Annual Report 2007

KISTEFOS

The picture on the front page is from the Kistefos-Museum in Jevnaker. It shows the unleashed powers of the Kistefossen waterfalls in the summer of 2007.

Contents

This is Kistefos

Kistefos AS is a privately owned investment company with substantial investments within offshore, shipping, IT/telecommunications, finance and real estate. The company is owned by Christen Sveaas and managed by Åge Korsvold, the managing director.

Kistefos is today organised into the following business areas:

- Venture Capital
- Private Equity
- Offshore
- Shipping
- Real Estate
- Other businesses

The old pulp factory building at Kistefoss, Jevnaker.

The Kistefos investment philosophy is based on long-term value creation through active ownership. By supplying a combination of capital, industrial and financial skills and professional business management, Kistefos seeks to lay the foundations for profitable growth in the companies. In most cases this principally involves a combination of strategic repositioning, the implementation of efficiency measures, streamlining financial structures, sector consolidation and industrial development. Active ownership means that, in most cases, Kistefos acquires a substantial shareholding and works closely with the companies' management teams and other shareholders.

The history behind the Kistefos name

The Kistefos name comes from the Kistefossen waterfalls in the Randselven River in Jevnaker, where Christen Sveaas' grandfather, Consul Anders Sveaas, founded the timber processing company A/S Kistefos Træsliberi in 1889. The factory was built at Randselven between the Randsfjorden and the Tyrifjorden, and produced wood pulp for Norwegian and European newspaper production and other typographical industries until 1955.

The company acquired a large portion of forested land early in the 1900s to secure its supply of timber, the factory's raw material. The Company was sold by the family in 1983/1984, but Christen Sveaas bought 85% of it back in 1993. Today the Company, which is being run independently of Kistefos AS, is based in Dokka in Nordre Land and comprises the subsidiaries Kistefos Møbler AS, Kistefos Trebygg AS, Kistefos Sag AS, Kistefos Viltkjøtt AS and Kistefos Skogtjenester AS.

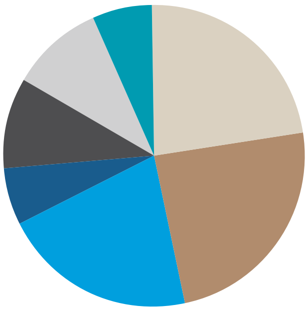
Key figures Group

(NOK mill)

Profit and loss statement	**2007**	**2006**	**2005**	**2004**	**2003**
Operating income	5,947	4,778	1,602	1,266	913
Operating result	537	289	486	320	146
Profit after taxes	**516**	**159**	**587**	**239**	**(48)**
Balance sheet					
Fixed assets	1,591	1,894	1,502	2,286	1,996
Current assets	3,303	2,144	1,975	1,547	1,525
Equity	1,441	1,106	1,015	1,160	1,173
Long-term liabilities	2,486	2,381	2,199	2,500	2,249
Short-term liabilities	967	550	264	173	98
Total assets	**4,894**	**4,038**	**3,477**	**3,833**	**3,521**
Solvency					
Equity ratio %	29.4%	27.4%	29.2%	30.3%	33.3%

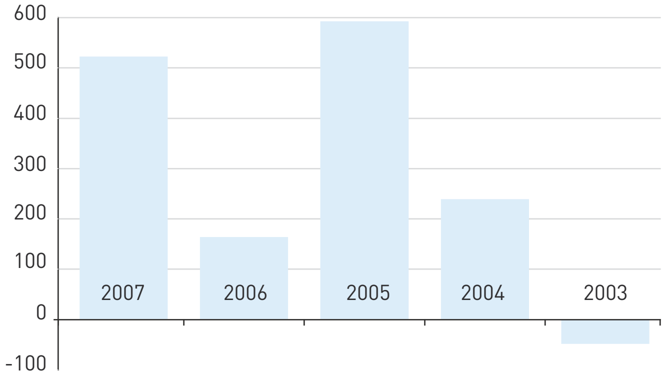
Booked value of assets

MNOK



- 1116 Ships and barges
- 1178 Shares
- 1028 Free bank deposits
- 289 Restricted bank deposits
- 483 Accounts receivables
- 480 Real estate
- 321 Other

Annual result MNOK



Highlights 2007

2007 was a good year for Kistefos, partly due to a strong market for our key activities in shipping and offshore. The net level for new investments within our Private Equity and Venture Capital portfolios was moderate, and the majority of our resources and capital were invested in the existing investment portfolio.

