

Consolidated

Financial Statement 2007

Nordic Heavy Lift Group

CONSOLIDATED INCOME STATEMENT

(In USD 1 000 unless otherwise noted)

	Note	<u>5 January to 31 December 2007</u>
Revenues		0
Salaries, social securities and pensions	5	-280
Sales, general and administrative costs		-990
Operating profit		<u>-1 270</u>
Interest income		2 248
Interest expense		-64
Gains on derivatives	13	808
Losses on derivatives	13	-323
Foreign exchange losses		-233
Other financial items		-48
Net financial items		<u>2 387</u>
Profit before income tax		1 117
Income tax expense	17	0
Net profit for the period		<u>1 117</u>
Attributable to shareholders of the Company	14	1 117
Earnings per share (basic and diluted)	14	0.02

CONSOLIDATED BALANCE SHEET

(In USD 1 000 unless otherwise noted)

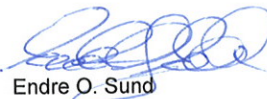
	Note	31. December 07
ASSETS		
Non-current assets		
Intangible assets	6	1 106
Vessel under construction	7	53 041
Derivative financial instruments	12	2 087
Non-current restricted cash	8,9	34 387
Total non-current assets		90 621
Current assets		
Derivative financial instruments	12	478
Other current assets		4
Current restricted cash	8,9	63 600
Cash and cash equivalents	8	65 044
Total current assets		129 126
Total assets		219 746
EQUITY		
Share capital	10	4 655
Share premium reserve	10	99 461
Other equity	10	-2 471
Total equity		101 645
LIABILITIES		
Non-current liabilities		
Interest bearing loans	11,12	111 651
Derivative instruments, firm commitments	12	3 285
Total non-current liabilities		114 936
Current liabilities		
Trade and other payables		32
Derivative financial instruments (warrants, interest swap)	12	1 540
Provisions for other charges and liabilities	16	1 593
Total current liabilities		3 165
Total liabilities		118 101
Total equity and liabilities		219 746


Jan Frederik Dyvi

Chairman


Christine Rødsæther

Board member


Endre O. Sund

Board member



Rob Boer

Board member



Tove Raanes

Board member



Frederik M. Steenbuch

CEO

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(In USD 1 000 unless otherwise noted)	Number of shares	Par value NOK	Share capital	Share premium	Other equity	Total equity
Proceeds from shares issued 5 January 2007	100	1.00	16			16
Proceeds from shares issued 2 May 2007	900	1.00	151			151
Share split 7 May 2007	1 999 000	0.50				
Proceed from shares issued 16 May 2007 (Private placement)	54 000 000	0.50	4 487	103 199		107 686
Transaction cost related to the issuance of share capital				-3 738		-3 738
Deemed dividend					-2 299	-2 299
Issuance of warrants to the founding shareholders					-1 288	-1 288
Net profit					1 117	1 117
At 31 December 2007	56 000 000		4 655	99 461	-2 471	101 645

CONSOLIDATED CASH FLOW STATEMENT

(In USD 1 000 unless otherwise noted)	5 January - 31 December 2007
Net profit before tax	1 117
Working capital adjustments	
Changes in fair value of financial assets	-2 565
Changes in fair value of financial liabilities	4 825
Change in other current assets	-4
Changes in other current liabilities and accruals	3 059
Net cash flow from operations	6 432
Increase in restricted cash	-97 987
Investment in operating fixed assets	-48 549
Investment in intangible assets	-1 106
Net cash flow from investing activities	-147 642
Deemed dividend	-2 299
New long-term borrowings	115 000
Paid interest	-7 584
Transaction cost - borrowings	-2 978
Paid in equity	107 853
Transaction cost - issuance of share capital	-3 738
Net cash flow from financing activities	206 254
Net changes in cash during period	65 044
Cash at beginning of period	0
Cash at end of period	65 044
Change	65 044

NOTE 1 – General information

Corporate information

Nordic Heavy Lift ASA ("the Company" or "NHL") is a public limited company incorporated and domiciled in Norway. The address of the registered office is c/o Dyvi AS Munkedamsveien 45C, 0250 Oslo, Norway. The Company was incorporated on 5 January 2007.

These group consolidated financial statements were authorised for issue by the Board of Directors on 6 of March 2008.

The principal activity of the Company and its subsidiary (together "the Group") is to construct and subsequently operate a 5 000 tonne heavy lift crane vessel for worldwide operations mainly aimed at the offshore oil and gas industry. On 2 May 2007, the Company undertook a USD 108 million private placement. Prior to the private placement the Company was owned 60% by Dyvi AS, 20% by Capricorn Investment AS, 10% by Neptun Heavy Lift AS and 10% by Sjøkonsult AS. All of the aforementioned parties were the founders of NHL. On 24 May 2007 the Company completed a private placement resulting in a net equity contribution of USD 104 million.

On 30 May 2007 the Company shares were registered for trading on the OTC list in Oslo, Norway.

The going concern assumption

The financial statements are presented based on the going concern assumption.

According to contracts with the construction yard (Sembawang in Singapore) and the crane manufacturer (Huisman in the Netherlands) (referred to as the building contracts), the Group is obligated to build one dynamically positioned crane vessel at a cost which originally was USD 220 million and EUR 57.3 million (USD 77.9 million), respectively.

The Group has raised USD 223 million in financing, consisting of an equity instalment of NOK 648 million (USD 108 million) and a bond loan of USD 115 million. The loan is secured by a first priority mortgage to be registered against the Vessel.

