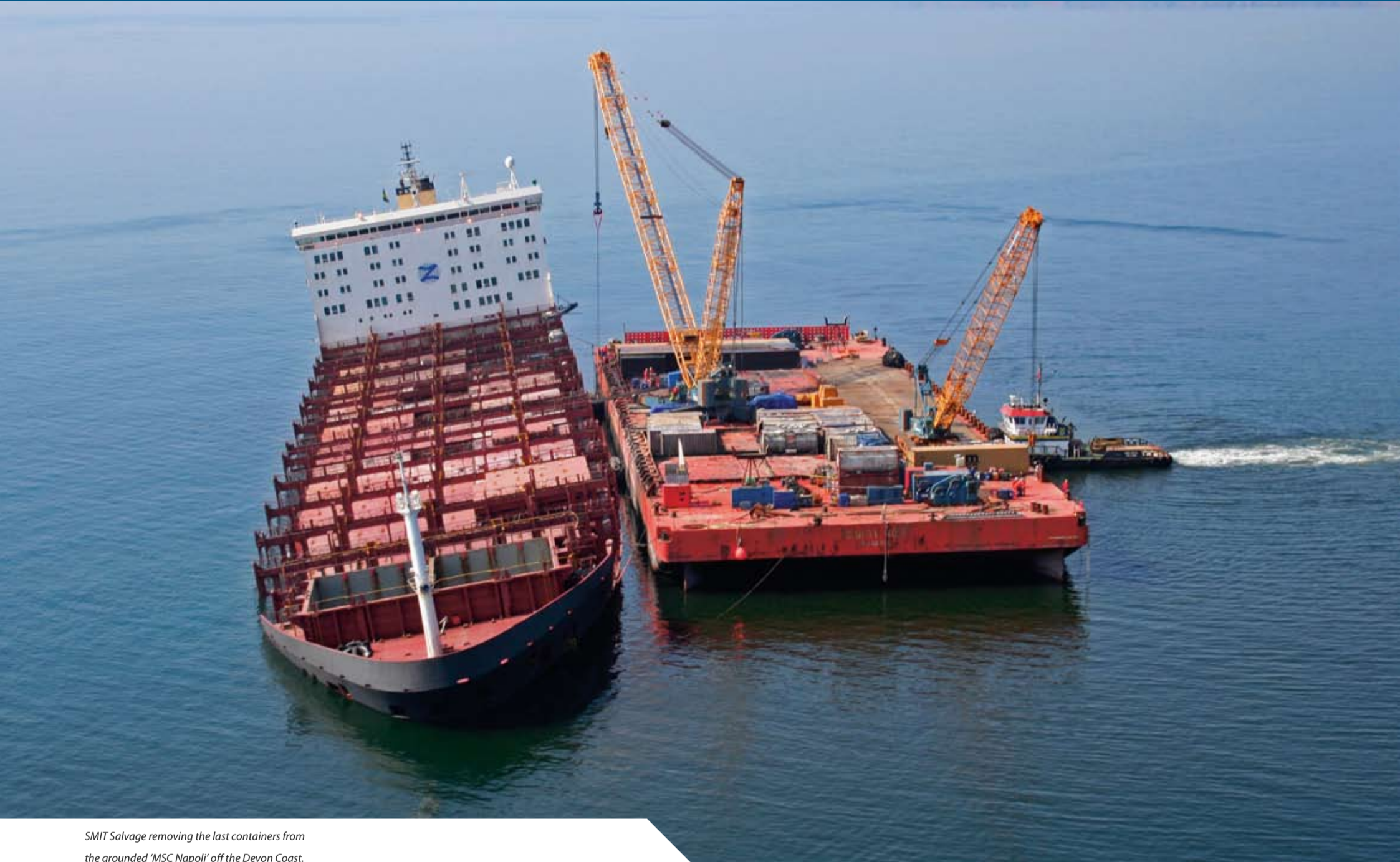


TUG Magazine

June 2007



SMIT Salvage removing the last containers from the grounded 'MSC Napoli' off the Devon Coast.

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WELL POSITIONED FOR FURTHER GROWTH

SMIT's net profit for 2006, at €75 million, virtually doubled on the preceding year. We were helped by a remarkable second half, with the Salvage and Transport & Heavy Lift Divisions making particularly strong contributions. SMIT is now well positioned for further growth.



One memorable feature of the year was the tremendous second half experienced by the Salvage Division. This, in turn, benefited Transport & Heavy Lift - a major provider of equipment and services for major salvage operations. In addition, our harbour towage operations at Rotterdam and Antwerp benefited from strong winds experienced in North West Europe in the second half, which had the effect of boosting demand for harbour assistance.

SMIT has a stable, healthy balance sheet, able to support our plans for further newbuildings and acquisitions. Our financial strength is recognised in the market. SMIT's share price has moved from €7 to €50 within five years. We deliver good returns. We are proposing a return of €2.23 per share, up by 80 per cent on the previous year. Meanwhile, the four Divisions continue to deliver consistent high performance. I have likened our performance to that of a well-maintained engine. We are

now looking for more output per cylinder, in the knowledge that there is much to play for. There are plenty of opportunities in our global markets.

SMIT's strategy continued to unfold during 2006. We have been investing substantially in new vessels for three out of the four Divisions. These newbuildings are based on the principles of applying proven technologies and standardisation. The order book now stands at 100 vessels. We have taken opportunities to dispose of elderly vessels. SMIT's fleet is undergoing a complete transformation.

Over the 12 months the Salvage Division generated excellent profits and secured a series of major salvage assignments. Revenues from salvage far exceeded historic norms.

Serious accident events reflect a growing dilemma within the shipping industry. New safety management practices, more sophisticated training, the growth of VTS and many other factors have much improved the industry's safety record. Unfortunately, shipping has also become more complex and pressure on efficiency of operation continues to grow. It is against this background that the significance of the human element can be fully appreciated. It is often said that four out of five shipping casualties are due to human error, as demonstrated in recent ballasting accidents. It is difficult to see any immediate improvement in this area. Meanwhile, the risks continue to grow with the increase in vessel size. These issues have important implications for future salvage activity.

SMIT has a very clear vision of its place in the market for salvage services. We have a reputation for success in tackling large, complex projects requiring a high level of environmental care. We have invested in our market position, by establishing the SMIT Salvage

Research & Innovation Department. This demonstrates our belief that salvage is, above all else, a knowledge-based business.

SMIT Transport & Heavy Lift's contribution to our highly positive 2006 outcome was reinforced by extraordinarily high utilisation rates for the sheerlegs and other equipment. This largely reflects strong demand from a very busy Salvage Division.

The year saw SMIT Transport & Heavy Lift's new class of large work vessels find ready acceptance in the marketplace. Five of the 10 new vessels have been delivered and are already busy on long-term contracts. Four of the remaining five are already placed for long-term work.

SMIT Harbour Towage also enjoyed high utilisation levels, due to strong winds prevailing in the North West European region and, more generally, the buoyancy of global shipping markets.

SMIT continues to expand harbour towage activities in Latin America, with operations at Bahia Blanca, Argentina, showing great promise. Meanwhile, the 18-vessel building programme for SMIT Rebras, Brazil, is making good progress. SMIT Harbour Towage is also interested in new ventures in the Far East region, in countries such as India, China and Korea.

Looking to the longer term, the Harbour Towage Division must follow commercial strategies which offer firm prospects of market success. This principle influenced SMIT's stance during the recent industrial dispute in Rotterdam. I am pleased that this is now resolved. Something valuable came from this otherwise painful experience: a deeper appreciation of our need to act in the interests of our customers and, secondly, a recognition that it

is impossible to compensate for every aspect of rapid economic change.

As for SMIT Terminals, this Division continues with its efforts to achieve more growth. A new contract in Equatorial Guinea was secured during 2006 and this will begin to contribute to financial results in 2007. This Division continues to sharpen its focus, with more selective targeting of projects worldwide. There are interesting opportunities in many countries, ranging from Italy and Angola to Egypt and Saudi Arabia. In the case of Italy, SMIT Terminals, with partners RR Panfido, has already won a major marine support contract for an offshore LNG facility on the North Adriatic coast.

