principles as applied in the annual accounts of Dockwise Transport N.V. 2006 have been applied to the financial figures 2006, included for information purposes only in these Consolidated Financial Statements.

*Comparative figures*

As Delphi was established in November 2006 and Sealift Ltd. was established on 11 January 2007 there are no relevant comparative figures for the year 2006. The balance sheet as at 31 December 2006 of Delphi consisted of cash and cash equivalents amounting to Euro 13 thousand, a 100% participation in Delphi Acquisition Holding I BV for an amount of Euro 18 thousand and issued and fully paid share capital of Euro 31 thousand. In order to facilitate all stakeholders in the financial developments of Dockwise the 2006 figures of Dockwise Transport N.V. ("Dockwise Transport") are presented for information purposes only. The operational performance of both Dockwise and Dockwise Transport N.V. is comparable but the legal and capital structures are significantly different.
The main changes between the Dockwise 2007 and the Dockwise Transport N.V. 2006 figures are:

- Accounting for the acquisition of Dockwise Transport N.V. by Delphi which entailed amongst others:
  - Recognition of fair values for the tangible fixed assets;
  - Recognition of goodwill and other intangibles;
- New finance agreement with a bank consortium.
- Accounting for the merger between Dockwise and Delphi (Reverse acquisition).
- Results of the former Sealift Ltd. are included from 4 May 2007 onwards.
- Results of OKI and ODL are included from 1 August 2007 onwards.

### 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 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. Derivative financial instruments are recognized initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss. 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 / from retained earnings.

## D. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise the following categories:

- Heavy transport and other vessels;
- Other operating assets;
- Assets not in use;
- Assets under construction.

All items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see accounting policy I "Impairment"). Cost includes expenditure that is directly attributable to the acquisition of an asset. Depreciation is charged to the income statement on a straightline 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. Borrowing costs related to the acquisition or construction of qualifying assets are recognized in the income statement as incurred.

*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 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 |

*Other operating assets*

Other operating assets consist mainly of computer equipment and sea fastening equipment, as far as the life cycle is more than 1 year. 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 not in use*

Assets not in use are valued at cost less accumulated depreciation and impairment losses if any.

*Assets under construction*

Assets under construction are valued at cost. 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;
- Trade names;
- Customer relationships;
- Backlog;
- Technology;
- Computer software.

Intangible assets are only capitalized, if they are acquired by the Group from third parties. All intangible assets are stated at cost less accumulated amortization (except goodwill and trade names) and impairment losses (see accounting policy I, “Impairment”).
Expenditure on internally generated goodwill and brands is recognized in the income statement as an expense as incurred.

*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 I, “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 Dockwise Heavy Transport as this business combination is completely for the benefit of the Heavy Transport activities.

*Trade names*

The trade names of the above-mentioned CGU’s and OKI and ODL were acquired in 2007. The capitalized trade names have an infinite useful life and are therefore not amortized. They are tested annually for impairment (see accounting policy I, “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 10 years and impairment losses (see accounting policy I, “Impairment”).

*Backlog*

The backlog of the above mentioned CGU’s and OKI and ODL were acquired in 2007. Backlog is shown at cost less accumulated amortization and impairment losses (see accounting policy I, “Impairment”). The backlog of Dockwise Heavy Transport and OKI / ODL is amortized in line with the realization of the contracts included in the backlog. The backlog of Dockwise Yacht Transport is amortized in 1 year on a straight-line basis.

*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 I, “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. 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 plan 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 Group currently does not have a share based payment plan. Prior to the acquisition of Dockwise Transport N.V. and Sealift Ltd.:

- Management and key-employees of Dockwise Transport N.V. were able to buy Delphi shares as part of the buy-out by 3i Funds ("3i") based on a management participation agreement between 3i and the managers and key-employees. As a result management and key-employees currently hold 12,293,478 shares through "Stichting Administratiekantoor Dockwise".
- Management and employees of Sealift Ltd. participated in an option plan. The subject options were either exercised or replaced with bonus payments as part of the reversed acquisition.

As part of the OKI and ODL transaction management and key-employees of these two companies received 6,891,347 shares.

## G. 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.

## H. 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 amounts capitalized less advance payments received is either recognized in other receivables (positive balance), or in current liabilities (negative balance).

### I. 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 G, "Inventories"), assets arising from employee benefits (see accounting policy F, "Employee benefits") and deferred tax assets (see accounting policy N, "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 recoverable amount is estimated at each reporting date.

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.

### J. CAPITAL AND RESERVES

The capital and reserves of the Group consist of:

- Issued share capital;
- Share premium;
- Hedging reserve;
- Retained earnings;
- Unappropriated result.

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

### K. INTEREST-BEARING BORROWINGS

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

### L. 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 Project Management based on the time spent on projects.

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

### M. EXPENSES

*Foreign exchange differences*

Foreign exchange gains and losses are allocated to the relevant line items in the Consolidated Income Statement being “Direct costs” and “Administrative expenses”.

*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 financing costs*

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, dividend income and results on settlement of hedging instruments (derivatives). 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” which ever is relevant.

### N. 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.

### O. 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. At 31 December 2007 there were no dilutive potential ordinary shares.

### P. 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.

## Q. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2007, and have not been applied in preparing these consolidated financial statements:

- IFRS 8 *Operating Segments* introduces the "management approach" to segment reporting. IFRS 8, which becomes mandatory for the Group's 2009 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. Currently the Group presents segment information in respect of its business segments (see note 5). It is expected that under the management approach, the Group will continue to present segment information in respect of Dockwise Heavy Transport and Dockwise Yacht Transport.
- Revised IAS 23 *Borrowing Costs* removes the option to expense borrowing costs and requires that an entity capitalizes borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised IAS 23 will become mandatory for the Group's 2009 financial statements and will constitute a change in accounting policy for the Group. In accordance with the transitional provisions the Group will apply the revised IAS 23 to qualifying assets for which capitalization of borrowing costs commences on or after the effective date.
- IAS 1 Presentation of Financial Statement (revised). There have been a few revisions in IAS 1 as part of the IASB's improvement project. The revisions mainly concern the presentation of changes in equity, in which changes as a result of transactions with shareholders should be presented separately and for which a different format for the overview of the other changes in equity can be selected. Furthermore, on restatement of the comparative figures, an opening balance sheet should also be included for the comparative period. These revisions to IAS1 are not expected to have a material impact on the Consolidated Financial statements.
- IFRS 3 / IAS 27. IFRS, and consequently IAS 27, has been revised in several areas. Main changes relate to the recognition of minority interests, step acquisitions and changed interests. In addition a major change relates to acquisition costs which can no longer be included in goodwill, but have to be expensed. The impact on the Consolidated Financial Statements will depend on possible future events.
- IFRIC 11 IFRS 2 - *Group and Treasury Share Transactions* requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity

instruments are obtained. IFRIC 11 will become mandatory for the Group's 2008 financial statements, with retrospective application required. It is not expected to have any impact on the Consolidated Financial Statements. As set out in note 3F, the Group currently does not have a share based payment plan.

- IFRIC 12 *Service Concession Arrangements* provides guidance on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements IFRIC 12, which becomes mandatory for the Group's 2008 financial statements, is not expected to have any effect on the Consolidated Financial Statements.
- IFRIC 13 *Customer Loyalty Programs* addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programs for their customers. It relates to customer loyalty programs under which the customer can redeem credits for awards such as free or discounted goods or services. IFRIC 13, which becomes mandatory for the Group's 2009 financial statements, is not expected to have any impact on the Consolidated Financial Statements
- IFRIC 14 / *IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on the impact of minimum funding requirements (MFR) on such assets it also addresses when a MFR might give rise to a liability. IFRIC 14 will become mandatory for the Group's 2008 financial statements, with retrospective application required. The Group has not yet determined the potential effect of the interpretation.

It should be noted that not all above new IFRS standards and interpretations have been endorsed by the EU.

## 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 that assets or liability.

*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 fixed assets*

The fair value of trade names acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the trade name 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.

*Inventory*

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.

*Non-derivative financial liabilities*

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principle 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.

## 5. Segment reporting

### BUSINESS SEGMENTS

The Group comprises the following business segments:

- Dockwise Heavy Lift (DHL). This segment focuses on the marine heavy transport market (transport and offshore installation)
- Dockwise Yacht Transport (DYT). This segment focuses on the transportation of all types of yachts.

### GEOGRAPHICAL SEGMENTS

As the Group's customers are spread over the world and the project locations are not bound to specific geographical areas for individual customers, the Group has no segments in geographical areas.