Based on management's estimates, the Group has adequate financial resources to meet its future contractual obligations and working capital needs until mid 2009. By this date the Group will require further funding, either through debt or equity or a combination of both, to complete the construction of the Vessel.

NOTE 2 – Summary of significant accounting policies

The principle accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied through the year, unless otherwise stated.

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The consolidated financial statements have been prepared under the historical cost convention, except for derivative instruments that are measured at fair value.

The consolidated financial statements are presented in USD and all values are rounded to the nearest thousand, except when otherwise indicated.

New standards, amendments and interpretations – issued but not yet effective and not adopted by the Group

a) Effective for years ending 31 December 2008:

- IFRIC Interpretation 12 "Service Concession Arrangements" – IFRIC 12 addresses how service concession operators should apply existing IFRSs to account for the obligations they undertake and rights they receive in service concession arrangements. No member of the Group is an operator and hence this IFRIC is not applicable to the Group.

- IFRIC 14 "IAS 19 – "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" - IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The Group has no benefit plans hence this IFRIC is not applicable to the Group.

b) Effective for years ending 31 December 2009:

- IAS 23 (Revised) "Borrowing Costs" -The main change from the previous version is the removal of the option of immediately recognising, as an expense, borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The Group will adopt the revised IAS 23 1 January 2009. As the Group has elected to capitalise interest, therefore the adoption of the revised IAS 23 will have no impact on the financial statements of the Group.
- IFRIC 11 "Group and Treasury Share Transactions" – IFRIC addresses how to apply IFRS 2 – Share based payment to share based arrangements involving an entity' own equity instruments or equity instruments of another entity in the same group. This interpretation will not have no impact on the financial statement of the Group. The Group has no share based payments hence this IFRIC is not applicable to the Group.
- IFRIC 13 "Customer Loyalty Programmes" (This standard has not yet been adopted by the EU). The Group has no customer loyalty program, hence this IFRIC is not applicable to the Group.

Basis of consolidation

The consolidated financial information for the year 2007 comprises the financial statements of NHL ASA and its subsidiary Nordic Heavy Lift Shipowning Ltd. ("NHLS") as at 31 December 2007. NHLS was founded in Cyprus on 17 March 2007. The consolidated financial information for the year 2007 includes the activities of the Group from the incorporation of the Company until 31 December 2007.

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control. Subsidiaries continue to be consolidated until the date that such control ceases.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised as assets, are eliminated in full.

Segment information

A business segment is a distinguishable component of an entity that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products and services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

The Group are not operating in different business and/ or geographical segments, hence no segment information has been included in the notes.

Foreign currency

Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entities in the Group operate ('the functional currency'). The consolidated financial statements are presented in USD, which is the Company's functional and presentation currency. The subsidiary NHLS also has USD as its functional currency.

Foreign currency translation

Transactions in foreign currencies are recorded at the exchange rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate at the balance sheet date. All translation differences are taken to profit or loss.

Intangible assets

Acquired intangible assets are stated at historical cost less any accumulated amortisation and any accumulated impairment losses. The Group's intangible assets have a finite useful life and amortisation is calculated using the straight-line method to allocate the cost of the intangible assets over their estimated useful life.

Fixed assets

Fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. For the Vessel under construction these costs are instalments paid on the building contracts plus direct costs incurred during the construction period including capitalised borrowing costs. For fixed assets purchased these costs include expenditures that are directly attributable to the acquisition.

Depreciation is calculated on a straight-line basis, taking residual values into consideration. A significant component, with an economic useful life different from that of the vessel, is depreciated on a straight-line basis over the component's useful life.

The cost of any major renovations to and periodic maintenance ("dry-docking") of a vessel is capitalised and depreciated over the useful life of the parts replaced. Dry-docking costs for the vessel are capitalised and charged to the income statement over the period to the next occasion when periodic maintenance is carried out. The dry-docking expenses are classified in other operating expenses in the income statement. When vessels are acquired or constructed, a portion of the acquisition cost is capitalised as periodic maintenance and amortised over the period through the next scheduled major periodic maintenance. Ordinary repairs and maintenance costs are charged to the income statement during the financial period in which they occur.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at least at every year-end balance sheet date. Adjustments, when applicable, are made on a prospective basis. The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group estimates the assets recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the greater of an asset's fair value less costs to sell and its value in use. An impairment charge recognised in prior years is reversed if the current estimated value in use is higher than at the time the impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are presented net, in the income statement.

Borrowing costs

Borrowing costs are capitalised to an asset if such cost is directly attributable to the acquisition, construction or production of the qualifying asset. Borrowing costs are capitalised until the assets are substantially ready for their intended use. Other borrowing costs are recognised as an expense when incurred.

To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation on that asset are determined as the amortised borrowing costs incurred relating to such funding during the period, less any income recognised from temporary investments made by utilising the proceeds from those borrowings.

Financial assets

Investments and other financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. Derivatives are categorised as held for trading unless they are designated as hedges.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are carried at amortised cost using the effective interest method less any impairment.

Impairment of financial assets

Loans and receivable

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (ie the effective interest rate computed at initial recognition). The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in profit and loss.

Derivatives and hedging

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge).

Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The Group documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Group only applies fair value hedge accounting for hedging currency risk on construction contracts (firm commitments) denominated in a foreign currency. The gain or loss on forward currency contracts used to hedge the currency risk is recognised in the income statement. The subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

Embedded derivatives

Certain derivatives are embedded in other financial instruments. These derivatives, such as a prepayment options for a loan, are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement.