There is every prospect that SMIT Terminals will win further new business in 2007. It is encouraging to note that this Division has proved consistently effective in holding onto business. Contract extensions have been negotiated for operations in Bonaire, Gabon and the Bahamas.

Our priorities now include further improving SMIT's financial strength, through managed growth and long-term employment for the new vessels. At this stage, a key issue is our ability to continue to source people of the highest calibre, to support global growth.

On the subject of growth, our preference is for carefully planned, relatively small-scale acquisitions. Integration is a kind of artistry. The larger the scale, the more difficult it is to achieve. As for the future, our main objective is clear: to be recognised as one of the top three players in our chosen markets.

Ben Vree
Chief Executive Officer

TWO MORE "L" CLASS VESSELS JOIN THE FLEET

Two new "L" class vessels have joined the fleet in recent months. Both were the subject of Naming ceremonies in Singapore. One of the vessels, 'Smit Langkawi', was deployed immediately after her naming - on 29 December - to undertake a salvage operation.

The first of the "L" class vessels to be delivered was the 'Smit Lombok', in April 2006. 'Smit Langkawi' and 'Smit Lingga' are the second and third in this series of seven 75 tonnes bollard pull anchor handling tug supply vessels,

purchased by SMIT from Hadi H. Al-Hammam Est. The 'Smit Langkawi' and 'Smit Lingga' have identical specifications. They feature joystick control and are rated Firefighting Class I.

The opportunity was taken to combine the naming of the 'Smit Langkawi' with SMIT Singapore's year-end company get-together. In a break with traditional practice, the "lady sponsor" role was shared by six Singapore staff members: Kim Woodford, Bajariya Abdul Latiff, Linda Lim, Rita Mak, Wendy Ong and Ju Lin Tan.



The lady sponsors presented Captain Noel Decena and his crew with a commemorative print of Horsburgh - Singapore's first lighthouse.



Sponsor lady Mrs Jen Rajgopal performed the Naming ceremony for the 'Smit Lingga'.



This was named after Captain James Horsburgh, a renowned East India Company hydrographer who mapped many seaways in the vicinity of Singapore in the late 18th Century and early 19th Century. This print was selected as lighthouses serve as beacons to vessels and the lady sponsors wanted to underline their wish of safe passage for the 'Smit Langkawi' on all her voyages.

Six weeks later, the naming of 'Smit Lingga' also took place on the Singapore waterfront. This Naming ceremony was performed by Mrs Jen Rajgopal, the wife of Hadi H. Al-Hammam Est General Manager T.K. Rajgopal.

This ceremony took place just two days before the Chinese New Year. It was appropriate, therefore, that a dragon dance greeted guests. Those present included His Excellency Chris Sanders, Ambassador of The Netherlands to Singapore, and his wife, Mrs Marianne Sanders. The welcoming 22 m long "dragon" danced to the Chinese drum and crashing cymbals - in a



'Smit Langkawi' was named by no less than six sponsor ladies.



The sponsor ladies presented the Captain and crew of the 'Smit Langkawi' with a gift, wishing the 'Smit Langkawi' a safe passage on all her voyages.

welcome signifying both good luck and prosperity. Mrs Rajgopal presented Captain Aan de Wiel and the crew of the 'Smit Lingga' with an attractive model of a dhow. This model of the traditional Arabian sailing vessel was an apt gift, as the newbuilding is under long-term charter to Saudi Aramco, as are sister vessels 'Smit Lombok' and 'Smit Langkawi'.

'Butimen Glory' salvage

Shortly after the December Naming ceremony, the 'Smit Langkawi' was deployed for a salvage operation in Malaysian waters. On 11 January the 'Butimen Glory', laden with 4,300 tonnes of asphalt, was proceeding from Malaysia to India when fire broke out in the engine room. The fire spread rapidly into the crew quarters. As a result, the crew had to abandon ship; they were rescued by a passing vessel.

Meanwhile, SMIT Salvage in Singapore obtained a Lloyd's Open Form for provision of

immediate assistance. The 'Smit Langkawi' was on passage through the Malacca Strait. The newbuilding was instructed to reach the burning vessel as soon as possible. Upon arrival, 'Smit Langkawi' immediately began firefighting and cooling operations. A salvage team from

SMIT's Singapore location arrived within a few hours and work began to stabilise the vessel. Subsequently, the casualty was prepared for the journey to safety at Penang, Malaysia, where redelivery took place.



MORE NEW ORDERS FOR FLEET RENEWAL

New orders continue to be placed under SMIT's fleet renewal programme. Orders over the past six months included two 65 tonnes bollard pull ASD tugs, placed with the Turkish yard Bogazici during December.



Four 85 tonnes bollard pull 3213 ASD tugs were ordered in May 2007.

The order with the Turkish yard included an option for a further four units of this type, based on a design from the Spanish bureau Cintranaval. These new tugs have Firefighting Class I, oil pollution abatement equipment and an "Escort" notation. The type is suitable for harbour towage assistance and terminal support duties. Delivery of 'Smit Europe' and 'Smit Africa' is expected in May and June respectively.

More recently, in early March SMIT acquired an Alicat 1605 newbuilding which had been virtually completed at Damen in Singapore. This vessel was delivered in April. It is now known as the 'Smit Fibr' and operates as a pilot vessel at the Bonny Island LNG Terminal, Nigeria.

In addition, an order for four 3213 ASD tugs with a bollard pull of 85 tonnes was placed

with Damen in May. These vessels will be able to respond to a rising demand for more powerful tugs as seagoing vessels continue to increase in size. The newbuildings are designed for deployment in both harbour towage and terminals activities worldwide.

Recent orders also included two large barges. One is a new bunkering vessel for service at Durban/Richards Bay. This order was placed in November, with the Durban yard Dormac. The second barge, ordered last October in Vancouver, Canada, is for service with SMIT Marine Canada. Delivery is scheduled for the end of this year.

The first of the 18 newbuildings ordered for SMIT Rebras is expected to be delivered in December.



3211 ASD tug 'Smit Bioko' under construction at the Damen shipyard in Poland.

The second quarter of this year, meanwhile, saw the delivery of the two Damen-built 2810 ASD tugs 'Smit Barbados' and 'Smit Donau', which will be based in Liverpool. This month will see the delivery of another 2810 ASD tug, 'Smit Elbe'.

Deliveries later in the year will include the Damen-built 3211 ASD tug 'Smit Bioko'. This tug will enter service in Equatorial Guinea in September, followed by sister vessel 'Smit Rio Muni' in December.

Also in the final quarter, another ahts vessel in the "L" class will be completed by Keppel Singmarine's yard at Nantong, China.

Three "L" class vessels - 'Smit Lombok', 'Smit Langkawi' and 'Smit Lingga' - are already operating successfully with the fleet.



Delivery of the 'Smit Europe' is expected in June 2007.

Colophon

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Printing

Schefferdrukkerij, Dordrecht

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'TAKLIFT 7' WINS 2006 CORPORATE VESSEL SURVEY AWARD

Sheerlegs 'Taklift 7' was named by SMIT Chief Executive Ben Vree as the winner of the Corporate Vessel Survey Award 2006. The choice was difficult this time, with all four nominated vessels presenting a very high standard of maintenance and condition.

SHE-Q General Manager Aart de Gloppe says: "We assess vessel condition by 12 criteria, applied during survey visits. On the basis of these results, 'Taklift 7' was nominated, together with the SMIT Harbour Towing Rotterdam tugs 'Smit Loire' and 'Thamesbank' and SMIT Transport's 'Shoalrunner 1' in Singapore.

"The 'Smit Loire' scored very well, given that the vessel has a three-man crew and a busy workload. Maintenance levels were high and the overall condition was found to be "immaculate". This year saw 'Smit Loire' redeploy to Equatorial Guinea, on behalf of SMIT Terminals."

"The maintenance level of 'Thamesbank' was very high and 'Shoalrunner 1' was found to be in very good condition. 'Taklift 7', however, has entered its fourth decade of operation, yet was also found to be extremely well-maintained, with neat accommodation and her engine room spaces and stores in a clean, fresh-painted condition."

