

NORDIC HEAVY LIFT ASA

Enterprise no. 990 919 321

BOARD OF DIRECTORS' 4TH QUARTER 2007 REPORT

Background

Nordic Heavy Lift ASA ("NHL") was established in January 2007 with the purpose to order a state-of-the-art 5,000 tonne crane vessel for future offshore installation and construction work. The order was placed with the Sembawang Shipyard in Singapore. Sembawang has sub-contracted the hull fabrication with the Nantong Yahua shipyard in China. The order for the 5,000 tonne mast crane was placed with Huisman in the Netherlands. The scheduled delivery date of the Vessel is 31 March 2010. Among the unique features of the Vessel are DP3 class, significantly improved speed; 13-14 knots, compared to most existing crane vessels with about half that speed and the largest crane of its kind. The crane and associated equipment will be specifically designed for deepwater lowering activities, which also include active heave compensation; making the vessel one of the most advanced deepwater monohulls in operation. In the event that future use should require pipelaying capability, the Vessel can be modified both for S-lay and J-lay operation.

Finance

The Company had no operating revenues in the 4th Quarter 2007. The Company's operating profit in the 4th Quarter 2007 was USD (565,000) and USD (786,000) YTD. Pretax profit was USD (437,000) and USD 1.117 million, respectively. The Company is reporting in accordance with IFRS accounting guidelines, the details of which were attached to the Company's 3rd Quarter 2007 Board of Directors' Report. The Company's 4th Quarter 2007 financials are enclosed hereto, albeit unaudited.

The Company's interest bearing debt per 31 December 2007 was USD 115 million which included in its entirety a bond which the Company raised in May 2007 in connection with its immediate finance need; only a few days after the Company raised USD 108 million of equity. The combination of the debt and equity is intended to be sufficient funding until the 2nd Quarter 2009 from which time the Company expects that it will start drawing upon conventional debt including possible state credit facilities and/or other debt instruments. The Company is currently in discussions with a few selected potential lenders. As the Company has declared the option to include certain main crane improvements, covering deepwater lowering capability in particular, this has resulted in an increase in the Company's funding need, estimated not to exceed about USD 20 million in total.

The Company believes that the earnings potential will be considerably enhanced following this investment.

This approximately USD 20 million investment is in addition to the technical improvements, provisions in the Sembawang- and Huisman contracts, increased site team cost, SG&A and pre-opex cost, which the Company reported in its 3rd Quarter 2007 Board of Directors' Report which also is estimated to amount to approximately USD 20 million, yet still allowing for the original contingency of about USD 9 million.

The Board of Directors is of the opinion that the financial statements and the balance sheet reflect the status of the Company per 31 December 2007.

Construction Project Development

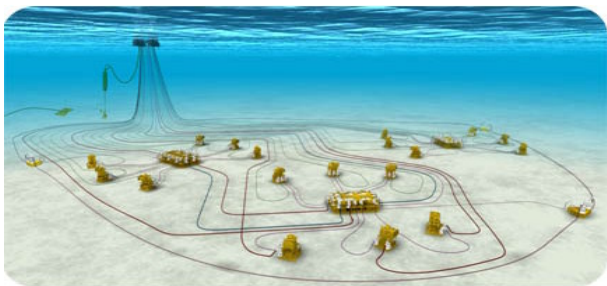
In order to run an efficient operation, the Company entered into a Technical Construction Management Agreement with Dyvi AS ("Dyvi") who is responsible towards the Company during the construction phase. Dyvi is well into the process of establishing its project team and site team. Out of an expected site team of 16 members, seven have been recruited, including the key site team personnel; many of whom have experience from similar projects undertaken by the same yards and main vendors.

As informed in the 3rd Quarter 2007 Board of Directors' Report, all critical path equipment has been ordered and is scheduled to be delivered in ample time to make all possible efforts to ensure that the Vessel will be delivered on time.

Basic Design is for all practical purposes complete. Detail engineering is well under way resulting in steel cutting which was planned for March / April 2008 but which took place on 22 January 2008.



During the 4th Quarter 2007, the Company has spent a considerable amount of time together with Huisman to optimise the specification of the main crane. The Company is confident that it has now reached an optimum solution to cover ranges from small lightweight lifts which are required at extreme heights to heavy loads with reduced crane radius as well as deepwater lowering capabilities specifically aimed at deepwater installation of equipment typically as illustrated below.



The Company's Manager (Dyvi) has also spent considerable time with both Sembawang and the Chinese hull fabrication yard; Nantong Yahua Shipyard in order to be best possible prepared for the construction phase and all interface and owner furnished equipment (OFE) activities. Maximum efforts and attention is also viewed towards HSE-matters.

Market Conditions

Although there seems to be a temporary slight reduction activity in the jack-up drilling market, the other drilling markets seems to stay robust with no sign of any weakness. Consequently, the offshore construction market is strong and is expected to stay strong in the foreseeable future. One of the leading offshore construction companies recently announced that it is planning to order a DP J-lay vessel; mainly for deepwater pipelaying work and would therefore not be a competitor of the Company's Vessel. Oil companies have also awarded some huge installation contracts to offshore construction companies worth several hundred million dollars and more per project.

Shareholder and Bondholder Structure

The Company's stock is being traded at the OTC market in Oslo. As for most OTC listed companies the liquidity is somewhat limited.

The Company currently still has some 80 shareholders of whom the 10 largest own about 80%. The shareholders are mainly Norwegian, but there are also several UK and US investors. The Company's bond is mainly held by UK and US investors, and about 15% Norwegian investors; some 60 bond investors in total.

Corporate Structure

As the Norwegian Government has introduced a more favourable tax system for shipowners, the Company is evaluating whether it should consider changing vessel ownership from its current 100% subsidiary company; Nordic HL Shipowning Co. Ltd., ("NHLS") which is registered at Cyprus. The Company is proceeding with the establishment Nordic Operating Company; which will be responsible for IR, commercial, engineering, operations and also directly or indirectly the employer of the Vessel's construction crew. The marine crew will be provided by Dyvi.

Although, the Company's original intention was to apply for listing at Oslo Axess for end 2007, the Company's Board of Directors (as previously announced) decided to postpone such application until early 2008. The Board of Directors has discussed the matter in its recent Board of Directors' Meeting and concluded that it will postpone its decision to 2nd half 2008.

Forecasts

Despite a marginal volatility in the offshore oil and gas market, the general consensus is that this industry is expected to stay strong, with a high oil price and high level of offshore exploration and production activities which also will benefit the offshore construction and installation market where the Company will become an active player covering installations of equipment as illustrated below.