Cash, cash equivalents and cash flow statement

Cash represents cash on hand and deposits with banks that are repayable on demand. Cash equivalents represent short-term, highly liquid investments which are readily convertible into known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Cash or cash equivalents, to which the Group has restricted access, are disclosed in note 8. They are classified as either current or long-term, depending on the nature of restriction. Restricted cash or cash equivalents are disclosed under "Investing activities" in the cash flow statement.

The cash flow statement is prepared using the indirect method.

Share capital

Ordinary shares are classified as equity.

Incremental costs associated to the issue of new shares or options are shown in equity as a deduction from the proceeds.

Trade payables

Trade payables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method.

Provisions

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e more likely than not) that there is an outflow of resources embodying economic benefits.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (Borrowings net of transaction costs and arrangement fees) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Embedded derivatives in borrowing contracts are separated from the host contract and accounted for as financial assets at fair value through profit and loss (see section on derivatives above). The financial asset is classified as a reduction of the bond loan.

Taxes

Income tax payable for the current and prior periods is measured at the amount expected to be paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided for using the liability method which considers the temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary difference can be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Taxes related to operations in geographic areas if and when applicable will be treated as project related costs.

Income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset the current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deemed Dividends

Common control transactions involving the purchase of a business are accounted for at carry-over values. The difference between carry-over values and the total consideration are accounted for as a deemed dividend.

NOTE 3 – Financial risk management

Financial risk factors

The Group's activities expose it to certain financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group is currently in the process of constructing one dynamically positioned crane vessel having entered into building contracts with Sembawang in Singapore and Huisman in the Netherlands, respectively. The crane contract is denominated in EUR. 75% of the crane price is to be paid in EUR while 25% is to be paid in USD, calculated on the basis of a EUR/USD exchange rate of 1.36. The contract's requires the Group to make specified payments upon reaching different milestones of the construction process (see note 14 for capital commitments). The Group's activities under the construction program expose it to currency risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by management under informal policies approved by the Board of Directors. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk as well as the use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from a limited number of currency exposures, primarily with respect to the EUR and NOK. Foreign exchange risk arises from future committed commercial transactions related to the Vessel construction program (see above) and recognised assets and liabilities.

The Group manages its foreign exchange risk by using forward currency contracts. These contracts have been designated as fair value hedges. Foreign exchange risk arises when future firm committed transactions or recognised assets or liabilities are denominated in a currency that is not the Group's functional currency.

The Group's risk management policy is to hedge all instalments on the vessel under construction in each major foreign currency from the time the Group is obligated to the firm commitment until anticipated payment date of the instalments. Approximately 100% of projected payments in each major currency qualify as 'highly probable' forecasted transactions for hedge accounting purposes.

Revenues and costs are primarily in USD. Long term financing is in USD. The Company's shares are traded in NOK. The NOK trading price is affected by the underlying activities of the Group which are primarily denominated in USD.

The fair value of the warrants to founding shareholders is determined using a model which incorporates the NOK share price, and, as a result, changes in the NOK/USD market exchange rate

will impact the Group's profit. As the share price within the warrant is substantially higher than the marked share price at 31 December 2007, the profit and loss effect going forward related to the warrants are basically related to the time value and changes in USD/NOK marked exchange rates.

(ii) Price risk

The Group is exposed to its own equity securities price risk because the fair value of the warrants to founding shareholders is determined using a model which incorporates the Group's share price. The Group is not exposed to commodity price risk.

(iii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. During 2007, the Group's borrowings at variable interest rates were denominated in the functional currency, USD.

Shifts in the market interest rates would not impact the fair value of the redemption rights on the loan, and therefore will not impact the Group's profit. The bond loan is a floating interest loan. The redemption right is based on floating interests, hence the only incentive to redeem the bond loan before maturity is to improve the credit rating of the Group or in the event that the Groups wishes to replace the bond loan with a conventional loan prior to the bond loan maturity otherwise stated.

As of 31 December 2007, after taking into account the effect of interest rate swaps 100% of interest bearing debt has been fixed. The Group has not used hedge accounting on the interest rate swap hence changes in interest rates will impact profit and loss. Changes in the variable interest rates with +/- 1 % will have an impact on the profit and loss in the amount of +/- USD 2.5 million before tax.

Credit risk

Credit risk is managed on a group basis. Credit risk arises from the Group's ownership of cash and cash equivalents, derivative financial instruments, and deposits with banks and financial institutions, as well as receivables and committed transactions.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining sufficient cash necessary to meet future obligations. Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow. The Group policy is to keep sufficient cash balances to meet operational and contractual obligation

The table below classifies the Group's financial liabilities into relevant maturity groupings based on their contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

(in USD 1 000 unless otherwise noted)

At 31 December 2007	Less than 1 year	Between 1-2 years	Between 2-5 years
Bond loan			115 000
Trade and other payables	2 978		

1: As the amounts included in the table are the contractual undiscounted cash flows, these amounts will not reconcile to the amounts disclosed on the balance sheet for borrowings and trade and other payables.

2: The specific time buckets presented are not mandated by the standard but are based on a choice made by management.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for its shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group has issued a callable bond loan and obtained equity financing from shareholders to finance its vessel construction program and operating activities.