Aart de Gloppe adds: "Many factors are taken into account when making this award, including age, intensity of workload and the operating environment. In this case, age was a particular factor. SMIT has no plans, at present, to invest in new sheerlegs. Therefore, the maintenance of SMIT's heavy lift capability depends on the achievement of the highest standards of maintenance of existing equipment. In this case, the personal commitment of 'Taklift 7's crew reflects corporate intentions and goals."

The Corporate Vessel Survey is a SHE-Q management tool designed to promote uniformly high standards of maintenance and safe prac-

tice across all vessels in the fleet. The selection of 'Taklift 7' as recipient of the 2006 Corporate Vessel Survey Award was announced by Ben Vree on January 8. Subsequently, the Chief Engineer of 'Taklift 7', A. H. van den Boogaard, together with vessel operator Henk van der Houwen and representatives of the sheerlegs' crew, received a cheque for EUR 500 - to be spent on recreational facilities. All concerned also received a special T-shirt. 'Taklift 7' will fly the coveted Corporate Vessel Survey Award pennant throughout 2007.



F.l.t.r. Vessel Surveyor Cor Fontaine, 'Taklift 7' representative Aad van den Boogaard and Ben Vree.



SMIT HARBOUR TOWAGE FOCUSES ON THE FUTURE

The past half-year brought mixed results for SMIT Harbour Towing. Loek Kullberg, Managing Director of the Harbour Towing Division, says: "Commercial performance was strong in all areas of operation worldwide. Important new operations began, including harbour towing services at the port of Liverpool, in the UK. At the same time, however, a serious industrial dispute developed in Rotterdam. Fortunately, this problem is now behind us, with a new, three-year collective agreement. This is a very important achievement, as it offers our customers security of service."

"Naturally, a dispute of this type must have consequences. We are now redoubling efforts to reinforce customer relationships and point to the stability offered by the new agreement."

The industrial dispute at Rotterdam ended when the proposals made by SMIT in early April went to a secret ballot. This resulted in a majority acceptance of the package.

The Harbour Towing Division now has its eyes firmly fixed on the future, with a series of new tug deliveries expected during this year and 2008. This includes the major series of newbuildings for URS in Belgium, SMIT Rebras in Brazil and Keppel SMIT Towing, as well as two new tugs for SMIT Harbour Towing in Liverpool.

Loek Kullberg adds: "There are also important new developments in Canada. During

July/August, the 65 tonnes bollard pull 'Smit Mississippi' will redeploy from Panama to Prince Rupert, Canada, in readiness for the start of an assistance contract for a new container terminal. This contract commences in November. In addition, we intend to order two new tugs - Robert Allan design, 65 tonnes bollard pull types - for operation at Prince Rupert/Vancouver. The new vessels will be delivered in about 18 months."

Redeployments include the 'Smit Bahamas', which left the Caribbean in the Spring, bound for Panama. Meanwhile, the 'Smit Aruba' will shortly leave Rotterdam, for service in Panama. 'Smit Aruba' has been succeeded in Rotterdam by 'Smit Mersey', rotating from Panama.

Loek Kullberg concludes: "We will possibly also be stationing the two newbuildings 'Smit Europe' and 'Smit Africa' at Rotterdam, on temporary assignment. These tugs are scheduled to work in Egypt, awaiting "front-running" activities for SMIT Terminals. 'Smit Europe' and 'Smit Africa' will arrive in Rotterdam shortly.

"The outcome of these moves is that we envisage to operate with 16 tugs at Rotterdam and 10 in Panama. As for Liverpool, we have deployed the 'Smit Barbados' and 'Smit Donau' for this new contract.



2810 ASD tug 'Smit Barbados' was launched at the end of January in Galatz, Romania.



Harbour towing tug 'Smit Mississippi' will be redeployed from Panama to Prince Rupert, Canada.



'Smit Polen' provides assistance to Maersk jack-up rig 'Guardian' in the port of Rotterdam.

SMIT NOW OPERATING AT LIVERPOOL

During February SMIT reached agreement with Adsteam Marine to acquire the latter's Liverpool towing operation. The purchase followed the UK competition authorities' decision that Liverpool should be excluded from SvitzerWijmsmuller's acquisition of Adsteam.

The Liverpool acquisition by SMIT was approved by the competition authorities, as was SvitzerWijmsmuller's takeover of Adsteam. As a result, Adsteam's Liverpool operation came under SMIT ownership on 29 March. During April, SMIT's inauguration of operations at the port was celebrated by events in Liverpool and London.

There are two operators at Liverpool. SvitzerWijmsmuller is also present, supporting the Shell Terminal and other facilities. Adsteam's customers were the more traditional carriers, some of whom are already SMIT's customers at ports elsewhere in the world.

Loek Kullberg, Managing Director of the Harbour Towing Division, says: "This marks our first move into the UK harbour towing market, but not into the UK as such. SMIT Transport & Heavy Lift, for example, has a contract with the Ministry of Defence for marine support of military ranges. This Division also operates crew boats and similar vessels at BP's Hound Point terminal, on the north-east coast. Liverpool, however, is a first for SMIT Harbour Towing and, naturally, we are delighted."

"This is a unique opportunity to show the SMIT flag in the UK. Liverpool, after all, is one of Britain's top five ports. Adsteam operated a fleet of six tugs at Liverpool. We are continuing with these vessels but intend to replace some."

"The present Liverpool fleet consists of Voith Schneider tractor tugs. One vessel, the 1998-built 'Trafalgar', has a bollard pull of 63 tonnes. The remaining five, built over the 1977-87 period, are rated at 32-36 tonnes bollard pull. In June the 'Smit Barbados' and 'Smit Donau', both 2810 ASD tugs, will be introduced."

Discussions between SMIT and Liverpool Port have reviewed the operational needs, taking account of the physical character of the port, the need to work in relatively confined areas and, of course, the locks. Loek Kullberg adds: "We believe the 58 tonnes bollard pull 2810 ASD type has the flexibility and manoeuvrability to operate with success at Liverpool."



The 'Smit Trafalgar', 'Smit Waterloo' and 'Smit Liverpool' - see below - take part in the Liverpool fleet.



NEW MARINE SUPPORT CONTRACT FOR ADRIATIC LNG TERMINAL

SMIT Terminals and partner RR Panfido have secured a major new contract for the provision of marine support for a novel offshore liquefied gas facility on the north Adriatic coast, near Venice. This requires a fleet of four newbuild tugs. The contract will commence in the third quarter of next year.

Loek Kullberg, Managing Director of SMIT's Terminals Division, says: "The award of the Adriatic LNG offshore terminal support contract is a major landmark for SMIT Terminals. The new import terminal, designed around a gravity-base structure stationed offshore Porto Levante, is the first LNG facility of its kind in the world."

"Orders for the four new tugs were placed at the beginning of May. Two will be built in Italy and the others will be constructed in Turkey. These tugs will be rated at 70 tonnes bollard pull. Their construction will be progressed to a tight timeline. We very much look forward to beginning our operations on behalf of the Adriatic LNG operators, Exxon, Qatar Petroleum and Edison."

The duration of this significant contract is 25 years. Long duration contracts are typical in the gas terminals market, as demonstrated by awards for marine support in recent years in Yemen, Qatar and a number of other countries.

Gas carriers calling at Adriatic LNG will moor alongside the import terminal and discharge.

The terminal will then deliver the gas ashore. The new tugs built to support the vessels calling at the terminal will be equipped with special, self-tensioning winches, for efficient handling of very large gas carriers.

The full scope of work on behalf of Adriatic LNG includes towing support for LNG carriers, together with security, firefighting and emergency towing cover. Two LNG carriers will call weekly at the terminal.

Another recent contract success for SMIT Terminals involves marine support for a new FPSO, about to be installed in Angolan waters. This project, known as Greater Plutonio - Block 18, involves a joint venture between BP and the state oil and gas concern Sonagal.

This five-year contract will be serviced by a newbuild Rampart 5,000 tug rated at 90 tonnes bollard pull (Robert Allan design). The new tug will be ordered in June, for delivery in early 2009.

The new Angolan contract is due to commence in June. Accordingly, SMIT will deploy the 'Seaways 10', from Seaways International Dubai, as a "frontrunner", until the newbuilding is delivered. The 'Seaways 10' is a 91 tonnes bollard pull anchor handling tug.