In the table below the segmental information for the years 2007 and 2006 is presented for Dockwise Heavy Lift (DHL) and Dockwise Yacht Transport (DYT).

| | HEAVY LIFT | | YACHT TRANSPORT | | ELIMINATIONS | | CONSOLIDATED | |
|---|---|---|---|---|---|---|---|---|
| (x USD 1,000) | DOCKWISE 2007 | DOCKWISE TRANSPORT 2006 * | DOCKWISE 2007 | DOCKWISE TRANSPORT 2006 * | DOCKWISE 2007 | DOCKWISE TRANSPORT 2006 * | DOCKWISE 2007 | DOCKWISE TRANSPORT 2006 * |
| Total external revenues | 248,970 | 210,260 | 41,169 | 41,839 | - | - | 290,139 | 252,099 |
| Intersegment revenue | - | - | - | - | - | - | - | - |
| Total segment revenue | 248,970 | 210,260 | 41,169 | 41,839 | - | - | 290,139 | 252,099 |
| Results from operating activities | 23,079 | 63,018 | (1,591) | 4,311 | - | - | 21,488 | 67,329 |
| Net financing costs | | | | | | | (96,396) | (6,137) |
| Income tax expense | | | | | | | (865) | (697) |
| Profit / (Loss) for the period | | | | | | | (75,773) | 60,495 |

* For information purposes only

| | HEAVY LIFT | | YACHT TRANSPORT | | ELIMINATIONS | | CONSOLIDATED | |
|---|---|---|---|---|---|---|---|---|
| (x USD 1,000) | DOCKWISE 2007 | DOCKWISE TRANSPORT 2006 * | DOCKWISE 2007 | DOCKWISE TRANSPORT 2006 * | DOCKWISE 2007 | DOCKWISE TRANSPORT 2006 * | DOCKWISE 2007 | DOCKWISE TRANSPORT 2006 * |
| Segment assets | 1,497,262 | 360,147 | 161,681 | 21,493 | (55,752) | (9,266) | 1,603,191 | 372,374 |
| Segment liabilities | 830,503 | 133,102 | 162,986 | 20,171 | 55,752 | 9,266 | 1,049,241 | 162,539 |
| Capital expenditure | 55,655 | 6,206 | 31,394 | 38,500 | - | - | 87,049 | 44,706 |
| Depreciation | 39,022 | 29,831 | 7,357 | 4,424 | - | - | 46,379 | 34,255 |
| Amortization of intangible assets | 33,977 | 263 | 2,694 | - | - | - | 36,671 | 263 |

* For information purposes only

## 6. Business combinations

In 2007 Dockwise Transport N.V. as well as OKI and ODL were acquired and Sealift Ltd. was acquired by means of a reverse acquisition. The assets of Sealift Ltd. are fully integrated in the Group and its liabilities were refinanced for which reason the contribution to the profit is impracticable to calculate. In the five months to 31 December 2007 OKI and ODL contributed a net profit of USD 593. The figures presented in these Consolidated Financial Statements largely present the operational performance of Dockwise Transport N.V., including the before mentioned effects.

*A. Acquisition of Dockwise Transport N.V.*

Early 2007 Delphi Acquisition Holding S.A. purchased all the shares of Dockwise Transport N.V. for a consideration of USD 673.2 million. The equity value of Dockwise Transport N.V. amounted to USD 209.8 million. The Dockwise Transport N.V. figures are accounted for in the Consolidated Financial Statements as from 1 January 2007. In accordance with IFRS 3 Business Combinations the consideration has been allocated as follows:

| (× USD 1,000) | RECOGNIZED VALUES ON ACQUISITION | FAIR VALUE ADJUSTMENTS | PRE-ACQUISITION CARRYING AMOUNTS |
|---|---|---|---|
| Property, plant and equipment | 401,139 | 105,736 | 295,403 |
| Intangible assets | 78,807 | 78,268 | 539 |
| Employee benefits | 406 | (413) | 819 |
| Inventories | 8,364 | - | 8,364 |
| Trade and other receivables | 59,230 | 26,764 | 32,466 |
| Cash and cash equivalents | 34,783 | - | 34,783 |
| Trade and other payables | (162,539) | - | (162,539) |
| **NET IDENTIFIABLE ASSETS AND LIABILITIES** | **420,190** | **210,355** | **209,835** |
| Goodwill on acquisition | 253,108 | | |
| **CONSIDERATION *** | **673,298** | | |
| To be released from escrow | 53,258 | | |
| Cash acquired | (34,783) | | |
| **NET CASH OUTFLOW** | **691,773** | | |

* Includes professional fees

The goodwill recognized on the acquisition is attributable mainly to the expected high returns on the investment in the Heavy Lift business and the skills and technical talent of the acquired business's workforce.

*B. Reverse acquisition of Dockwise*

On 4 May 2007 Dockwise legally acquired Delphi Acquisition Holding S.A. by means of a share for share exchange. From an IFRS accounting perspective this merger is treated as a reverse acquisition of Dockwise (at that time called Sealift) by Delphi Acquisition Holding S.A. If the transaction had occurred on 1 January 2007 the consolidated revenue and net result would not substantially be different as Sealift had no major operational activities before acquisition date. In accordance with IFRS 3 Business Combinations the consideration, which is mainly a non-cash consideration, as a result of the share for share exchange, has been allocated as follows:

| (× USD 1,000) | RECOGNIZED VALUES ON ACQUISITION | FAIR VALUE ADJUSTMENTS | PRE-ACQUISITION CARRYING AMOUNTS |
|---|---|---|---|
| Property, plant and equipment | 396,164 | - | 396,164 |
| Inventories | 2,017 | - | 2,017 |
| Trade and other receivables | 10,652 | - | 10,652 |
| Cash and cash equivalents | 13,661 | - | 13,661 |
| Non-current liabilities | (234,510) | - | (234,510) |
| Trade and other payables | (16,263) | - | (16,263) |
| **NET IDENTIFIABLE ASSETS AND LIABILITIES** | **171,721** | **-** | **171,721** |
| Goodwill on acquisition | 272,568 | | |
| **CONSIDERATION *** | **444,289** | | |
| Share for share consideration | (437,498) | | |
| Cash acquired | (13,661) | | |
| **NET CASH OUTFLOW** | **(6,870)** | | |

* Includes professional fees

The goodwill recognized on the acquisition is attributable mainly to the synergies expected to be achieved from integrating the company into the Group's existing Heavy Lift business. The share for share consideration is determined based on the number of Sealift Ltd. shares (90,000,000) outstanding prior to the reverse acquisition times the share price of a Sealift Ltd. share amounting to USD 4.86 (× USD 1) on 4 May 2007.

*C. Acquisition of OKI and ODL*

On 27 July 2007 Dockwise legally acquired OKI and ODL for a consideration of USD 47.7 million which was largely on a share for share exchange. As these companies were only accounting for tax purposes it is impracticable to calculate the effect on revenue and net result on IFRS basis as if the transaction occurred on 1 January 2007. In accordance with IFRS 3 Business Combinations the consideration has been allocated as follows:

| (× USD 1,000) | RECOGNIZED VALUES ON ACQUISITION | FAIR VALUE ADJUSTMENTS | PRE-ACQUISITION CARRYING AMOUNTS |
|---|---|---|---|
| Property, plant and equipment | 93 | - | 93 |
| Intangible assets | 23,574 | 23,500 | 74 |
| Inventories | 189 | - | 189 |
| Trade and other receivables | 2,088 | - | 2,088 |
| Cash and cash equivalents | 2,246 | - | 2,246 |
| Non-current liabilities | (400) | - | (400) |
| Trade and other payables | (2,973) | - | (2,973) |
| **NET IDENTIFIABLE ASSETS AND LIABILITIES** | **24,817** | **23,500** | **1,317** |
| Goodwill on acquisition | 22,883 | | |
| **CONSIDERATION *** | **47,700** | | |
| Share for share consideration | (31,334) | | |
| Cash acquired | (2,246) | | |
| **NET CASH OUTFLOW** | **14,120** | | |

* Includes professional fees

The goodwill recognized on the acquisition is attributable mainly to the skills and technical talent of the acquired business's work force and the synergies expected to be achieved from integrating the company into the Group's existing Heavy Lift business. The share for share consideration is determined based on the number of shares issued (6,891,347) times the share price of a Dockwise Ltd. share amounting to USD 4.55 (× USD 1) on 27 July 2007.

## 7. Revenue

| (× USD 1,000) | DOCKWISE 2007 | DOCKWISE TRANSPORT 2006 * |
|---|---|---|
| **DOCKWISE HEAVY LIFT** | **248,970** | **210,260** |
| Offshore, T&I and Onshore | 72,935 | 58,362 |
| Rigs, Military, P&MI and Various | 176,035 | 151,898 |
| **DOCKWISE YACHT TRANSPORT** | **41,169** | **41,839** |
| **TOTAL** | **290,139** | **252,099** |

* For information purposes only

Revenues in the Various segment include revenues from bareboat charters, construction services and engineering services.