Consistent with others in the industry, the Group monitors capital on the basis of the equity ratio. This ratio is calculated as "equity" (as shown in the consolidated balance sheet) divided by total capital.

Following the current development stage, the Group's strategy is to maintain a long term equity ratio of about 35%. The equity ratio at 31 December 2007 was the following:

(in USD 1 000 unless otherwise noted)

	2007
Total equity	101 645
Total capital	219 746
Equity ratio	46 %

The Group has no externally imposed capital requirements. Covenants related to the bond loan are outlined in note 11.

NOTE 4 – Critical accounting estimates and judgements

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

A "critical accounting estimate" is one which is both important to the portrayal of the Group's financial conditions and results, and requires management's most difficult, subjective or complex judgment, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Management evaluates such estimates on an ongoing basis, based upon historical results and experience, consultation with experts, trends and other methods considered reasonable in the particular circumstances, as well as forecasts as to how these might change in the future.

The following is a summary of which estimates and judgements could have a material effect on the consolidated financial statements.

Critical accounting estimates and assumptions

Impairment

The Group reviews long-lived assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Long-lived assets are assessed for possible impairment upon the occurrence of a triggering event. Events that can trigger assessments for possible impairments include, but are not limited to (a) significant decreases in the market value of an asset, (b) significant changes in the extent or manner of use of an asset, and (c) a physical change in the asset.

No triggering events were identified during the period and therefore no impairment testing was performed for 2007.

Fair value of derivatives

The fair value of financial instruments traded in active markets (such as forward contracts) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the EUR/USD mid rate obtained from Nordea Bank (Oslo, Norway), adjusted for interest rate on the respective currencies. The fair value of financial instruments that are not traded in an active market (for example, early redemption option on the bond loan) is determined using valuation techniques. The Group obtains valuations of the forward currency contracts, interest rate swaps and early redemption option from independent valuation specialists.

Derivatives are carried at fair value and includes;

- Forward currency contracts
- Interest rate swaps
- Redemption option on the bond loan
- Fair value of the currency part of the crane contract (firm commitment which is designated as a fair value hedge with the forward currency contracts designated as hedging instruments).
- Warrants issued to founding shareholders

Assumptions used in the calculations of fair value of the derivatives are the following;

- Foreign exchange rates; spot mid rate EUR/USD and forward rates (forward currency contracts)
- Interest swaps, related to bond loan, has been swapped to fixed rate interest until 2011
- Interests on EUR and USD currencies (forward currency contracts)
- Credit rating (redemption option)
- The market price of the Group's shares (warrants)
- The volatility of the share price (warrants)

Forward currency contracts

The Group has entered into seven forward currency contracts to mitigate currency risks in EUR on firm commitments to pay instalments according to the crane contract (see section about foreign currency). Forward currency contracts are traded in quoted markets, and hence the fair value is based on market prices received from banks and financial institutions. The fair value is revised at each balance sheet date.

Interest rate swap

The Group has entered into an interest swap on the bond loan to reduce uncertainties within fluctuation within interest rates and has ensured a fixed interest of 4.03% until 2011. The fair value is revised at each balance sheet date.

Redemption option on the bond loan

The Group has issued a USD 115 million senior secured bond loan where the Group has an option to redeem the bond loan at prices (varying between 102.5% and 105% depending on the time of the redemption). The fair value is revised at each balance sheet date.

The fair value of the redemption option is not related to market interest rates. The main incentive to call the redemption option is to improve the credit rating or to enter into new long term borrowings.

Warrants

The Group has issued 3 319 000 warrants where the strike price is NOK 15.60 per share. The warrants are classified as short term liability on the balance sheet. As the founding shareholders were granted these warrants free of charge, the debit is to equity ("other equity"), as a deemed dividend.

The Company needs to measure the warrants at fair value at every balance sheet date. Any subsequent changes to the fair value of the warrants will be recognised in the consolidated income statement as "changes in fair value of financial instruments – net" and as an increase or decrease the recorded value of the liability.

As at 31 December 2007, the value of the warrants was calculated to be USD 0.9 million applying a 35 % volatility and a share price of USD 2.03 (NOK 11.00 at USD exchange rate 5,411) (see note 10)

Critical judgments in applying the entity's accounting policies

Functional currency

Management has considered the requirements of IAS 21 in determining the functional currency of each of the entities in the Group. In determining the functional currency of each entity, management has exercised its judgement and have concluded that USD is the appropriate functional currency. This is mainly because the Company's future revenues (when operations commence) are expected to be denominated in USD. The competitive forces of the industry are mainly linked to USD. The Group's financing has been obtained in USD and the Group plans to retain future operating receipts in USD.

Borrowing costs

Management has considered the requirements of IAS 23 and IAS 39 with respect to the capitalisation of borrowing costs. Borrowing costs related to the bond loan will be capitalised at the cost of the Vessel.

The Group keeps separate records for money received from equity issuances and money received from borrowings. Interest earned on money received from equity is credited to the income statement while interest earned on deposits in relation to the borrowings is netted off against other borrowing costs capitalised in accordance with the Group accounting policy for funds borrowed specifically for the purpose of obtaining a qualifying asset.

Hedge accounting

Management has decided to designate forward currency contracts as hedging instruments to hedge a future firm commitment to pay instalments on the Huisman crane in EUR (see section on fair value hedge and derivative financial instruments in note 2).