Meanwhile, SMIT Terminals' new contract for marine support at the Bioko Island gas terminal, Equatorial Guinea, began in April.

Two "frontrunner" tugs, 'Smit Rhone' and 'Smit Loire', began work on behalf of the customer, EGLNG/Marathon Oil. These tugs have been upgraded to Firefighting Class 1 for this role. Two newbuildings, expected later in the year, will succeed the "frontrunners". The 65 tonnes bollard pull, Damen-built 3211 tugs 'Smit Bioko' and 'Smit Rio Muni' will be delivered in September and December respectively.

In addition, SMIT Terminals has secured a one-year extension to its contract for marine support and subsea services for the Mazeikiu Nafta SPM's, Lithuania. The original contract, for services relating to two SPM's, had a dura-

tion of five years plus options for two additional years. In granting the extension, the customer has exercised the final option under the present contract. The SPM's are supported by the 'Smit Sulawesi'.

Recent newbuildings joining the fleet include the two ASD tugs 'Smit Europe' and 'Smit Africa', each of 65 tonnes bollard pull. The tugs were delivered in June, following completion at the Turkish yard of Bogazici Shipping. The tugs are now available for "frontrunner" deployment.

3509 stan tug 'Smit Ozouri' was delivered at the very end of 2006 and is now deployed in Port Gentil, Gabon.



Sheerlegs 'Smit Cyclone' was deployed to assist in the wreck removal of the 'Twin Star'. After lifting the wreck, 'Smit-Lloyd 27' and 'Smit Cyclone' delivered the bow section of the 'Twin Star' to a scrapyard.



“A REMARKABLE RUN OF CONTRACT SUCCESS”

SMIT Salvage's global organisation was in full gear over the past six months, following the Division's success in securing a series of major assignments. They included the 'MSC Napoli' operation in UK waters, the project to raise the heavy transport vessel 'Mighty Servant 3' in Angolan waters and the successful recovery of the Dutch dredger 'Nautilus' in the Congo.



The 'MSC Napoli' case commanded a very high profile during January and February. Despite the many difficulties, the team made steady progress, removing bunkers, discharging deck containers and then lifting out containers within the holds.

Other substantial projects included the removal of the wreck of the 'Twin Star' in Peru, the righting and refloating of a Grimaldi ro-ro at Antwerp, the refloating of the bulk carrier 'Gold River' in Cameroon and the wreck removal of the 'Rokia Delmas' at La Rochelle, France.

Abel Dutilh, Managing Director of SMIT's Salvage Division, says: "This period has seen a remarkable run of contract success for the Salvage Division. We are experiencing an extraordinarily high level of utilisation and we remain heavily committed around the world."

"One of the reasons for our success is the ability to devise solutions of benefit to all concerned. For example, we deployed the same sheerlegs, 'Taklift 7', to participate in the 'Nautilus' and 'Mighty Servant 3' operations in Africa, so producing significant cost savings."

Abel Dutilh says: "One important feature of this project, especially in the early stages, was the highly skilled participation of French salvor Les Abeilles, together with Klyne Tugs of the UK. They provided large salvage tugs which played a prominent role early on. Another positive feature of this case is the excellent support received from Robin Middleton, the UK Secretary of State's Representative, or SOSREP. He took very difficult decisions without hesitation and with considerable courage."

Abel Dutilh added: "We experienced a very busy time in the final quarter of 2006 and the hectic pace continued throughout the first quarter of the New Year. We were able to meet these extreme demands only through the extraordinary commitment displayed by our personnel worldwide."



MAJOR REFLOATING PROJECTS IN SALVAGE WORKLOAD

Major refloatings and wreck removals featured heavily in SMIT Salvage's first quarter workload. These operations included the 'MSC Napoli' (see page 8) and the recovery of the sunken vessels 'Mighty Servant 3' and 'Nautilus', both in African waters.

In January SMIT secured refloating contracts for the semi-submersible heavy lift vessel 'Mighty Servant 3' and the dredger 'Nautilus', at Luanda and Pointe Noire respectively.

'Mighty Servant 3' sank at Luanda during December. SMIT obtained a Lloyd's Form contract, with SCOPIC invoked. The salvage team removed bunkers and began planning for a refloating.



Meanwhile, the 1,200 tonnes sheerlegs 'Taklift 7' was in the process of redeploying to Europe. She was held at Las Palmas whilst the contractual situation clarified. The sheerlegs then proceeded to African waters and began work on the 'Nautilus'. This 93 m dredger was parbuckled and refloated during March, with the vessel rotated from a fully inverted condition.

'Taklift 7' then proceeded to Luanda, to participate in the 'Mighty Servant 3' project. The

sheerlegs joined the diving support vessel 'Smit Orca'.

The heavy lift vessel had sunk in a water depth of 55 m. The intention is to raise 'Mighty Servant 3' and return this vessel to service. At the time of writing, work continued to prepare for the refloating, using a combination of pressurisation and lifting. The vessel is lifted at the bow, stabilised, then lifted at the stern by the sheerlegs. 'Taklift 7' is providing the necessary control for a safe refloating.

The second quarter saw the completion of the project to remove the wreck of the general cargo vessel 'Twin Star'. This ship went down off Callao, Peru, last year following a collision.

The project began with the removal of bunkers and progressed to a wreck removal. Work began last October, with salvage resources mobilised from Canada and Singapore – the salvage fleet including the recently-delivered workbarge 'Smit Adaman'.

The first phase of work involved the recovery of 'Twin Star's' cargo of 22,000 tonnes of steel products. The wreck was then cut into two sections. The bow section was subsequently delivered to a scrapyard and the stern was scuttled at a deep water location. This brought to a successful conclusion a major operation involving a team of around 80 personnel. The 1,000 tonnes sheerlegs 'Smit Cyclone' was mobilised for the big lifts required.

'Smit Cyclone' was deployed from the US Gulf for this task. Upon completion, the sheerlegs returned to the US Gulf and resumed debris clearance arising from the Katrina/Rita hur-

ricanes of 2005. This time the sheerlegs is being partnered by 'Taklift 1' (800 tonnes). This phase of work involves the recovery of leg sections from the rig 'Adriatic VII'. Work commenced on site at the beginning of May.

Other recent salvage operations included the refloating of the bulk carrier 'Gold River' at Douala, Cameroon. The vessel had grounded in a muddy estuary. A part-discharge of the cargo was required to achieve a refloating, after which the cargo was reloaded.

In Egypt, SMIT Salvage was contracted to remove the dredger 'Al Khattab', owned by the Suez Canal Authority, after it had capsized and sunk in the main transit canal of the Suez Canal. Difficulty in this salvage and extensive diving operation was the fact that traffic through the Canal was in no way to be interrupted whilst vessels were passing at very close proximity. With the assistance of three sheerlegs, 'Italia', 'Enkaz-01' and 'Enkaz-02', the 'Al Khattab' was parbuckled upside down, refloated by introducing air, stabilised and consequently transported to a designated shallow area for redelivery.



There was also the somewhat extended service involving the ro-ro/container vessel 'Rokia Delmas', at La Rochelle, France, which progressed from a Lloyd's Form, with SCOPIC invoked, to daily hire to lumpsum and, finally, a wreck removal. The operation commenced with the participation of Les Abeilles and the wreck removal was awarded to a SMIT/Scaldis joint venture.

March saw the beginning of yet another major salvage, when the 1988-built, 42,500 GT ro-ro 'Republica da Genova' rolled towards the jetty during loading operations at Antwerp. SMIT Salvage obtained a contract to remove the bunker oil and all deck cargo lost during the capsizing.

Capsized dredger 'Nautilus' was successfully parbuckled from a fully inverted condition. Subsequently, the vessel was refloated by a combination of pressurisation and lifting.



Diving support vessel 'Smit Orca' was deployed to assist in the refloating of 'Mighty Servant 3'.



WORK CONTINUES TO REMOVE 'MSC NAPOLI'

On Thursday 18 January the container vessel 'MSC Napoli', en route to the Portuguese port of Sines from Antwerp, ran into trouble during a violent storm in the English Channel. The crew abandoned the vessel in difficult conditions and, fortunately, all 26 men were rescued by British helicopters. Following events were to develop into a major operation for SMIT Salvage.