## 8. Direct costs

Direct costs consist of depreciation and amortization, contract related expenses and vessel operating expenses, which include fuel, sea fastening materials, harbor dues, canal passages, subcontractors, crew, vessel maintenance and insurances.

A breakdown of these costs is as follows:

| (× USD 1,000) | DOCKWISE 2007 | DOCKWISE TRANSPORT 2006 * |
|---|---|---|
| Contract related expenses | 90,871 | 76,577 |
| Vessel operating expenses | 40,764 | 38,895 |
| Depreciation of property, plant and equipment | 46,379 | 34,255 |
| Amortization of intangible assets | 36,671 | 263 |
| | **214,685** | **149,990** |

* For information purposes only

## 9. Administrative expenses

A breakdown of the administrative expenses is as follows:

| (× USD 1,000) | DOCKWISE 2007 | DOCKWISE TRANSPORT 2006 * |
|---|---|---|
| Personnel expenses of management and office staff | 25,626 | 18,772 |
| Other general and administrative expenses | 28,340 | 16,008 |
| | **53,966** | **34,780** |

* For information purposes only

The administrative expenses in 2007 include non-recurring items for an amount of USD 10.6 million with respect to the business combinations as mentioned in note 6A and 6B and the listing at the Oslo Stock Exchange in October 2007 and mainly include redundancy payments, bonuses in relation to the business combinations and consultancy expenses in respect of the listing.

## 10. Employee benefit expenses

A breakdown of the employee benefit expenses is as follows:

| (× USD 1,000) | DOCKWISE 2007 | DOCKWISE TRANSPORT 2006 * |
|---|---|---|
| Wages and salaries | 38,989 | 27,091 |
| Social security contributions | 1,648 | 1,056 |
| Contributions to defined contribution plans | 807 | 683 |
| Expenses relating to defined benefit plans | 1,018 | 621 |
| | **42,462** | **29,451** |

* For information purposes only

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

| (× USD 1,000) | DOCKWISE 2007 | DOCKWISE TRANSPORT 2006 * |
|---|---|---|
| Direct costs (crew on board of vessels) | 16,836 | 10,679 |
| Administrative expenses (management and office staff) | 25,626 | 18,772 |
| | **42,462** | **29,451** |

* For information purposes only

The employee benefit expenses include redundancy expenses of USD 3.0 million (2006: USD 7.6 million). The estimated contribution for 2008 to defined benefit plans amounts to USD 2.2 million.

The average number of employees in 2007 was 213 (2006: 186), which can be divided as follows:

**Average number of employees**

| (× USD 1,000) | DOCKWISE 2007 | DOCKWISE TRANSPORT 2006 * |
|---|---|---|
| Crew on board of vessels | 27 | 63 |
| Management and office staff | 186 | 123 |
| | **213** | **186** |

* For information purposes only

A breakdown of the employees employed inside respectively outside The Netherlands is as follows:

| (× USD 1,000) | DOCKWISE 2007 | DOCKWISE TRANSPORT 2006 * |
|---|---|---|
| Inside The Netherlands | 149 | 94 |
| Outside The Netherlands | 64 | 92 |
| | **213** | **186** |

* For information purposes only

## 11. Net financing costs

The net financing costs recognized in profit and loss are as follows:

| (× USD 1,000) | DOCKWISE 2007 | DOCKWISE TRANSPORT 2006 * |
|---|---|---|
| Interest income | 5,567 | 1,189 |
| **FINANCIAL INCOME** | **5,567** | **1,189** |
| Interest expense on financial liabilities measured at amortized costs | (90,423) | (7,326) |
| Penalties and write-off of capitalized loan fees | (11,540) | - |
| **FINANCIAL EXPENSES** | **(101,963)** | **(7,326)** |
| **NET FINANCING COSTS** | **(96,396)** | **(6,137)** |

* For information purposes only

The interest income relates to interest over the Escrow account for the MS3 receivable and bank deposits. The penalties and write-off of capitalized loan fees relate to penalties in relation to early repayment of loan facilities and the related amortization of the capitalized loan fees. All the above financial income and expenses relate to assets and liabilities not at fair value.

The net financing costs recognized directly in equity are as follows:

| (× USD 1,000) | DOCKWISE 2007 | DOCKWISE TRANSPORT 2006 * |
|---|---|---|
| Effective portion of changes in fair value of cash flow hedge | (21,997) | 494 |
| **RECOGNIZED IN:** | | |
| Hedging reserve | (21,997) | 494 |

* For information purposes only

## 12. Income tax expense

A breakdown of the income tax expense is as follows:

| (× USD 1,000) | DOCKWISE 2007 | DOCKWISE TRANSPORT 2006 * |
|---|---|---|
| Current period | 865 | 697 |
| **CURRENT TAX EXPENSE** | **865** | **697** |
| Use of deferred taxes | - | - |
| **DEFERRED TAX EXPENSE** | **-** | **-** |
| **TOTAL INCOME TAX EXPENSE IN INCOME STATEMENT** | **865** | **697** |

* For information purposes only

| (× USD 1,000) | DOCKWISE 2007 | |
|---|---|---|
| Profit/(loss) for the period | | (75,773) |
| Total income tax expense | | (865) |
| **PROFIT/(LOSS) EXCLUDING TAX EXPENSE** | | **(74,908)** |
| | | |
| Income tax using the company's domestic tax rate | - | - |
| Effect of tax rates in foreign jurisdictions | (1.15%) | 865 |
| | **(1.15%)** | **865** |

*Reconciliation of effective tax rate*

Although the Company resides in Bermuda, the majority of the income of the Group is taxable in The Netherlands. The shipping activities are taxable under the Dutch tonnage tax system whereas the group's financing activities are mainly taxable in a separate Dutch fiscal unity.

*Current tax assets and liabilities*

The current tax liability of USD 574 (31 December 2006: USD 676) represents the amount of income taxes payable in respect of current and prior periods that exceed payments made.

*Deferred tax assets*

Deferred tax assets relating to tax losses from the Groups financing activities are not recognized as the fiscal unity incurring these losses is not expected to generate sufficient income to compensate these losses.

## 13. Property, plant and equipment

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

| (× USD 1,000) | HEAVY TRANSPORT AND OTHER VESSELS | OTHER OPERATING ASSETS | ASSETS NOT IN USE | ASSETS UNDER CONSTRUC-TION | TOTAL |
|---|---|---|---|---|---|
| **COST** | | | | | |
| Assets acquired through business combination: | | | | | |
| - as described in section 6A | 346,992 | 4,612 | 3,266 | 46,269 | 401,139 |
| - as described in section 6B | 296,000 | 164 | - | 100,000 | 396,164 |
| - as described in section 6C | - | 93 | - | - | 93 |
| Additions 2007 | 27,157 | 6,700 | - | 52,708 | 86,565 |
| Disposals 2007 | - | (1,024) | - | - | (1,024) |
| Transfer | 49,540 | 1,099 | - | (50,639) | - |
| **CLOSING BALANCE 2007** | **719,689** | **11,644** | **3,266** | **148,338** | **882,937** |
| | | | | | |
| **DEPRECIATION AND IMPAIRMENT LOSSES** | | | | | |
| Depreciation 2007 | (44,667) | (1,712) | - | - | (46,379) |
| Reversal of depreciation on disposed assets | - | 1,024 | - | - | 1,024 |
| **CLOSING BALANCE 2007** | **(44,667)** | **(688)** | **-** | **-** | **(45,355)** |
| | | | | | |
| **CARRYING AMOUNTS** | | | | | |
| **CLOSING BALANCE 2007** | **675,022** | **10,956** | **3,266** | **148,338** | **837,582** |

*Assets not in use ('Mighty Servant 3')*

On 6 December 2006 one of Dockwise's heavy transport vessels, the 'Mighty Servant 3' ('MS3') sank near the coast of Angola and consequently has been out of service since. At acquisition the MS3 has been valued at its scrap value (USD 3,266 million) and has been presented under the heading "Assets not in use" whereas an amount of USD 26,764 relating to the corresponding insurance claim is accounted for under "Trade and other receivables". In the comparative figures from Dockwise Transport N.V. the MS3 is accounted for as "Asset not in use" for USD 18,630. Currently the MS3 is in the repair yard and it will be repaired during 2008. It is management's expectation that it will return into service by the end of 2008. Furthermore management expects that the insured amounts and the additional guarantee by the former shareholders are sufficient to cover both the salvage and repair costs of the MS3 and that these are fully recoverable from the insurance company. See note 17 for further details on the MS3 receivables.