The hedging relationship between the firm commitment to pay instalments (hedged items) and forward currency contracts (hedging instruments), was documented at inception. In addition, risk management objectives and the hedging strategy for undertaking the hedging transactions are documented. The Group also documents its assessment of the hedge effectiveness at the time of inception and on an ongoing basis. The hedging relationship is designated as a fair value hedge and assessed to be highly effective using the principal terms method.

The fair value of the hedging instrument is obtained from Nordea Bank (Oslo, Norway), and accounted for as a financial asset on the balance sheet. Based on the maturity of the forward contracts, the fair value is split between long-term and short-term financial assets. When applying fair value hedge accounting of firm commitments, a portion of the future firm commitment shall be valued and accounted for as a liability on the balance sheet. The value of the firm commitment is calculated by management based on the forward rates and spot mid rates used in determining the fair value of the forward contracts. All principal terms in the forward contracts equals the terms of the firm commitment and the hedging relationship is assessed to be highly effective. As a result, the fair value of the firm commitment is valued to equal the fair value of the forward contracts or if instalments are delayed the FX gains or losses related to EUR bank accounts. The fair value of the financial liability of the firm commitment offsets the fair value of the financial asset. At each reporting date, a change in the fair value of the hedging instrument and the hedged item is recognised in the income statement offsetting each other on the same line item.

NOTE 5 – Remunerations, salaries, options and pensions

NHL ASA has no employees at year end 2007, however the CEO has been engaged through the consulting company Capricorn Offshore AS. Remunerations for the services of Capricorn Offshore amount to USD 280 000 and is recorded as salary.

No shares are owned directly by any Board members or CEO. However, the CEO owns shares indirectly through his ownership in Capricorn Investment AS (400 000 shares which represent about 0.7%) respectively.

The amount of USD 25 000 including VAT has been recorded in the profit and loss accounts as ordinary audit fee.

In accordance with the regulations in § 6-16a in the Norwegian Joint Stock Public Company Laws, the Board of Directors has prepared a statement regarding the guidelines for determining salaries and other compensation for employees in leading positions.

The Board of Directors wants the compensation package for leading employees to consist of a fixed salary and a bonus element. The total compensation shall be competitive in order to keep the best managers. The company has no stock option plan or any other related compensation plan which are directly related to the Company's' share price. During 2007 the Company had no employees. The CEO was engaged through Capricorn Offshore AS.

As the Company has no employees the obligation to have a defined benefit plan is considered unnecessary.

Note 6 – Intangible assets

(in thousand USD)

	Vessel design rights
Additions	1 106
Disposals	
Accumulated amortisation and impairment	
Cost at 31 December 2007	1 106

Intangible assets consist of acquired design rights to the vessel under construction, see note 7. The useful life of the asset is considered to be finite, and the cost will be amortised over the estimated useful life (25 years) of the Vessel once it is delivered and ready for its intended use.

Note 7 – Fixed asset

Vessel under construction

Contract price	USD	EUR	NOK
Sembawang shipyard - scheduled delivery 31 March 2010	246.7 million		
Huisman Crane		75.1 million	
Dreggen Crane			14.4 million

(in thousand USD)

	USD
Instalments capitalised	47 773
Capitalised expenses	756
Capitalised interests (net)	4 512
Net carrying amount at 31 December 2007	53 041

The costs noted in note 1 are based on the initial agreements with the yard and the crane manufacturers. The contracts allow for the rights of the parties thereto to request variation orders, which would increase the costs from the initial contract amounts. As of 31 December 2007, the Group has agreed to improve the main crane featuring dual hoist capability, deepwater lowering and active heave compensation, including associated cost, added steel, increased test barge cost, as well as increase in pre-opex, site team and SG&A cost (including cost reduction elements); all amounting to a net increase USD 40 million, of which the increase in pre-opex, site team and SG&A cost altogether represent about USD 10.5 million. The increased commitments in EUR related to the Huisman contract have been hedged in Q1-2008 in accordance with the treasury guidelines from the Board of Directors.

The Group has capitalised USD 7.584 million of its recognised interest costs in the period through 31 December 2007 related to the financing of the newbuilding. The interest costs are calculated using the effective interest method (see 11 and principles about borrowing costs). An effective quarterly interest rate of 3.02% has been used to determine the capitalised amount. The capitalised interest costs has been reduced by USD 3.072 million, which represents recognised interest income from temporary investments made by the proceeds from the borrowings.

Estimated useful lives of the assets

Vessel	25 years
Main crane	25 years
Crane wire	5 years
Dry-docking	5 years

Note 8 – Cash and cash equivalents

(in thousand USD)

The Group's cash and cash equivalents are denominated in the following currencies at 31 December:

	<u>31 December 2007</u>
USD	149 918
EUR	12 552
NOK	<u>561</u>
Total cash and cash equivalents	<u>163 031</u>

Of USD 149.9 million NOK 5.0 million has been mortgaged to ensure settlement of derivatives.

Note 9 – Restricted Cash

(in thousand USD)

Restricted bank deposits at 31December:		<u>31 December 2007</u>
<i>current:</i>		
Escrow account – Bond Loan – current	USD	63 600
<i>non-current:</i>		
Escrow account – Bond Loan – non-current	USD	<u>34 387</u>
		<u>97 987</u>

Proceeds of the senior bond loan are to be secured in an USD Escrow account and will be released for the purpose of making certain instalments under the building contracts as referred to under 7 only.