SMIT was awarded a Lloyd's Form contract as British and French tugs went to the assistance of 'MSC Napoli'. The abandoned vessel was taken in tow and the convoy proceeded towards Portland. However, the casualty's condition began to deteriorate rapidly during the early hours of Saturday 20 January and the decision was taken, in consultation with the UK Secretary of State's Representative (SOSREP) Robert Middleton, to beach the vessel in a controlled manner at a position just off Branscombe, on the coast of Devon. This avoided the possibility of the vessel breaking in two.

Three large tugs, 'Anglian Princess' and the French vessels 'Abeille Liberté' and 'Abeille Bourbon', remained on site as more tugs and barges were mobilised to work on the discharge of 'MSC Napoli's fuel and containers.

This 1991-built vessel had 2318 containers on board. Around 100 containers were lost - most during the storms before the tugs arrived, with some further losses as the casualty approached Portland. The vessel also had around 3,600 tonnes of heavy fuel in her bunker tanks. Whilst an oil sheen developed around the vessel, an inspection confirmed that all six bunker tanks were undamaged.

A lightering tanker, 'Forth Fisher', was mobilised from Falmouth for the ship-to-ship transfer of 'MSC Napoli's bunkers. As preparations began for the ship-to-ship transfer, two barges were mobilised for the cargo discharge.

Oil booms were placed around the 'MSC Napoli' as a precautionary measure. The oil sheen proved to result from initial leakage from the flooded machinery spaces. Over the first few days, the total oil loss was minimal. Inspection confirmed that all six bunker tanks remained intact.



The salvage vessel 'Union Beaver' arrived on site to act, among other things, as a floating base for SMIT's salvage team. Pumping of heavy fuel oil from the 'MSC Napoli' to the tanker 'Forth Fisher' began on Tuesday 23 January. Later in the week, the large barge 'Bigfoot' arrived equipped with two cranes (500 tonnes and 250 tonnes lift capacity). The 'Bigfoot' partnered a second barge, 'Boa Barge 21', mobilised from Rouen. This acted as a shuttle between the casualty and the shore, landing discharged containers at Portland.

The weather remained remarkably good for the time of year throughout the initial weeks of the operation, facilitating the transfer of heavy fuel oil. Within 48 hours, 1,150 tonnes of bunkers was pumped to the 'Forth Fisher'. The 'MSC Napoli' has four main fuel tanks and two smaller tanks. Three were above water and relatively easy to reach. The others were submerged inside the flooded, listing vessel. The list was 16 degrees at High Water, reducing to 13 degrees at Low Water. A hot-tap system was mobilised, to penetrate and pump out submerged tanks.

As the ship-to-ship transfer of the bunkers progressed rapidly, the 'Bigfoot' was brought alongside the beached container vessel so that cargo discharge could commence. At this point, the salvage team also began filling cracks with special resin and pumping water from flooded cargo holds. Work also continued to skim oil from the water in flooded spaces.

By the end of the fifth day of the ship-to-ship transfer, nearly half the bunkers had been discharged from 'MSC Napoli'. The discharge of containers began on Sunday 28 January.



By Friday 2 February over 80 per cent of 'MSC Napoli's bunkers had been removed. By the following week, the salvage team had removed 314 containers from the casualty's deck. It was at that point that bad weather intervened, forcing the salvage fleet to take shelter at Portland. At that point, however, virtually all heavy fuel oil had been removed.

As February progressed into March, all pollutants were removed, together with the deck containers. The lifting of containers from the holds then began. The recovery of containers from the holds was difficult, due to deformation of the guides. The weather remained unseasonably favourable for most of March. The last container on board was removed in mid-May. Consequently, equipment to refloat the vessel was mobilised from SMIT's warehouse in Rotterdam. Work continues on site, with completion expected in the early summer.



NEW ADDITIONS TO TRANSPORT FLEET EXPECTED

Fleet renewal and higher levels of stable income continue to contribute to SMIT Transport & Heavy Lift's ability to achieve its target of 10 per cent annual growth in profitability.

Abel Dutilh, Managing Director of SMIT's Transport & Heavy Lift Division, says: "Achieving that target is by no means easy, given the remarkably successful performance

months. As such, they are not really working the spot market. 'Smit Barracuda', for example, is participating in a year-long contract associated with the construction of an LNG terminal at Milford Haven, in the UK. This requires 'Smit Barracuda' and a fleet of five barges."

SMIT Salvage remains one of the Division's leading customers. At the end of the first quarter of this year, the new vessels 'Smit Bronco'



Multi-purpose vessels 'Smit Bronco' and 'Smit Bever' participated in the salvage operation of the 'MSC Napoli'.

last year. Nevertheless, this is achievable, given a benign market increasingly responsive to our range of transport and heavy lift services."

The transformation of the fleet continues. Following the successful introduction of the first three "B" class vessels - 'Smit Bison', 'Smit Bronco' and 'Smit Barracuda' - over the past year, the decision was taken to order a further three. These vessels will be delivered in the second half of next year.

Abel Dutilh says: "The market reacted very favourably to the new multi-purpose vessels. Demand is such that these vessels are attracting relatively long-term contracts, of up to 12

and 'Smit Bison' were both participating in salvage operations. 'Smit Bronco', together with 'Smit Bever', is engaged in the 'MSC Napoli' operation, off the Devon coast. Meanwhile, 'Smit Bison' is assisting in the 'Rokia Delmas' salvage.

Further new vessels will join the SMIT Transport & Heavy Lift fleet during the course of the year. Three 75 tonnes bollard pull "L" class vessels, 'Smit Lombok', 'Smit Langkawi' and 'Smit Lingga', were delivered in April 2006, December 2006 and February 2007 respectively. A fourth will join the fleet this November. An additional three "L" class vessels will be delivered during 2008.

In addition, four new barges have been ordered from Jiangmen Nanyang Ship Engineering Co. Ltd., of Xinhui, China, for delivery in 2008. These barges, 85 m x 23.5 m, continue SMIT's progressive move from the freshwater transport environment. Abel Dutilh says: "These new barges, larger than their predecessors, will retain the ability to negotiate the major Dutch locks but, in addition, they will have excellent sea-going capabilities."

He adds: "Looking ahead, the trend continues towards long-term employment which generates stable income. For example, six of the seven "L" class vessels are earmarked for employment in Saudi Arabia, for Saudi Aramco.

"We now plan to order a further four vessels, two of 100 tonnes bollard pull and two rated at 130 tonnes bollard pull. In essence, these will be updated versions of the "K" class vessels. They will be known as large multi-purpose work vessels. They will also be ground-breaking from the environmental standpoint. They will have a "CLEAN" class notation and will feature diesel electric propulsion. The orders for these vessels will be placed in the Far East during the third quarter of this year, for delivery in late 2009. Once again, our intention is to secure long-term employment for these new-buildings."

In the heavy lift sector, the sheerlegs 'Taklift 4' and 'Taklift 6' have a busy year ahead in Latin America. They are required to perform a wide range of heavy lifts for the 'P51' and 'P53' FPU's. This follows their successful deployment for the 'P52' outfitting. On completion of the latest assignments, 'Taklift 6' will remain in the region.

Elsewhere in Latin America, 'Taklift 1' continues to operate successfully for the Venezuelan state oil and gas concern, in the Maracaibo region. In Europe, meanwhile, 'Taklift 7' is booked for a 40-lift work programme at Milford Haven, in connection with the new LNG Terminal. This commences in the second half of June.



'Smit Barracuda' is deployed at Milford Haven to assist in the construction of an LNG terminal at Milford Haven, UK.



'Smit Bison' transported the crane barge 'Missing Link' towards the 'Rokia Delmas' casualty location.



"L" class vessel 'Smit Lombok' is currently operating in Saudi Arabia.

SMIT LOOKS TO A NEW GENERATION OF BARGES

Against the background of a buoyant market for heavy transport services, SMIT is investing in a new generation of barges capable of performing a wide range of assignments, both offshore and along Western Europe's major inland waterways.