*Assets under construction*

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

| (× USD 1,000) | DOCKWISE 31 DEC 2007 | DOCKWISE TRANSPORT 31 DEC 2006 * |
|---|---|---|
| Treasure | 60.0 | - |
| Talisman | 60.0 | - |
| Trustee | 13.9 | - |
| Triumph | 13.8 | - |
| Yacht Express | - | 38.5 |
| Other | 0.6 | 1.2 |
| | **148.3** | **39.7** |

* For information purposes only

The delivery and conversion schedule for 2008 is as follows:

- The Treasure, the third of the 6 Suez max tankers acquired from Sealift Ltd. is currently undergoing conversion and is expected to be delivered mid 2008.
- The Talisman, the fourth of the 6 Suez max tankers acquired from Sealift Ltd. is currently undergoing conversion and is expected to be delivered mid 2008.
- The Trustee, the fifth of the 6 Suez max tankers acquired from Sealift Ltd. is at present sailing under bareboat charter and is expected to be delivered late 2008.
- The Triumph, the sixth of the 6 Suez max tankers acquired from Sealift Ltd. is at present sailing under bareboat charter and is expected to be delivered late 2008.

*Security*

As at 31 December 2007, the heavy transport and other vessels (incl. vessel not in use) with a carrying amount of USD 678,288 and the vessels under construction with a carrying amount of USD 147,703 are subject to a registered debenture to secure bank loans (see note 21 “Non-current interest-bearing borrowings”).

## 14. Intangible assets

The movement schedule of intangible assets is as follows:

| (× USD 1,000) | GOODWILL | TRADE NAMES | CUSTOMER RELATION-SHIPS | BACKLOG | TECHNO-LOGY | COMPUTER SOFTWARE | TOTAL |
|---|---|---|---|---|---|---|---|
| **COST** | | | | | | | |
| Assets acquired through business combination: | | | | | | | |
| - as described in section 6A | 253,108 | 33,870 | 10,636 | 33,762 | - | 539 | 331,915 |
| - as described in section 6B | 272,568 | - | - | - | - | - | 272,568 |
| - as described in section 6C | 22,883 | 1,000 | 12,800 | 2,000 | 7,700 | 74 | 46,457 |
| Additions 2007 | - | - | - | - | - | 484 | 484 |
| Disposals 2007 | - | - | - | - | - | - | - |
| **CLOSING BALANCE 2007** | **548,559** | **34,870** | **23,436** | **35,762** | **7,700** | **1,097** | **651,424** |
| | | | | | | | |
| **AMORTIZATION AND IMPAIRMENT LOSSES** | | | | | | | |
| Amortization 2007 | - | - | (1,593) | (34,474) | (292) | (312) | (36,671) |
| **CLOSING BALANCE 2007** | **-** | **-** | **(1,593)** | **(34,474)** | **(292)** | **(312)** | **(36,671)** |
| | | | | | | | |
| **CARRYING AMOUNTS** | | | | | | | |
| **CLOSING BALANCE 2007** | **548,559** | **34,870** | **21,843** | **1,288** | **7,408** | **785** | **614,753** |

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

For the purpose of impairment testing, goodwill and trade names are allocated to the Group's operating divisions 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 trade names allocated to each unit are as follows:

| (× USD 1,000) | DOCKWISE 2007 | | DOCKWISE TRANSPORT 2006 * | |
|---|---|---|---|---|
| | GOODWILL | TRADE NAMES | GOODWILL | TRADE NAMES |
| Dockwise Heavy Transport | 548,525 | 26,057 | - | - |
| Dockwise Yacht Transport | 34 | 8,813 | - | - |
| | **548,599** | **34,870** | **-** | **-** |

* For information purposes only

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

- Cash flows were projected based on actual operating results and the 5-year business plan.
- Cash flows for a further period not exceeding the useful life of 50 years on a vessel by vessel basis are estimated. Cash flows after the 5-year business plan were extrapolated using a constant growth rate of 2%, 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.
- Revenues in the business plan include the estimated positive effects of offshore installation projects.
- The operational expenses in the business plan are expected to increase 5% per year.
- A pre-tax discount rate of 9.1 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 and the Group's debt leveraging at 31 December 2007.

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

The above estimates are particularly sensitive in the following area's:

- An increase of 1 percentage point in the discount rate used would have decreased the net recoverable amount for the Dockwise Heavy Transport segment by USD 247.6 million and for the Dockwise Yacht Transport segment by USD 16.0 million. Such an increase would not lead to an impairment of goodwill for any of these segments.
- A 1 per cent decrease in future planned revenues would have decreased the net recoverable amount for the Dockwise Heavy Transport segment by USD 40.3 million and for the Dockwise Yacht Transport segment by USD 4.4 million.

## 15. Employee benefits

The Group makes contributions to defined benefit plans that provide pension benefits for employees upon retirement.

### *15.1 Balance sheet*

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

| (× USD 1,000) | DOCKWISE 2007 | DOCKWISE TRANSPORT 2006 * |
|---|---|---|
| Present value of funded obligations | 14,519 | 12,462 |
| Fair value of plan assets | (12,887) | (12,868) |
| **PRESENT VALUE OF NET OBLIGATIONS** | **1,632** | **(406)** |
| Unrecognized actuarial gains and losses | (2,708) | (413) |
| **EMPLOYEE BENEFIT LIABILITY (ASSET)** | **(1,076)** | **(819)** |

* For information purposes only

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

| (× USD 1,000) | DOCKWISE 2007 | DOCKWISE TRANSPORT 2006 * |
|---|---|---|
| Net liability for defined benefit obligations at opening balance | - | (229) |
| Net liability for defined benefit obligations acquired through business combination 6A | (406) | - |
| Contributions paid | (1,594) | (1,154) |
| Expense recognized in the income statement | 1,018 | 571 |
| Actuarial losses (gains) recognized in income statement | - | 50 |
| Currency (gain) / loss | (94) | (57) |
| **NET LIABILITY (ASSET) FOR DEFINED BENEFIT OBLIGATIONS AT CLOSING BALANCE** | **(1,076)** | **(819)** |

* For information purposes only

Movements in the defined benefit obligation are as follows:

| (× USD 1,000) | DOCKWISE 2007 | DOCKWISE TRANSPORT 2006 * |
|---|---|---|
| Opening balance | - | 12,171 |
| Acquired through business combination 6A | 12,462 | - |
| Service cost | 1,044 | 632 |
| Interest cost | 565 | 514 |
| Actuarial (gains) and losses | (1,065) | (2,116) |
| Benefits paid | - | (78) |
| Currency (gain) / loss | 1,513 | 1,339 |
| **CLOSING BALANCE** | **14,519** | **12,462** |

* For information purposes only

The business combinations other than 6A have no significant effect on the movement in the defined benefit obligation. Movements in the fair value of plan assets are as follows:

| (× USD 1,000) | DOCKWISE 2007 | DOCKWISE TRANSPORT 2006 * |
|---|---|---|
| Opening balance | - | 10,559 |
| Acquired through business combination 6A | 12,868 | - |
| Expected return on plan assets | 591 | 575 |
| Actuarial gains / (losses) | (3,572) | (647) |
| Contributions paid | 1,594 | 1,154 |
| Benefits paid | - | (78) |
| Currency gain / (loss) | 1,406 | 1,305 |
| **CLOSING BALANCE** | **12,887** | **12,868** |

* For information purposes only

*15.2 Income statement*

The amounts recognized in the income statement are as follows:

| (× USD 1,000) | DOCKWISE 2007 | DOCKWISE TRANSPORT 2006 * |
|---|---|---|
| Current service cost | 1,044 | 632 |
| Interest cost | 565 | 514 |
| Expected return on plan assets | (591) | (575) |
| Recognized actuarial losses / (gains) | - | 50 |
| | **1,018** | **621** |

* For information purposes only

The expenses are all included in the "Administrative expenses" in the income statement.
The actual return (loss) on plan assets is USD 2,981 (2006: gain USD 72), which can be broken down as follows:

| (× USD 1,000) | DOCKWISE 2007 | DOCKWISE TRANSPORT 2006 * | DOCKWISE TRANSPORT 2005 * |
|---|---|---|---|
| Actuarial gains and losses | 3,572 | 647 | 513 |
| Expected return on plan assets | (591) | (575) | (528) |
| | **2,981** | **72** | **(15)** |

* For information purposes only

*15.3 Actuarial assumptions*

The principal actuarial assumptions were as follows:

| (× USD 1,000) | DOCKWISE 2007 | DOCKWISE TRANSPORT 2006 * | DOCKWISE TRANSPORT 2005 * |
|---|---|---|---|
| Discount rate | 5.40% | 4.40% | 4.00% |
| Expected return on plan assets | 5.40% | 4.00% | 4.60% |
| Future salary increase (incl. inflation adjustment) | 5.00% | 3.00% | 3.00% |
| Future pension increases | n/a | 2.00% | 2.00% |
| Mortality tables used | GBM/V 2000-2005 | GBM/V 1995-2000 | GBM/V 1995-2000 |

* For information purposes only

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

## 16. Inventories

Inventories include fuel, lubricants, spare parts and sea fastening amounting to USD 15,398 (2006: USD 8,364). In 2007 fuel, lubricants, spare parts and sea fastening recognized as direct costs amounted to USD 50,651 (2006: USD 46,011). No inventories are stated at fair value less costs to sell. Furthermore no inventories are subject to retention of title clauses. In 2007 and 2006 no write-offs of inventories were accounted for.