The release is conditional upon having met certain conditions under the bond loan. The most significant conditions are:

- (a) The Bond Loan Security is duly executed (see note 11 for details regarding securitization)
- (b) Establishment of Assignment of Contracts
- (c) Establishment of Share Pledge

Note 10 – Share capital

(In USD 1 000 unless otherwise noted)	Number of shares	Par value	Share capital	Share premium	Other equity	Total equity
		NOK				
Proceeds from shares issued 5 January 2007	100	1.00	16			16
Proceeds from shares issued 2 May 2007	900	1.00	151			151
Share split 7 May 2007	1 999 000	0.50				
Proceed from shares issued 16 May 2007 (Private placement)	54 000 000	0.50	4 487	103 199		107 686
Transaction cost related to the issuance of share capital				-3 738		-3 738
Deemed dividend					-2 299	-2 299
Issuance of warrants to the founding shareholders					-1 288	-1 288
Net profit					1 117	1 117
At 31 December 2007	56 000 000		4 655	99 461	-2 471	101 645

The total authorised number of ordinary shares is 56 000 000 each with a par value of NOK 0.50.

Deemed dividend

On 2 May 2007 the Company entered into an agreement with one of its shareholders; Dyvi AS to acquire the development stage crane vessel business. According to the agreement, the Company would enter into certain agreements to purchase and finance a crane vessel as those agreements were concluded at a later point in time. The acquisition cost represented a cash consideration in the amount of USD 3.390 million.

The transaction is considered to be at transaction with a controlling shareholder, and as such the assets and liabilities assumed in the transaction have been accounted for at carry-over values. The difference between the carry-over values (USD 1.106 million representing intangible assets assumed) and the acquisition cost according to the agreement has been classified as a deemed dividend.

Warrants

In connection with the share issuance on 24 May 2007, the Group issued 3 319 000 warrants to the founding shareholders, each giving right to subscribe for one new share of ordinary class. The warrants can be exercised within 21 May 2010 at an exercise price per share of NOK 15.60. The warrants may be exercised at any time at the discretion of the warrant holders.

As of 31 December 2007, no warrants have been exercised. The warrants have been determined to be a liability because they fail to meet the requirements of fixed amount of cash for fixed amount of its own shares as required by IAS 32. Consequently, the fair value of the warrants amounting to USD 1.3 million at the issue date has been recorded as issuance of warrants to the founding shareholders. Subsequent to issuance, the liability is marked to market at each balance sheet date and the resulting change in fair value is recognised in the income statement within changes in fair value of financial instruments – net.

In the period from 21 May 2007 through 31 December 2007, a gain of USD 0.4 million has been recorded. The fair value of warrants granted on 21 May 2007 was determined using the Black-Scholes valuation model was USD 0.39 per warrant, representing a total fair value on the issue date of USD 1.3 million. The significant input to the model were share price of NOK 12.- (USD 2.2), at the issue date, a volatility of 35%, a dividend yield of USD 0, an expected warrant life of three years, and an annual risk-free interest rate of 4.87%. The volatility measured at the standard deviation of

continuously compounded share returns is based on peer group companies that are listed on a stock exchange.

20 largest shareholders

20 largest shareholders at 31 December 2007	No. of shares	Percent
UBS AG, London branch	16 546 000	29,55 %
Dyvi Maritime Invest AS	6 373 000	11,38 %
Morgan Stanley & Co. Intl. PLC	5 205 000	9,29 %
Orkia ASA	4 166 000	7,44 %
Goldman Sachs Int. - Equity -	3 115 000	5,56 %
JPMorgan Chase Bank	2 257 000	4,03 %
Skagen Vekst	2 000 000	3,57 %
Barclays Bank PLC	1 978 000	3,53 %
Convexa Capital VIII AS	1 700 000	3,04 %
Verdipapirfond Odin Maritim	1 250 000	2,23 %
Storebrand Livsforsikring AS	1 218 000	2,18 %
Verdipapirfondet KLP Aksjenorge	1 209 000	2,16 %
Deutsche Bank AG London	1 148 693	2,05 %
Furuholmen Invest	833 000	1,49 %
Olympia Holding AS	833 000	1,49 %
ABN AMRO Global Custody N.V.	750 000	1,34 %
Skips AS Tudor	500 000	0,89 %
Capricorn Investment AS	400 000	0,71 %
BSN AS	250 000	0,45 %
Nortura Konsernpensjonskasse	250 000	0,45 %
20 largest shareholders	51 981 693	92,82 %
Other	4 018 307	7,18 %
Total shares	56 000 000	100,00 %

Note 11 – Interest bearing loans

Non-current

Senior secured bond loan

31 December 2007
(in thousand USD)

111 651
111 651

31 December 2007

6 months or less
6 - 12 months
1 - 5 years
over 5 years

111 651
111 651

Senior secured bond loan

On 31 May 2007, the Company issued USD 100,000 floating rate 3 month LIBOR+ margin 6% senior secured bonds at a par value of USD 115 million. The bonds mature five years from the issue date at their nominal value of USD 115 million. Interest is paid quarterly in arrears.

The debt is secured by a mortgage over the Vessel, including the cranes and equipment installed. Additionally, assignments of the Building Contract and of the relevant insurances related to the Vessel have been established, in favour of the Bond Loan Trustee, Norsk Tillitsmann ASA (on behalf of the Bondholders). The senior secured bonds are pledged by all of the shares of the subsidiary NHLs and an escrow account of USD 97.987 million (see note 9).