Orders for four new barges were placed this April. The investment decision was taken at a time when the market is characterised by under-capacity in vessels of this type. The new generation barges will replace the "Eerland" 6,000 series, but will be larger, in terms of width and length. The new barges - to be built by Jiangmen Nanyang Ship Engineering Co. Ltd. - will be capable of passing all major locks in the Netherlands and, at the same time, will have excellent seagoing qualities.

In the global transport market SMIT Transport & Heavy Lift is a major player. The three "Giant" class barges continue to enjoy high levels of utilisation. At the time of



writing 'Giant 2' was about to arrive at Batam, Indonesia, having completed the transport of modules for an aluminium smelter. This voyage was from Chan May, Vietnam, to Gove, in the



'Smit Anambas' loaded with 24 river barges for transport from New Orleans, US, to Argentina.

Australian Northern Territories. The client is Alcan Gove. The 24,000 DWT semi-submersible barge then loaded more modules for this client in Thailand, for a second voyage to Gove. This transport began in mid-April.

'Giant 3' recently underwent a Special Survey at Batam. The big barge then commenced a charter in late April for the transport of dredging equipment from Kobe, Japan, to Madagascar - a 90 days plus voyage.

'Giant 4' also recently underwent a Special Survey, in this case at Gdansk, Poland. The barge then deployed to Rotterdam, to prepare for a 90-day assignment with Saipem UK. This involves the transport of offshore structures from Ravenna, Italy, to the Halfdan Field, in the Danish sector of the North Sea. This charter will conclude in July.

'Smitbarge 2' has been working in West African waters for the past two years. This barge has been operating offshore Angola, on behalf of Technip, in connection with the 'Dalia' FPSO project. During the first quarter of this year, however, 'Smitbarge 2' redeployed to the North Sea, for an assignment with Heerema. In addition, 'Smitbarge 2' is booked to participate in a contract for transportation of structures for the new LNG facility at Milford Haven, in the UK. This transport assignment extends into the final quarter of 2007.

Meanwhile, the 'Smit Anambas' arrived in the Parana River, Argentina, during April, having completed a voyage from New Orleans. The cargo consisted of 24 river barges. This assignment for SEACOR also requires a second transport of 24 barges. Further voyages in this series may be booked.

The diving support vessel 'Smit Orca' commenced a four-month charter for Technip during January of this year. As in the case of 'Smitbarge 2', 'Smit Orca' was deployed in Angolan waters for the 'Dalia' project. This was followed by a charter for Shell Gabon, for SBM maintenance, and by a 150-day charter for Angolan Drilling Co., working offshore Luanda.

The new vessels in the SMIT fleet are also busy. 'Smit Kamara' continues its long-term assignment in the North Sea. This contract began in January 2006 and concerns platform maintenance in the Dutch and UK sectors of the southern North Sea. This year is the second of the five-year contract, with 'Smit Kamara' operating very successfully in its role.

Over the past year three new multi-purpose work vessels were delivered for operation in North West Europe. The 'Smit Bison' is participating in the 'Rokia Delmas' salvage in French waters. 'Smit Bronco' is assisting in a salvage operation at Lyme Bay, UK, whilst 'Smit Barracuda' is on long-term time charter to Besix in Milford Haven.



'Giant 2' after arrival in Gove, Australia, from Chan May, Vietnam, loaded with modules for an aluminium smelter.

BUSY WORK PROGRAMME IN LATIN AMERICA

Latin America continues as a major centre of activity for SMIT's heavy lift shearlegs. The current workload includes a major outfitting contract for the semi-submersible Floating Production Unit (FPU) 'P51', under construction at a Brazilian yard.

Two SMIT shearlegs, the 1,600 tonnes lift capacity 'Taklift 4' and the 1,200 tonnes 'Taklift 6', will tackle the 'P51' outfitting at Angra dos Reis, the Brasfels yard near Rio. Work began last December, when 'Taklift 6' - rigged with the long boom - began lifting column sections. Each column consists of three sections. The shearlegs assembled two sections for each of the four columns. Subsequently, 'Taklift 4', rigged with the fly-jib, lifted the assembled sections, each with a weight of 900 tonnes and a height of 20 m.

A further phase of work will require the load-out of four modules at Brasfels' Niteroi yard, also near Rio. This task is allocated to 'Taklift 4', which will be rigged with a four-point jib and will lift in the A-frame configuration. These modules, weighing up to 1,500 tonnes, will be lifted onto barges (two per barge).

The big shearlegs will then return to Angra dos Reis, to join 'Taklift 6' for the final lift of modules for the 'P51' FPU. This programme involves a total of eight modules, four on the quay and the four arriving by barge. These tandem lifts will be performed in late June. 'Taklift 6' will conclude with a wide range of additional lifts, involving piperacks, helideck, pedestal cranes and a communications tower.



'Taklift 4' and 'Taklift 6' installed several modules for FPU 'P52' in dual lifts in 2006.

The next phase of 'P51' work will follow the tow-out of the hull to location and deck mating. At that point, SMIT will install the flare boom, in another dual lift.

SMIT's shearlegs are also booked to participate in the construction of the FPU 'P53' - a vessel-type, rather than semi-submersible. FPU 'P53' will be a turret-equipped tanker. This contract

involves a comprehensive programme of lifts, scheduled to commence at mid-year. Once again, the contract requires both 'Taklift 4' and 'Taklift 6', working on behalf of offshore construction group QUIP. The lifts will be performed at a yard in Rio Grande, Brazil.

Elsewhere in Latin America, the 800 tonnes lift capacity shearlegs 'Taklift 1' recently completed the transport and installation of seven modules in the Maracaibo area, Venezuela, on behalf of PDVSA - the state oil and gas concern. The lifts involved a number of offshore platforms and booster stations. Some lifts were for new installations; others involved the relocation of modules.

'Taklift 1' also recently removed, for refurbishment purposes, a jack-up/compressor platform which had been in service for many years. The legs had penetrated deeply into the bottom. The platform was lowered on its hydraulics. The shearlegs then pulled the legs, which were cropped, so as to allow passage under a bridge on the way to the refurbishment facility at Terminales Maracaibo.

In late March 'Taklift 1' departed Venezuela for the US Gulf, returning for the completion of debris clearance arising from the 2005 Katrina/Rita hurricanes. The 1,000 tonnes lift capacity shearlegs 'Smit Cyclone' is partnering 'Taklift 1' for this new phase of clearance work. 'Smit Cyclone' redeployed from Peru, where it was involved in the 'Twin Star' salvage operation.

Meanwhile, the 1,200 tonnes lift capacity 'Taklift 7' was busy in West Africa. The shearlegs



ing tanks for pressurisation. The shearlegs then lifted at Mighty Servant 3's stern during the recovery phase.

In May 'Taklift 7' mobilised to Milford Haven, in the UK. The shearlegs is required for the construction of a new LNG facility at the site of a former refinery at South Hook. The client is CB&I/John Brown.

The scope of work at Milford Haven includes the installation of all topside modules and piperacks, over a 10-week period. The heaviest modules, at 550 tonnes, are the gas receiving units. Other items to be lifted include tower gangways and firefighting masts.

SMIT has a second contract for the transportation of the modules and piperacks. The latter are being fabricated at Methil, Scotland. The modules are being constructed at the Hollandia yard, in The Netherlands. The transport will be carried out by two SMIT "North Sea" class barges, together with the smaller barges 'E3505' and 'E3801'. The first voyage in a series of 13 began last month.



'Taklift 4' during the installation of the fourth column section for the FPU 'P51' in Brasil.



Installation of the flare boom for FPU 'P52' by 'Taklift 4' and 'Taklift 6'.

NEW COMMERCIAL FOCUS FOR SUBSEA SERVICES



SMIT Subsea now operates within SMIT Marine Projects, rather than SMIT Terminals. This change has been introduced to ensure that subsea skills are applied with maximum effect, for SMIT's contracting activities at a global level.

Abel Dutilh, Managing Director of SMIT's Transport & Heavy Lift Division, says: "SMIT Subsea complements the engineering and project management expertise offered by SMIT Marine Projects. This move will help ensure that the Group's subsea capability is fully utilised. SMIT Marine Projects has a brief to win contracts requiring a range of Group capabilities. It makes good sense, therefore, to place SMIT Subsea directly within its orbit. The work tackled by SMIT Marine Projects requires extensive diving services in many cases. Currently, these subsea skills are being applied for projects in areas ranging from the Middle East and Russia to West Africa and Indonesia."