## 17. Trade and other receivables

A breakdown of trade and other receivables is as follows:

| (x USD 1,000) | DOCKWISE 31 DEC 2007 | DOCKWISE TRANSPORT 31 DEC 2006 * |
|---|---|---|
| Trade receivables | 25,599 | 22,374 |
| Less: allowance for impairment | (5,029) | (2,445) |
| **TRADE RECEIVABLES - NET** | **20,570** | **19,929** |
| Receivables from related parties | 1,604 | 2,546 |
| Less: allowance for impairment | - | (2,339) |
| **RECEIVABLES FROM RELATED PARTIES - NET** | **1,604** | **207** |
| MS3 receivables | 77,124 | - |
| Other receivables and prepayments | 18,205 | 11,844 |
| Fair value derivatives | 1,385 | 486 |
| | **118,888** | **32,466** |

* For information purposes only

The breakdown of the receivables relating to the sinking of the MS3 is as follows:

| (x USD 1,000) | DOCKWISE 31 DEC 2007 |
|---|---|
| Receivable insurers / former shareholder | 26,764 |
| Escrow account | 25,250 |
| Prepaid expenses | 25,110 |
| | **77,124** |

The amount receivable on insurers / former shareholders (USD 26,764) relates to the claim on the insurance company for the loss of the MS3. Might the insurers not cover for the loss, the former shareholders of Dockwise Transport N.V. will cover for the loss. This receivable will eventually not lead to a cash-in but to a transfer to Property, plant and equipment when the vessel is reinstated. Dockwise is compensated for the missed Net Charter Income (revenues less contract related costs) of the MS3 by the former shareholders of Dockwise Transport N.V. At 31 December 2007 this receivable amounts to USD 25,250 and is released on a monthly basis from an escrow account to “Cash and cash equivalents”. The prepaid expenses of USD 25,110 relate to salvaging, transportation, first instalments to the shipyard and other reinstatement costs which will be reimbursed by the insurance company.

The “fair value derivatives” of USD 1,385 expires within 1 year.

## 18. Cash and cash equivalents

A breakdown of cash and cash equivalents is as follows:

| (× USD 1,000) | DOCKWISE 31 DEC 2007 | DOCKWISE TRANSPORT 31 DEC 2006 * |
|---|---|---|
| Cash in bank and at hand | 15,494 | 34,783 |
| **CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS** | **15,494** | **34,783** |

* For information purposes only

## 19. Capital and reserves attributable to the shareholders of the Company

The movement schedule of capital and reserves is as follows:

| | ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY | | | | | |
|---|---|---|---|---|---|---|
| (× USD 1,000) | ISSUED SHARE CAPITAL | SHARE PREMIUM | HEDGING RESERVE | RETAINED EARNINGS | UNAPPRO-PRIATED RESULT | TOTAL |
| **OPENING BALANCE 2007** | **90,000** | **86,387** | **-** | **(166,647)** | **(4,830)** | **4,910** |
| Conversion of Delphi bonds | - | - | - | 5,090 | - | 5,090 |
| Reverse acquisition | 94,097 | 177,014 | - | 161,557 | 4,830 | 437,498 |
| Share issue | 45,658 | 157,179 | - | - | - | 202,837 |
| Total recognized income and expense | - | - | (20,612) | - | (75,773) | (96,385) |
| **CLOSING BALANCE 2007** | **229,755** | **420,580** | **(20,612)** | **-** | **(75,773)** | **553,950** |

*Issued share capital*

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

| (× USD 1,000) | DOCKWISE 2007 |
|---|---|
| **INITIAL SHARE ISSUE - FULLY PAID** | **90,000** |
| Business combination 6B | 94,097 |
| Business combination 6C | 6,891 |
| Issued for cash | 38,292 |
| Exercise of share options | 475 |
| **ON ISSUE AT CLOSING BALANCE - FULLY PAID** | **229,755** |

At 31 December 2007, the authorized share capital comprised 500,000,000 ordinary shares of one USD each. In total 229,755,438 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 Dockwise. No shares of Dockwise were held by the Group at 31 December 2007.

*Share premium*

The increase of the share premium reserve due to share issues includes USD 17,267 for transaction related costs which were deducted from the proceeds of the share issues.

*Hedging reserve*

Hedging reserve (USD 20,612 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.

*Dividends*

In 2007 no dividends were paid. After the balance sheet date no dividend payments were approved.

## 20. Earnings per share

The calculation of basic earnings per share at 31 December 2007 amounting to USD 0.434 (× USD 1) negative was based on the loss attributable to ordinary shareholders of USD 75,773 and a weighted average number of ordinary shares outstanding of 174,457 calculated as follows:

| (× USD 1,000) | DOCKWISE 2007 |
|---|---|
| Weighted average number of shares deemed outstanding prior to 4 May 2007 | 31,967 |
| Effect of reverse acquisition on 4 May 2007 | 121,718 |
| **WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING AS FROM 4 MAY 2007** | **153,685** |
| Effects of: | |
| - Business combination 6C | 2,972 |
| - Issued for cash | 17,572 |
| - Exercise of share options | 228 |
| **WEIGHTED AVERAGE** | **174,457** |

## 21. Non-current interest-bearing borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, see note 24 "Financial risk management". A breakdown of interest-bearing borrowings is as follows:

| (× USD 1,000) | DOCKWISE 31 DEC 2007 | DOCKWISE TRANSPORT 31 DEC 2006 * |
|---|---|---|
| **NON-CURRENT LIABILITIES** | | |
| Non-current interest-bearing borrowings | 917,841 | - |
| | **917,841** | **-** |
| **CURRENT LIABILATIES** | | |
| Current maturities of interest-bearing borrowings | 20,000 | 97,625 |
| | **20,000** | **97,625** |
| **INTEREST-BEARING BORROWINGS** | **937,841** | **97,625** |

* For information purposes only

At 31 December 2007, the Group has drawn 5 bank loans with an aggregate original nominal amount of USD 964,500. The bank loans are secured over the shares of all significant subsidiaries and over heavy transport vessels (incl. vessel not in use) with a carrying amount of USD 678,288 and the vessels under construction with a carrying amount of USD 147,703 (see note 13, "Property, plant and equipment"). The outstanding balance including capitalized bank fees (USD 26.7 million) amounts to USD 937.8 million as at 31 December 2007.

The secured bank loans bear a variable interest, based on LIBOR plus an applicable margin of 2.25% to 4.50%. The non-current part of the loans mature between 2013 and 2016.

*Terms*

The key financial covenants in the Senior Facilities Loan Agreement ('SFA') can be summarized as follows:

- the cash flow cover as of 31 December 2007 (i.e. the ratio of (a) consolidated cash flow to (b) consolidated net charges payable in terms of interest and principal on loan facilities, including finance or capital leases) for any 12 months period commencing on the first day of any calendar quarter shall not be less than 1:1;
- the interest cover (i.e. the ratio of (a) the consolidated, normalized EBITDA (*) to (b) the consolidated net payable/earned interest) for any 12 months period commencing on the first day of any calendar quarter shall not be less than 1.85:1 (from 31 December 2007 and increasing);
- the leverage ratio (i.e. the ratio of (a) the consolidated total net debt to (b) the consolidated, normalized EBITDA (*)) calculated on the last day of any 12 months period commencing on the first day of any calendar quarter shall not be higher than 7.05:1 (from 31 December 2007 and decreasing);
- the aggregate capital expenditure of the Group calculated in accordance with IFRS shall not in any financial year (ending on 31 December) exceed certain agreed levels.

* 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.

If these covenants are not met at testing dates Dockwise will be in default, allowing the lenders to take certain actions, including, amongst others, demanding early repayment of the facilities. In addition, there are customary cross default provisions.

## 22. Provisions

The movement schedule of provisions is as follows:

| (× USD 1,000) | RESTRUCTURING |
|---|---|
| **OPENING BALANCE 2007** | **-** |
| Acquired in business combination 6A | 5,010 |
| Provisions made during the period | 1,293 |
| Provisions used during the period | (4,009) |
| **CLOSING BALANCE 2007** | **2,294** |

This item relates to a reorganization provision for the Dutch crew and is of a short term nature.