The Loan Agreement for the senior secured bonds includes provisions for a future Preferred Senior Debt of maximum USD 185 million secured with a Preferred Senior Mortgage. The security for the senior secured bonds shall rank behind to any Preferred Senior Mortgage for the amount of Preferred Senior Debt.

The senior secured bonds can be redeemed by the Group at the following defined dates at the following premiums:

Date	Premium
At the Interest Payment Date in June 2010	105%
At the Interest Payment Date in June 2011	102,5%

Upon a change in control according to the Loan Agreement, the bondholders can demand the repayment of the bonds at a premium of 101%.

After removing the fair value of the redemption option upon issuance of the bond loan from the bond proceeds, the remaining is recognised as the bond liability, net of debt issuance costs and is being amortised on an effective interest rate method over the Bond loan contract period.

The senior secured bonds recognised in the balance sheet are calculated as follows:

31 December 2007

(in thousand USD)

Fair value of the secured senior bonds at issuance (net redemption option)	115 000
Less: Transaction costs allocated to bond	-2 913
Amortised cost of bonds at issuance date	112 087
Fair value of issuer callable optionality	-398
Interest amortised through 31 December 2007	-38
Liability at 31 December 2007	<u>111 651</u>

During the term of the senior secured bonds, the Company must comply with certain covenants. The most restrictive covenants are that the Company shall:

- Not, and ensure that the Subsidiary neither shall, cease to carry on business
- Not, and ensure that the Subsidiary neither shall;
 - Sell or dispose of all or a substantial part of its assets or operations,
 - Change the nature of its business, or
 - Merge, demerge or in any other way restructure its business
 - In a manner which might jeopardize the Company's fulfilment of its obligations under the Loan Agreement.
- not, and ensure that the Subsidiary neither shall, de-merge, merge or in any other way restructure its business, in a manner which might jeopardize the Company's fulfilment of its obligations under the Loan Agreement,
- not, and ensure that the Subsidiary neither shall, agree to any material changes to the Construction Contract or the Crane Contract which, in the reasonable opinion of the Loan Trustee, is likely to have a material adverse effect on the Company's ability to perform its obligations under the Loan Agreement
- not, and ensure that the Subsidiary neither shall, make any financial or other arrangements concerning the Vessel and its employment, other than the Preferred Senior Debt, which is likely to have a material adverse effect on the Company's ability to perform its obligations under the Loan Agreement,
- not, and ensure that the Subsidiary neither shall, grant any loans, guarantees or other financial assistance to any third party not being a member of the Group, except for guarantees issued in the ordinary course of business and relating to the employment of the Vessel, or as related to the Preferred Senior Debt,
- not, and ensure that the Subsidiary neither shall, make any arrangements which may jeopardize the Loan Security,
- always be the owner, directly or indirectly, of 100% of the shares in the Subsidiary,
- procure that the Equity Amount is used for financing of the Vessel (including all related costs)

- procure that the yard, under the terms of the Construction Contract, provides for reasonable and satisfactory maintenance and insurance of the Vessel (the value of the Vessel will gradually increase during the construction process and the insurance value shall be increased gradually),
- not, prior to the Delivery Date make any dividend payment, repurchase of shares or make other distributions to its shareholders.

The amortised cost of the senior secured bond loan at 31 December 2007 is USD 111.7 million and is calculated using an effective interest rate method.

Note 12 – Financial instruments and derivatives

(in thousands USD)	Carrying amount 2007	Fair value 2007
Fair value through profit and loss		
<i>Financial derivatives assets</i>		
Forward currency contracts		
- long term	2 087	2 087
- short term	478	478
Redemption option *	398	398
<i>Financial derivative liabilities/firm commitment</i>		
Firm commitment		
- long term	-2 087	-2 087
- short term	-1 540	-1 540
Interest rate swap		
- long term	-322	-322
Warrant		
- long term	-875	-875
Amortised cost		
Interest bearing loans *	-112 051	-112 051

* redemption option has been classified as a reduction of interest bearing loans

The fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months. As the Interest bearing loan is a floating rate interest loan the book value will resemble fair value.

(a) Forward currency contracts

The hedged highly probable forecast transactions in the firm commitment denominated in foreign currencies are expected to occur at various dates during the next 27 months (until March 2010). Gains and losses are recognised in the income statement at the date when the instalments in the firm commitment are paid. In addition, change in fair value of the forward currency contracts and change in fair value of the recognised portion of the firm commitment, are recognised in the income statement at each reporting date. The fair value of the firm commitment is valued to equal the fair value of the forward contracts or if instalments are delayed the FX gains or losses related to EUR bank accounts. The gains and losses are assessed to be 100% effective, and hence the changes in fair values will offset each other.

(b) Interest rate swap contract

In December 2007, the Group entered into an interest rate swap related to the USD 115 million senior secured bond loan where a variable 3 month LIBOR rate was fixed at a rate 4.03%. The swap began 21 December 2007 and matures June 2011. The critical term of the swap has been negotiated to match the interest payments of the Bond loan, and as such the swap is expected to be highly effective. As hedge accounting is not used for this swap all changes in fair value are recognised into earnings, currently.

(c) Warrants

The Group has issued 3 319 000 warrants where the strike price is NOK 15.60 per share. The warrants are classified as short term liability in the balance sheet. The founding shareholders were granted these warrants free of charge and the fair value at grant date is recorded as a reduction in "other equity".