SMIT Subsea has been engaged in offshore diving since the 1970's. Traditionally, it has concentrated on the provision of diving services in water depths of up to 50 m. During the 1990's it was acquired by Octo and, subsequently, by SMIT. SMIT Subsea specialises in establishing operational and logistics bases in remote areas. Air and saturation diving services are available. Over 20 International Marine Contractors Association (IMCA) - compliant diving spreads are available for deployment worldwide.

SMIT Subsea will continue to provide diving support for SMIT Terminals' operations worldwide, but, increasingly, it will focus on the subsea content of SMIT Marine Projects' workload.

The switch to SMIT Marine Projects took effect on 1 January this year. Subsequently, a new commercial strategy was applied by SMIT Subsea. This recognises the dynamic character of the global subsea market.

SMIT Subsea operates from two strategic centres. It has a substantial establishment in Cape Town. There is also a major base at Dubai. The emphasis now is to maximise synergies between SMIT Subsea and SMIT Marine Projects, whilst continuing to meet the subsea requirements of SMIT Terminals.

SMIT Subsea now has more opportunity to grow, as SMIT Marine Projects increases its workload worldwide. One area of interest is platform decommissioning. These projects often have a high subsea content, due to the need to remove pipelines and cables running from platform to platform and from offshore installations to the shore.

Another important market is the installation of pipelines, spool pieces, flanges, and risers. Whether removal or installation, however, the fundamental requirement is constant: the ready availability of a combination of subsea expertise and strong project management skills.

SMIT Subsea is an active member of IMCA and the Association of Diving Contractors International. With its growing involvement in marine project contracting, SMIT Subsea is set to continue to play a prominent role in these international organisations.

'LISA' BOOKED FOR SOLWAY FIRTH WINDFARM PROJECT

SMIT has acquired a large jack-up barge, the 'Lisa', capable of offshore working in a wide range of weather and sea states. The vessel was acquired in December by SMIT and Dutch marine services group HAPO, in a 50:50 joint venture. 'Lisa's first major project, following refurbishment at SMIT's "home port" of Rotterdam, calls for the installation of windfarm turbine foundations in UK waters.

SMIT Senior Engineer Fokke Jan Botke says: "The 'Lisa' is an ideal platform for projects involving the installation of windfarms or the decommissioning of offshore installations. This vessel is also a valuable addition to SMIT's salvage assets. 'Lisa' is a self-elevating work platform. The free deck area of 1,000 m² features a large crane rated at 600 tonnes. If required, the crane's boom can be extended from 325 ft to 425 ft."

"The upgrading programme progressed rapidly and will be completed early June. The upgrading work included fitting accommodation for 40 personnel, together with a new mooring system. The mechanical, electrical and hydraulic systems were renewed and a full overhaul of the jacking system and legs has been completed."

'Lisa's first project under new ownership will be the 'Robin Rigg' offshore windfarm, to be constructed in the Solway Firth, Scotland. SMIT Marine Projects was awarded a contract in February for marine support for the installation of 63 turbine foundations.

The client is the Danish civil engineering group MT Højgaard A/S, main contractors for the foundation works. Each turbine foundation consists of a steel tubular monopile hammered into the seabed. This carries a transition piece holding all secondary structures. The monopiles have weights of up to 270 tonnes.

The transition pieces weigh in at around 150 tonnes.

SMIT's scope of work, as the marine services provider, is to deploy the 'Lisa', together with two multi-purpose tugs. The 'Lisa' will be positioned at each monopile location, in turn. The crane of the 'Lisa' will be used to upend each pile as it arrives on board a coastal vessel. Each pile will be suspended in a piling frame.

Work commences in mid-June, under a 150 - day contract. This is a significant project for SMIT, its first windfarm-related offshore installations contract. SMIT is also a strong contender for a number of other windfarm projects due to commence in 2008.



HULL 108 PROGRESSES ON TARGET



Last year ended on a high note for SMIT Amandla Marine. During September the announcement was made of the decision by the company to build a new bunker barge in South Africa. This considerable investment of 60 million Rand follows the conclusion of successful negotiations between SMIT Amandla Marine and local shipbuilders Dormac.

Progress has been rapid in recent months. SMIT Amandla Marine's General Manager Paul Maclons is happy to report that the shipyard's team has completed 45 per cent

of the barge's bulk steel works. He comments: "We are certainly on track for completion during the third quarter of this year."

Grant Bairstow, SMIT Amandla Marine's Bunker Manager in Durban, says that the barge-related business unit is manned by a dynamic workforce. The newbuild has progressed rapidly and continues to boost the local economy - not only through the direct spend but also by skills advancement of the local workforce. This policy of "By South Africa, for South Africa" is a source of pride.

SMIT AMANDLA MARINE'S ON-GOING COMMITMENT TO QUALITY

SMIT Amandla Marine's Terminals Division is responsible for offshore terminal operations and management service contracts in Durban and Mossel Bay, on behalf of SAPREF and PetroSA respectively.

Some 80 per cent of South Africa's crude oil imports flow through the Durban terminal. SMIT Amandla Marine's team at sea and ashore work closely with SAPREF to ensure a safe and seamless operation. Recently, 'Smit Madura' was chartered for a two to three-year period, to succeed the terminal support vessel 'N'dongeni'. In addition, a purpose-built Rampage 5,000 terminal support vessel (Robert Allen design) with full diving system is likely to be ordered in the near future.

Significantly, SMIT Amandla Marine's Durban team achieved all contract-related SHE-Q milestones in 2006. They reached 1,000 accident-free days. All personnel are committed to maintaining and improving these numbers.

Increased SHE-Q awareness is the key objective of the recently-launched 2007 STOP Card campaign. This follows on from the successful 2006 "Safety First" campaign.

The new campaign is characterised by the slogan "Safe Teamwork is Our Priority". It involves the distribution of the STOP Card - which assists in near miss reporting and risk management - and a roadshow takes the message to all vessels and employees. The focus, of course, is on heightened safety awareness.



SMIT REBRAS PREPARES TO START OPERATIONS IN BRAZILIAN PORTS

SMIT Rebradores do Brasil SA (SMIT Rebras) is continuing its rapid development and will commence operation in Brazilian ports by the end of this year. Orders have been placed which will ensure that the SMIT Rebras fleet will consist of 18 new tugs, with bollard pulls of up to 70 tonnes. These vessels will be Brazilian-built, flagged, crewed and operated.

The first four of the newbuildings are now under construction at the Detroit yard in Itajai, Santa Catarina. These units all have a 45 tonnes bollard pull. In total, this yard will build 12 tugs of this class, together with six 70 tonnes bollard pull units. The 18 newbuildings, based on two Robert Allan designs, are azimuth stern driven (ASD) tugs. The first tugs are expected in the third quarter of this year and all 18 will be delivered by late 2008.

With the prospect of the first newbuildings now in sight, preparations are under way to commence harbour towage operations in the final quarter of this year. Announcements have yet to be made on the initial ports involved.

Meanwhile, work is under way to expand the SMIT Rebras organisation. Recruitment is in progress for management positions ashore and a training programme for the Brazilian crews is being developed.

This is an exciting period for the joint venture. The initial SMIT Rebras organisation consisted of a group of 14 "pioneers", including the new-building supervision team. However, by end-2008 SMIT Rebras expects to have around 250 Brazilian employees.



The first newbuildings for SMIT Rebras under construction at the Detroit yard at Santa Catarina.

FIRST NEWBUILDINGS ARRIVE FOR URS FLEET

February saw the delivery of the first of 12 newbuildings for URS, for service in the Belgian ports and for ocean towage and other duties offshore. Most of the newbuildings are to be constructed by the Armon yard at Navia, in the north of Spain, although two are being built at a Turkish yard.

The first of this major series of newbuildings to arrive was the 'Union Amber', delivered in February, to be followed this Summer by 'Union Jade'. These sister vessels are purpose-designed for service in the inner port at Zeebrugge. The new tugs, rated at 65 tonnes

bollard pull, have a length of 25 m. They will be operated with a two-man crew.