## 23. Trade and other payables

A breakdown of trade and other payables is as follows:

| (× USD 1,000) | DOCKWISE 31 DEC 2007 | DOCKWISE TRANSPORT 31 DEC 2006 * |
|---|---|---|
| Payables to related parties | - | 15 |
| Other trade payables | 7,758 | 4,546 |
| Fair value derivatives | 21,997 | 390 |
| Invoiced installments exceeding cost of work in progress | 8,303 | 2,072 |
| Advances on contracts | 24,439 | 18,065 |
| Non-trade payables and accrued expenses | 46,035 | 34,140 |
| **DUE WITHIN 1 YEAR** | **108,532** | **59,228** |

* For information purposes only

The fair value of derivatives of USD 21,997 expires for USD 18 within 1 year and for 21,979 after 1 year (see note 24 “Financial Risk Management”).

## 24. 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.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

**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 sound credit ratings. Given their high 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.

*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:

| | CARRYING AMOUNT | |
|---|---|---|
| (× USD 1,000) | DOCKWISE 31 DEC 2007 | DOCKWISE TRANSPORT 31 DEC 2006 * |
| Trade and other receivables | 117,503 | 31,980 |
| Derivatives | 1,385 | 486 |
| Cash and cash equivalents | 15,494 | 34,783 |
| | **134,382** | **67,249** |

* For information purposes only

The other receivables include receivables totaling USD 77,124 in relation to the sinking of the MS3 (see note 17 for further information on this receivable). The maximum exposure to credit risk for trade receivables at the reporting date by segment of trade and other receivables was:

| | CARRYING AMOUNT | |
|---|---|---|
| (× USD 1,000) | DOCKWISE 31 DEC 2007 | DOCKWISE TRANSPORT 31 DEC 2006 * |
| Dockwise Heavy Transport | 114,093 | 26,877 |
| Dockwise Yacht Transport | 3,410 | 5,103 |
| | **117,503** | **31,980** |

* For information purposes only

The trade receivables from the Heavy Transport segment are receivables from industrial customers and for the Yacht Transport segment receivables 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 of 31 December 2007, receivables with a total amount of USD 5,029 (2006: USD 4,784) were impaired. The impairment allowance is based on an individual assessment of the recoverable amounts of the receivables. An impairment loss of USD 245 (2006: USD 434) in respect of trade receivables was recognized in "Direct costs". The ageing of the impaired receivables as of 31 December 2007 is:

| (× USD 1,000) | DOCKWISE 31 DEC 2007 | DOCKWISE TRANSPORT 31 DEC 2006 * |
|---|---|---|
| < 1 year | 245 | 378 |
| 1-2 years | 378 | 331 |
| 2-5 years | 331 | 532 |
| > 5 years | 4,075 | 3,543 |
| | **5,029** | **4,784** |

* For information purposes only

The movement in the allowance for impairment during 2007 is as follows:

| (× USD 1,000) | DOCKWISE 2007 | DOCKWISE TRANSPORT 2006 * |
|---|---|---|
| Opening balance | - | 4,644 |
| Acquired through business combination 6A | 4,784 | - |
| Impairment loss recognized | 245 | 434 |
| Receivables written off | - | (294) |
| **CLOSING BALANCE** | **5,029** | **4,784** |

* For information purposes only

As at 31 December 2007 trade receivables of USD 8.702 are overdue, but not impaired. The ageing of these receivables is as follows:

| (× USD 1,000) | DOCKWISE 31 DEC 2007 | DOCKWISE TRANSPORT 31 DEC 2006 * |
|---|---|---|
| < 6 months | 5,960 | 1,035 |
| 6-12 months | 2,742 | 658 |
| > 1 year | - | 24 |
| | **8,702** | **1,717** |

* For information purposes only

The allowance accounts in respect of trade receivables are 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 written off against the allowance directly.

### 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 60 million that can be drawn down to meet short-term financing needs. The applicable interest rate on this facility is LIBOR plus 225 basis points.

The following are the contractual maturities of financial liabilities, including interest payments.

**31 December 2007**

| (× USD 1,000) | CARRYING AMOUNT | CONTRACTUAL CASH FLOWS | 6 MONTHS OR LESS | 6-12 MONTHS | 1-2 YEARS | 2-5 YEARS | MORE THAN 5 YEARS |
|---|---|---|---|---|---|---|---|
| **NON-DERIVATIVE FINANCIAL LIABILITIES** | | | | | | | |
| Secured bank loans | 937,841 | (1,581,773) | (59,770) | (39,770) | (79,539) | (238,618) | (1,164,076) |
| Trade and other payables * | 86,535 | (86,535) | (86,535) | - | - | - | - |
| **DERIVATIVE FINANCIAL LIABILITIES** | | | | | | | |
| Interest rate swaps used for hedging | 21,997 | (123,997) | (18,952) | (18,541) | (31,156) | (55,348) | - |
| Forward exchange contracts used for hedging Euro exposure | (1,385) | 3,415 | 1,697 | 1,718 | - | - | - |
| | **1,044,988** | **(1,788,890)** | **(163,560)** | **(56,593)** | **(110,695)** | **(293,966)** | **(1,164,076)** |

* Excludes derivatives (shown separately).

The following table indicates the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to occur.

**31 December 2007**

| (× USD 1,000) | CARRYING AMOUNT | EXPECTED CASH FLOWS | 6 MONTHS OR LESS | 6-12 MONTHS | 1-2 YEARS | 2-5 YEARS | MORE THAN 5 YEARS |
|---|---|---|---|---|---|---|---|
| Interest rate swaps: | | | | | | | |
| Assets | - | 116,047 | 18,219 | 17,760 | 30,134 | 49,934 | - |
| Liabilities | (21,997) | (123,997) | (18,952) | (18,541) | (31,156) | (55,348) | - |
| Forward exchange | | | | | | | |
| Assets | 1,385 | 35,364 | 17,682 | 17,682 | - | - | - |
| Liabilities | - | (34,149) | (16,974) | (17,175) | - | - | - |
| | **(20,612)** | **(6,735)** | **(25)** | **(274)** | **(1,022)** | **(5,414)** | **-** |

## 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.

The Group applies a policy of managing the 12-months position of mainly the Euro with hedging being applied to a maximum of 80% of the net cashflows. The Group uses forward contracts and zero-cost collar options to hedge its exposure.

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

| (× Euro 1,000) | DOCKWISE 31 DEC 2007 | DOCKWISE TRANSPORT 31 DEC 2006 * |
|---|---|---|
| Trade receivables | 284 | 731 |
| Trade payables | (6,817) | (8,629) |
| Gross balance sheet exposure | (6,533) | (7,898) |
| Estimated forecast sales 2008 | 1,173 | - |
| Estimated forecast purchases 2008 | (28,887) | - |
| Gross exposure | (34,247) | (7,898) |
| Forward exchange contracts | 24,000 | - |
| Net exposure | (10,247) | (7,898) |

* For information purposes only

The following significant exchange rates applied during the year:

| | DOCKWISE 31 DEC 2007 | DOCKWISE TRANSPORT 31 DEC 2006 * |
|---|---|---|
| Average rate Euro/USD | 1.365 | 1.250 |
| Reporting date mid-spot rate Euro/USD | 1.474 | 1.319 |

* For information purposes only

*Sensitivity analysis*

A 10% weakening of the USD against the Euro at 31 December 2007 excluding the effect of forward exchange contracts would have decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

| (× USD 1,000) | DOCKWISE 31 DEC 2007 |
|---|---|
| Effect on equity | - |
| Effect on profit or loss | (6,233) |

A 10% strengthening of the USD against the Euro at 31 December would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

### Interest rate risk

The Group adopts a policy of ensuring that between 60 and 80 per cent 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:

| (× USD 1,000) | DOCKWISE 31 DEC 2007 | DOCKWISE TRANSPORT 31 DEC 2006 * |
|---|---|---|
| **VARIABLE RATE INSTRUMENTS** | | |
| Financial assets | 15,494 | 34,783 |
| Financial liabilities | (964,500) | (97,625) |

* For information purposes only

### *Fair value sensitivity analysis*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model.

A change of 100 basis points in interest rates taking into account the effect of interest rate swaps would have increased or decreased profit and loss by USD 1.9 million (2006: USD 0.3 million).