Note 13 - Changes in derivatives and fair commitments

The change in fair value is comprised of the following:

in thousands USD	Period from 5 January 2007 through 31 December 2007
Change in fair value of forward currency contracts:	
- Fair value gains	2 565
Change in fair value of firm commitments:	
- Fair value losses	-3 625
FX changes in EUR account:	
- Fair value gains	1 060
Change in fair value of interest rate contracts:	
- Fair value losses	-323
Change in option value bond loan (note 10)	398
Change in fair value of warrants	410
Other (losses)/ gains - net	485

Note 14 – Earnings per Share

Basic and Diluted

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares issued during the year.

In thousands USD	Period from 5 January 2007 through 31 December 2007
Profit attributable to shareholders of the Company	1 117
Weighted average number of ordinary shares in issue (thousands)	56 000
Basic earnings per share (USD per share)	0.02

Warrants issued to the founding shareholders, see note 10, have a dilutive effect only when the average market price of ordinary shares during the period exceeds the exercise price of the warrants (the warrants are "in the money"). As of and during the period ended 31 December 2007 the warrants have not been in the money, and as such the Group has not calculated diluted earning per share.

Note 15 – Commitments

Capital expenditures contracted for at the balance sheet date, but not recognised in the consolidated financial statements are as follows at 31 December 2007:

Vessel under construction (vessel and instalments only)

	(USD million)
No later than 1 year	63.5
Later than 1 year and no later than 5 years	242.4
Later than 5 years	0

Note 16 – Related-party transactions

The following transactions were carried out with related parties:

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence.

On 2 May 2007, the date of when the Company acquired the development stage heavy lift crane business from Dyvi AS, through the Private Placement (see note 10), Dyvi AS controlled 60% of the Company. Additionally, Capricorn Investment AS owned by CEO Frederik Steenbuch, owned 20% of the shares in this period. Both parties are assessed to be related parties to the Group

Following the completion of the Private Placement, the founding shareholders were diluted. The largest shareholder in the period from the Private Placement through 31 December 2007 was Sector Asset Management AS, representing 28% of the shares.

The following transactions were carried out with related parties:

<i>Purchases of services</i>	(USD 1 000)
– Dyvi AS (Corporate and Technical management services)	877
– Dyvi AS (Project initiation fee)	3.390

Purchases of services are negotiated with related parties on a cost-plus basis, allowing a margin of 5 %

<i>Key management compensation</i>	(USD 1 000)
Compensation to Capricorn Offshore AS providing the CEO	280

Period end balances arising from purchases of services

Payables to related parties:

– Dyvi AS	288
– Capricorn Offshore AS	2

The payables to related parties arise mainly from purchase transactions of management services and project initiation agreement. The payables related to management fee and project initiation fee bear an interest of 5%

A project initiation agreement was approved at the General Meeting held on 2 May 2007. Among other things, the agreement is deemed to represent an acquisition of the development stage of a crane vessel from Dyvi AS. According to the project initiation agreement the Company agreed to pay a total consideration of USD 3.390 million to Dyvi for the rights and obligations assumed, referred to as "the project initiation fee". The agreement included certain management services provided to the Group from Dyvi AS in connection with the initiation of the Group, operations of the Group, the purchase of design rights to the Vessel, a term sheet and plans for the funding of the project. The transaction has been accounted for as a common control transaction based on carry-over values. The difference between carry-over values and the total consideration has been accounted for as a deemed dividend. See note 4 and note 10 above for further information.

Note 17 – Taxes

The Group currently consist of the parent company, Nordic Heavy Lift ASA registered in Norway, and its subsidiary, which is also the shipowning company, Nordic Heavy Lift Shipowning Ltd, registered in Cyprus.

The Group has generated a profit before tax of USD 1.117 million as of 31 December 2007. The taxable incomes for the entities are stated in NOK and EUR respectively. The Company has large FX losses measured in NOK as long term receivables, cash and Interest bearing loans are denominated in USD.

USD 1 000	2007
Taxes payable	-
Change in deferred taxes	-
Income taxes	-
Effective tax rates	
	2007
Profit (loss) before taxes	1 117
Expected income tax according to nominal tax rate (28%)	313
Tax effect on permanent differences	-3 981
Tax asset not recorded	4 294
Total income taxes	313
Effective tax rate (including change in deferred taxes)	0 %

The tax effect of temporary differences and losses carried

USD 1 000	2007
Long term receivables and loans	2 486
Financial derivatives	-90
Losses carried forward	-6 690
Net calculated deferred tax asset	-4 294
Deferred tax asset not recorded	4 294
Total deferred taxes/(tax assets)	0
Capitalised deferred tax asset	0

Norway

Norway (USD 1 000)	2007
Tax assets related to net loss carry forwards	23 894
Taxable (-) / deductible temporary differences:	
Net long term receivables/ loan	-8 877
Net financial instruments	322
Deferred tax assets not recognised	-15 339
<u>Net deferred taxes</u>	<u>0</u>

The current corporate tax rate in Norway is 28%.

The net loss carry forwards in Norway have unlimited duration. The Company is not recognising any deferred tax assets due to uncertainty of whether any of the loss carry forwards can be utilised.

Cyprus

NHLS will become the owner of the Vessel that will be registered in the Cyprus Ship Register upon delivery. It is the intention of the Group that the Vessel will be made subject to Cyprus tonnage tax. No income tax is currently payable on the profits earned or dividends paid by Cyprus shipping companies (earned on shipping activities) which own vessels flying the Cyprus flag and operate in international waters (including chartering), or on the salaries of officers and crew of such ships.