The next pair to be delivered will be the Turkish-built ASD tugs, under construction at Dearsan Yard, near Istanbul. These are 65 tonnes bollard pull Robert Allan Rampart 3,200 tugs. The first, 'Union Kodiak', was delivered in April. The second, 'Union Grizzly', is expected towards the end of the Summer - probably in late July. Both will operate in the Port of Antwerp.

'Union Kodiak' and 'Union Grizzly' will succeed 'Union Sapphire' and 'Union Diamond'; the first

two 65 tonnes bollard pull Armon-built vessels for URS. They joined the fleet back in 2003.

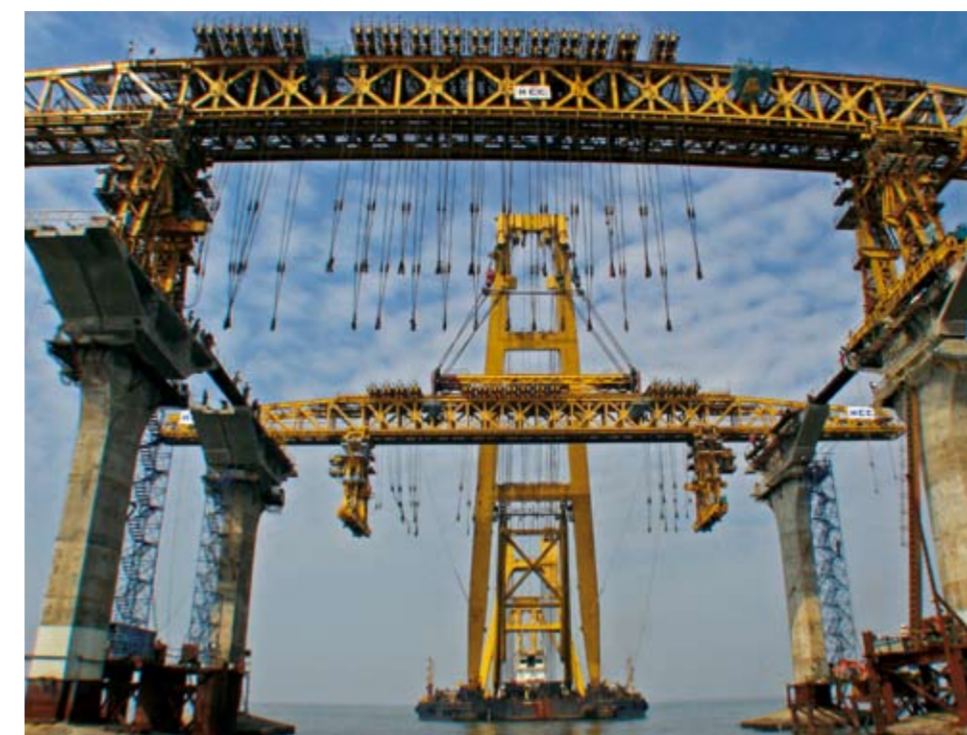
The intention is that 'Union Sapphire' and 'Union Diamond' will switch to the Ocean Towage Division. They will replace two very famous names in the tug world, the 'Fighter' and the 'Boxer'. The former is already laid-up; the latter will follow after the Summer.

Looking ahead, next year will see the delivery of two 65 tonnes bollard pull harbour towage tugs, representing additions to the six existing tugs in the "Union Sapphire" class. The first will be delivered by Armon in the first half of the year, followed by the second five in the second half of the year. The two newbuildings will probably go to Zeebrugge, to succeed two 45 tonnes bollard pull units. In turn, the latter may move to Terneuzen - although no firm decision on this has been taken as yet.

During 2009 two further 65 tonnes bollard pull tugs will be delivered by Armon, for service at Antwerp. There is a possibility that these units may be uprated to 80 tonnes bollard pull. Four additional newbuildings will complete the current programme. These are all 80 tonnes bollard pull ahts vessels. Two will be delivered in 2009 and the remaining two during the following year. Two of the four will succeed 'Union Sapphire' and 'Union Diamond', which are likely to return to harbour towage duties at that point.



'ASIAN HERCULES' ASSISTS IN MUMBAI BRIDGE WORKS



Asian Lift's floating sheerlegs operate for the most part in the Singapore/Malaysia region, but there are exceptions. One such exception called for the 'Asian Hercules' to be mobilised to India.

The Bandra Worli Sea Link project at Mumbai was a significant project during 2006. This eight-lane cable-stayed bridge has a central place in plans for the future development of Mumbai. The bridge will contribute to a

reduction in traffic congestion on the Mahim Causeway - the only current link between western and southern Mumbai's suburban districts and the Western Express Highway. Indeed, the bridge will form part of the "Western Freeway".

Asian Lift was awarded a contract by Hindustan Construction Company, main contractors to Maharashtra State Road Development Corporation.

The 'Asian Hercules' was deployed to assist in the relocation of girders and the installation of sections for the Bandra Worli Bridge. 'Asian Hercules' lifted two girder units, weighing 1,350 tonnes, from the north end of the bridge to the south, 500 m away. In addition, 'Asian Hercules' lifted four other bridge elements, with weights ranging from 130 to 295 tonnes.



NEW PERSPECTIVES ON MANAGING MARINE EMERGENCIES

SMIT held its 28th Managing Marine Emergencies (MME) course in Singapore during March this year. As usual, the course was full, with 21 delegates from many organisations and countries. The mood was enthusiastic and the outcome rewarding for all concerned.

The participants included representatives of the Australian Maritime Safety Authority, Maritime New Zealand, Korea Marine Pollution Response Corporation, the Maritime and Port Authority of Singapore, APL and Neptune Shipmanagement, Swire Pacific, Cosco (Hong Kong) Insurance Brokers, Charles Taylor, A. Bilbrough and salvors SEMCO and Hong Kong Salvage & Towage.



The four-day MME course is held twice annually in Rotterdam and once a year in Singapore. The first day focuses on a review of types of casualty, salvage contracts and oil spill contingency requirements. During the second day, delegates are briefed on claims insurance and security in a casualty situation, together with salvage values, the salvor's role, response skills and an assessment of quality shipping.

During the third day, the course participants took part in simulation training and a crisis exercise. As always, the MME programme included a comprehensive, highly enjoyable social schedule, including an evening cruise to the Southern Islands.

The course concluded on the fourth day with presentations on the media aspects of marine casualty management and a drill involving a simulated VLCC accident in North West European waters.

Lecturers included Captain Lim Khok Cheng of the Maritime Port Authorities, Holman, Fenwick & Willan partner Bill Kerr, Media Response Consultant Tony Redding, of TRS Public Relations, and SMIT Salvage Commercial Director Geert Koffeman, Senior Salvage Consultant Bert Kleijwegt and London Office Manager Jason Bennett.

On the final afternoon, His Excellency Mr. C.C. Sanders, the Dutch Ambassador in Singapore, presented certificates to the delegates. In a short address, he referred to salvage as the "Dutch glory", with its reputation for success gained over several centuries.

During the final day's exercise, Jamie Storie, ETV Response Manager with the Australian Maritime Safety Authority, led the emergency management team. He commented: "This was an excellent course, offering a new way of looking at things. I now have a better appreciation of how industry and salvors react in a casualty situation".

Neptune Shipmanagement Managing Director Sim Hee Ping was a member of the emergency management team. He said: "It was a very informative four days! I have been in shipping for 30 years and, over that period, I have managed a couple of major incidents. This course changed my perception of the salvor. For example, I now appreciate that the absence of adequate awards for salvors would mean the absence of salvage assistance. It is fair to say that I really do have a different view of the salvor's role".

"In addition, this was an enjoyable course, with delegates from many cultures and different organisations. Close contact with representatives from other industry sectors was informative and valuable.



"Turning to the last day, facing the media is one of the most difficult things. One day is not enough to provide full training, but it is sufficient to give a real insight into the pressures."

Lucinda Liu, a Claims Handler with A. Bilbrough, was impressed by the emphasis on salvage related contracts: "This is really important for my job. The same can be said for the media exercise on the last day. I may not need to face the media in the immediate future, but that day may come!"

At the end of April 2007, the MME course also took place in Rotterdam, at SMIT's head office. The course will again be available in November 2007, in Rotterdam.