### Fuel price risk

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

### FAIR VALUES

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

| (× USD 1,000) | DOCKWISE 31 DEC 2007 | | DOCKWISE TRANSPORT 31 DEC 2006 * | |
|---|---|---|---|---|
| | CARRYING AMOUNT | FAIR VALUE | CARRYING AMOUNT | FAIR VALUE |
| Trade and other receivables ** | 117,503 | 117,503 | 31,980 | 31,980 |
| Cash and cash equivalents | 15,494 | 15,494 | 34,783 | 34,783 |
| Interest rate swaps used for hedging | | | | |
| Assets | - | - | 486 | 486 |
| Liabilities | (21,997) | (21,997) | - | - |
| Forward exchange contracts used for hedging | | | | |
| Assets | 1,385 | 1,385 | - | - |
| Liabilities | - | - | (390) | (390) |
| Non-current interest-bearing borrowings | (917,841) | (944,500) | - | - |
| Trade and other payables ** | (53,793) | (53,793) | (38,701) | (38,701) |
| Current maturities of interest-bearing borrowings | (20,000) | (20,000) | (97,625) | (97,625) |
| | **(879,249)** | **(905,908)** | **(69,467)** | **(69,467)** |
| **UNRECOGNISED (LOSS) GAIN** | | **(26,659)** | | **-** |

* For information purposes only
** Excludes work in progress, and derivatives (shown seperately)

### BASIS FOR DETERMINING FAIR VALUE

The basis for determining fair values in the table above is discussed in note 4.

#### Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at the reporting date plus an adequate credit spread, and were as follows:

| (× USD 1,000) | DOCKWISE 31 DEC 2007 | DOCKWISE TRANSPORT 31 DEC 2006 * |
|---|---|---|
| Derivatives | 4.76 | 5.36 |
| Loans and borrowings | 4.76 | 5.36 |

* For information purposes only

*Forecasted transactions*

The Group classifies its currency options and forward exchange 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 2007 are as follows:

| (× USD 1,000) | DOCKWISE 31 DEC 2007 | | DOCKWISE TRANSPORT 31 DEC 2006 * | |
|---|---|---|---|---|
| | NOTIONAL AMOUNT | FAIR VALUE | NOTIONAL AMOUNT | FAIR VALUE |
| Participating forward EUR/USD, 100% purchased call option part | 35,364 | 1,385 | 32,701 | - |
| Participating forward EUR/USD, 50% sold put option part | 17,682 | - | 16,351 | (390) |

* For information purposes only

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 participating fowards at 31 December 2007 is USD 1,385, included in Trade and other receivables (note 17). At 31 December 2006 the fair value was presented as a liability of USD 390, included in Trade and other payables (note 23).

## 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 swaps can be specified as follows:

| (× USD 1,000) | DOCKWISE 31 DEC 2007 | | DOCKWISE TRANSPORT 31 DEC 2006 * | |
|---|---|---|---|---|
| | NOTIONAL AMOUNT | FAIR VALUE | NOTIONAL AMOUNT | FAIR VALUE |
| Floating to fixed swaps | | | | |
| Maturing 28 March 2008, fixed at 5.31% | 3,300 | (18) | 19,500 | 7 |
| Maturing 31 December 2009, fixed at 3.87% | 15,000 | (29) | 15,000 | 479 |
| Maturing 30 June 2010, fixed at 4.73% | 194,800 | (3,250) | - | - |
| Maturing 30 June 2010, fixed at 4.75% | 146,100 | (2,550) | - | - |
| Maturing 30 June 2010, fixed at 4.73% | 146,100 | (2,500) | - | - |
| Maturing 30 June 2012, fixed at 5.41% | 125,000 | (6,850) | - | - |
| Maturing 30 June 2012, fixed at 5.40% | 125,000 | (6,800) | - | - |
| | **755,300** | **(21,997)** | **34,500** | **486** |

* For information purposes only

The fair value of the swaps at 31 December 2007 is USD 21,997 presented as a liability in “Trade and other payables” (note 23). At 31 December 2006 the fair value was presented as an asset of USD 486, included in “Trade and other receivables” (note 17).

*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. All other receivables and payables are discounted to determine 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 results of the Company after investment opportunities in the worldwide organization, commercial projects, people and assets are 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.

## 25. Operating leases

*Leases as lessee*

Non-cancellable operating lease rentals are payable as follows:

| (× USD 1,000) | DOCKWISE 31 DEC 2007 | DOCKWISE TRANSPORT 31 DEC 2006 * |
|---|---|---|
| Less than one year | 2,423 | 1,382 |
| Between one and five years | 7,610 | 3,754 |
| More than five years | 914 | 132 |
| | **10,947** | **5,268** |

* For information purposes only

The Group leases offices in Breda (The Netherlands), Houston (USA), Shanghai (China), Busan (Korea) and Fort Lauderdale (USA) and a warehouse in Breda (The Netherlands). Furthermore the company has entered into lease agreements for company cars. 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 2007, USD 3.181 was recognized as an expense in the income statement in respect of operating leases.

## 26. Capital commitments

The Group has entered into a contract to convert the Trustee and the Triumph and to reinstate the Mighty Servant 3. As at 31 December 2007, the Group has remaining investment commitments for a total value of approximately USD 195 million including USD 42 million for the reinstatement of the MS3.

## 27. Contingencies

*27.1 Bank Guarantees*

At 31 December 2007, the Group has issued two Letters of Credit for a total amount of USD 80 million and bank guarantees with a total amount of USD 8.7 million.

*27.2 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.

## 28. Related parties

As a result of the buy out by 3i and the reverse acquisition of Sealift Ltd. 3i and Frontline are defined as related parties during 2007 as a result of their respective shareholdings. Since at 31 December 2006 the Group was owned by The Heerema Group (76% shareholder) and Wilhelm Wilhelmsen ASA (24% shareholder), the former shareholders were defined as related parties in 2006. As a result the related party transactions in 2007 versus 2006 have a different composition.

*28.1 Related party transactions*

The following transactions were carried out with related parties:

| (× USD 1,000) | DOCKWISE 2007 | DOCKWISE TRANSPORT 2006 * |
|---|---|---|
| Revenue from related parties | 11,184 | 9,437 |
| | **11,184** | **9,437** |

* For information purposes only

During the year 2007 the Group received charges from related parties, as well did the Group recharge certain amounts to related parties . These charges are specified as follows:

| (× USD 1,000) | DOCKWISE 2007 | DOCKWISE TRANSPORT 2006 * |
|---|---|---|
| Charges from related parties | 10,035 | 282 |
| Charges to related parties | - | (31) |
| | **10,035** | **251** |

* For information purposes only

These expenses are all included in net financial expenses in 2007 and administrative expenses in 2006.

### *28.2 Remuneration of Board of Directors*

The compensations of Board of Directors are as follows:

| (× USD 1) | BASE SALARY | BONUS PAID IN THE YEAR | OTHER BENEFITS | TOTAL SALARY AND OTHER TAXABLE INCOME | PENSION PREMIUM | TOTAL |
|---|---|---|---|---|---|---|
| Adri Baan | 56,875 | - | - | 56,875 | - | 56,875 |
| André Goedée | - | - | - | - | - | - |
| Menno Antal | 23,888 | - | - | 23,888 | - | 23,888 |
| Bert Bekker | 54,600 | - | - | 54,600 | - | 54,600 |
| Tom Ehret | 17,063 | - | - | 17,063 | - | 17,063 |
| Brian Francoeur | - | - | - | - | - | - |
| Danny McNease | 17,063 | - | - | 17,063 | - | 17,063 |
| Rutger van Slobbe | 81,900 | - | - | 81,900 | - | 81,900 |
| Pietro Franco Tali | 17,063 | - | - | 17,063 | - | 17,063 |
| | **268,452** | **-** | **-** | **268,452** | **-** | **268,452** |

Since the remuneration of Mr. André Goedée only relates to his function as CEO, his remuneration is disclosed in the remuneration of key management personnel in note 28.3. The remuneration of the Board members is fixed in Euro. The above mentioned USD amounts have been derived by these Euro amounts and the average USD / Euro rate.

### *28.3 Remuneration of key management personnel, including Board of Directors*

The compensations of key management personnel, including Board of Directors, are as follows:

| (× USD 1) | BASE SALARY | BONUS PAID IN THE YEAR | OTHER BENEFITS | TOTAL SALARY AND OTHER TAXABLE INCOME | PENSION PREMIUM | TOTAL |
|---|---|---|---|---|---|---|
| Board of Directors | 268,452 | - | - | 268,452 | - | 268,452 |
| André Goedée | 409,500 | 1,071,888 | 40,334 | 1,521,722 | 133,979 | 1,655,701 |
| Stefan Malfliet | 273,000 | 348,737 | 7,259 | 628,996 | 59,337 | 688,333 |
| Herman van Raaphorst | 134,908 | 128,333 | 3,245 | 266,486 | 102,789 | 369,275 |
| Rob Schoenmaker | 135,289 | 130,210 | 3,245 | 268,744 | 111,415 | 380,159 |
| Marco Schut | 134,746 | 127,855 | 3,245 | 265,846 | 103,068 | 368,914 |
| | **1,355,895** | **1,807,023** | **57,328** | **3,220,246** | **510,588** | **3,730,834** |

The remuneration of key management is fixed in Euro. The above mentioned USD amounts have been derived by these Euro amounts and the average USD / Euro rate.

## 29. Group entities

*Control of the Group*

Dockwise Ltd. ("Dockwise") is listed at the Oslo Stock Exchange (OSE).

*List of Group companies (legal entities)*

The following group companies are included in the consolidation:

| NAME | COUNTRY OF INCORPORATION | OWNERSHIP INTEREST DOCKWISE 31 DEC 2007 |
|---|---|---|
| Dockwise Ltd. | Bermuda | 100.0 |
| Delphi Acquisition Holding S.A. | Luxembourg | 100.0 |
| Delphi Acquisition Holding B.V. | The Netherlands | 100.0 |
| Delphi Acquisition Holding I B.V. | The Netherlands | 100.0 |
| Dockwise Transport N.V. | Netherlands Antilles | 100.0 |
| Dockwise Transport B.V. | The Netherlands | 100.0 |
| Sealift Management B.V. | The Netherlands | 100.0 |
| Dockwise Shipping B.V. | The Netherlands | 100.0 |
| Dockwise B.V. | The Netherlands | 100.0 |
| Dockwise USA LLC | United States of America | 100.0 |
| Dockwise Shanghai | China | 100.0 |
| Dockwise Korea YH | Korea | 100.0 |
| Dockwise Nigeria Ltd. | Nigeria | 100.0 |
| DYT Netherlands B.V. | The Netherlands | 100.0 |
| DYT LLC | United States of America | 100.0 |
| DYT Europe SRL | Italy | 100.0 |
| DYT France SARL* | France | 100.0 |
| Super Servant 3 B.V. | The Netherlands | 100.0 |
| Super Servant 4 B.V. | The Netherlands | 100.0 |
| Transshelf B.V. | The Netherlands | 100.0 |
| Mighty Servant 1 B.V. | The Netherlands | 100.0 |
| Mighty Servant 3 B.V. | The Netherlands | 100.0 |
| Dock Express 10 B.V. | The Netherlands | 100.0 |
| Dock Express 12 B.V. | The Netherlands | 100.0 |
| Swan B.V. | The Netherlands | 100.0 |
| Swift B.V. | The Netherlands | 100.0 |
| Teal B.V. | The Netherlands | 100.0 |
| Tern B.V. | The Netherlands | 100.0 |
| Black Marlin B.V. | The Netherlands | 100.0 |
| Blue Marlin B.V. | The Netherlands | 100.0 |
| Dockwise Enterprise B.V. | The Netherlands | 100.0 |
| Dockwise Explorer B.V. | The Netherlands | 100.0 |

* Incorp. in process

| NAME | COUNTRY OF INCORPORATION | OWNERSHIP INTEREST DOCKWISE 31 DEC 2007 |
|---|---|---|
| Yacht Express B.V. | The Netherlands | 100.0 |
| Sunda B.V. | The Netherlands | 100.0 |
| Target B.V. | The Netherlands | 100.0 |
| Comor B.V. | The Netherlands | 100.0 |
| Traveller B.V. | The Netherlands | 100.0 |
| Marble B.V. | The Netherlands | 100.0 |
| Granite B.V. | The Netherlands | 100.0 |
| Offshore Kinematics Inc. | United States of America | 100.0 |
| Ocean Dynamics LLC | United States of America | 100.0 |
| Ocean Dynamics China | China | 100.0 |
| Dockwise Shipping Australia PTY-Ltd. | Australia | 100.0 |
| Front Target Inc. | Liberia | 100.0 |
| Front Traveller Inc. | Liberia | 100.0 |
| Granite Shipping Company Limited | Bahamas | 100.0 |
| Quadrant Marine Inc. | Liberia | 100.0 |
| Southwest Tankers Inc. | Liberia | 100.0 |
| West Tankers Inc. | Liberia | 100.0 |

## 30. 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 & 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 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

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 increase the depreciation charge. 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 trade names*

The impairment testing for cash-generating units containing goodwill and trade names 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, maintenance investments, residual values at the end of the useful of vessels, the discount rate etc. The key assumptions used for the impairment testing of goodwill and trade names are discussed in note 14 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 5 “Employee Benefits”.

**Hamilton, Bermuda 27 February 2008**

Mr. André Goedée (CEO)
Mr. Stefan Malfiet (CFO)

**BOARD OF DIRECTORS**

Mr. Adri Baan
Mr. André Goedée
Mr. Menno Antal
Mr. Bert Bekker
Mr. Tom Ehret
Mr. Brian Francoeur
Mr. Danny McNease
Mr. Rutger van Slobbe
Mr. Pietro Franco Tali

# AUDITOR’S REPORT

KPMG

To the shareholders and Board of Directors of Dockwise Ltd.

## Auditor's report

We have audited the accompanying consolidated financial statements 2007 of Dockwise Ltd., Hamilton, Bermuda, which comprise the consolidated balance sheet as at 31 December 2007, the consolidated income statement, the consolidated statement of recognized income and expense and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

### Management's responsibility

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

### Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

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



DOCKL 08X00008528CCP

An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements give a true and fair view of the consolidated financial position of Dockwise Ltd. as at 31 December 2007, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Rotterdam, 27 February 2008

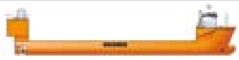
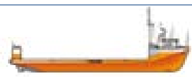
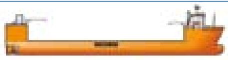
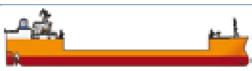
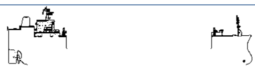
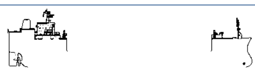
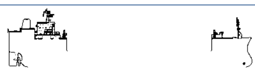
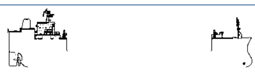
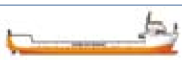
KPMG ACCOUNTANTS N.V.

H. Heijnraets RA

DOCKL 08X00008528CCP 2

# FLEET

Dockwise owns 22 heavy lift transportation vessels. Management of the vessels (both technical and crew) is subcontracted to Anglo Eastern.

| NAME SHIP | PICTURE | WIDTH METERS | LENGTH METERS | SQUARE METERS | TONS | BUILT |
|---|---|---|---|---|---|---|
| Blue Marlin |  | 63 | 225 | 11,227 | 76,051 | 2000 |
| Mighty Servant I |  | 50 | 190 | 7,500 | 40,190 | 1983 |
| Mighty Servant III |  | 40 | 181 | 5,600 | 27,720 | 1984 |
| Black Marlin |  | 42 | 218 | 7,480 | 57,021 | 1999 |
| Transshelf |  | 40 | 173 | 5,280 | 34,030 | 1987 |
| Transporter |  | 45 | 217 | 5,785 | 54,000 | 1990 |
| Target |  | 45 | 217 | 5,785 | 54,000 | 1990 |
| Treasure* |  | 45 | 217 | 5,785 | 54,000 | 1990 |
| Talisman* |  | 45 | 217 | 5,785 | 54,000 | 1993 |
| Trustee** |  | 45 | 217 | 5,785 | 54,000 | 1991 |
| Triumph** |  | 45 | 217 | 5,785 | 54,000 | 1992 |
| Swan |  | 32 | 181 | 4,000 | 32,650 | 1982 |
| Swift |  | 32 | 181 | 4,000 | 32,187 | 1983 |
| Tern |  | 32 | 181 | 4,000 | 32,650 | 1982 |
| Teal |  | 32 | 181 | 4,000 | 32,187 | 1984 |
| Dock Express 10 |  | 32 | 159 | 2,780 | 12,928 | 1979 |
| Enterprise |  | 29 | 158 | 2,700 | 8,727 | 1984 |
| Dock Express 12 |  | 24 | 159 | 1,850 | 13,110 | 1979 |
| Super servant 3 |  | 32 | 139 | 3,712 | 14,138 | 1982 |
| Super servant 4 |  | 32 | 169 | 4,672 | 17,600 | 1982 |
| Explorer |  | 31 | 159 | 2,823 | 10,763 | 1984 |
| Yacht Express |  | 32 | 209 | 5,163 | 16,250 | 2007 |

At the end of 2007 Mighty Servant 3 was under repair and ships marked * were being converted, ships marked ** will be converted in 2008.

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* Incorp. in process

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## Colophon

**COORDINATION, PLANNING & PRODUCTION**
Imprima (Nederland) bv, Amsterdam

**TEXT**
Dockwise Ltd., Bermuda

**DESIGN**
Van Eck grafisch ontwerpers, Amsterdam

**PHOTOGRAPHY**
Cover foto: Captain Kevin L. Gibson
Page 52/53: Klaas Slot
Page 54/55: Dockwise archive
Page 56/57: Dockwise archive
Page 58/59: Klaas Slot
Page 60/61: Bob Redding
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