- In the first quarter of 2007, the Atex Group Ltd. acquired two of its competitors Unisys Media Inc. and Mactive for a total of about USD 90 million. This strengthened Atex' competitive position and made it the leader within its key markets.

- Following comprehensive turnaround efforts, Western Bulk AS had its best year ever.

- In September 2007 Trans Viking Icebreaking & Offshore AS exercised its options to build an additional two large AHTS vessels of the type VS 4622 at the Astilleros Zamakona shipyard in Spain. With that order, Trans Viking now has four large AHTS vessels under construction at the shipyard, all of which are being built for operating in the Arctic region and will be ready for equipment installation for light structural engineering work. The vessels are due for delivery between 2009-2011.

- In May 2007 Viking Supply Ships AS sold all its shares in the 100% owned standby company Viking Offshore Services Ltd. (VOS). At the time of the sale, VOS operated 31 Emergency Response and Rescue Vessels (ERRV) and had nine vessels under construction.

- A new tax scheme for shipping companies was proposed in connection with the Norwegian Government's presentation of the national budget in October 2007 and was passed into law in December. For the Kistefos Group the new tax scheme means that tax liabilities generated under the existing scheme must be dissolved effective as of the 2007 accounting year. Seen in isolation, the transition to the new tax scheme will have a significant, negative effect on the equity of the Group's companies that are affected, estimated at NOK 438 million. A new tonnage tax scheme has been introduced effective January 1, 2007.

- After several years of readjustments and restructuring measures at Ementor ASA, it was natural for Kistefos' representatives to withdraw from the company. After the 2006 Annual Financial Statements were submitted in February 2007, Kistefos AS sold all its shares in Ementor with satisfactory gains.

- In May 2007 Opplysningen 1881 AS acquired Carrot Communications ASA. After the acquisition, Kistefos AS and its associates hold, through its subsidiaries 31% of the shares in Opplysningen 1881.

- In October Kistefos Eiendom AS acquired a 51% stake in the local company Bergmoen AS, which holds the options to acquire approx 180 hectare site in Gardermoen Næringspark, close to Oslo Airport Gardermoen. The area will be the largest privately-developed business park in Norway.

Overview of activities

- **Venture Capital**: Global IP Solutions AB – Opplysningen 1881 AS – Infront AS – Paradial AS – Online Services AS – Habiol AS
- **Private Equity**: Atex Group Ltd. – Advanzia Bank S.A.
- **Offshore**: Trans Viking Icebreaking & Offshore AS – Odin Viking AS – SBS Marine Ltd. – Viking Barge AS KS Barge – Trico Marine Services Inc.
- **Shipping**: Western Bulk AS Handymax bulk – Waterfront Shipping AS Product tankers
- **Real Estate**: Kistefos Eiendom AS
- **Other business**: EQT – SPRINGfondet

Managing Director
Åge Korsvold

The Managing Director's Report

2007 proved to be yet another good year for the Kistefos Group. Good macroeconomic conditions combined with beneficial financial parameters have laid the foundation for good results in most of the companies in which we have invested.

In 2007, as in previous years, the market conditions for our offshore activities contributed to Kistefos' good results. TransViking, which operates our big anchor handlers, reported an average day rate of NOK 408,403/day, representing a 16% increase from the previous year. SBS Marine did not deliver satisfactory results. The company experienced technical and organizational problems as they took new vessels on contracts of affreightment in India and because the company was reorganized. However, we believe that the biggest operational challenges for SBS Marine are now behind us.

We have also carried out structural changes to our Offshore portfolio during 2007. Viking Offshore Services was sold in April. With this sale Kistefos is now focusing on the traditional supply boat market segment, which delivers a greater share of the value creation for our customers.

Trans Viking has focused its activities on big anchor handlers capable of operating in regions with extreme conditions, including icy conditions. Most of SBS Marine business activities are connected to PSV vessels, which operate under contract with Transocean in Indian waters. This and the neighboring markets are growing, and it is Kistefos' ambition for SBS Marine to take part in this growth in the years to come.

Kistefos also own 20% of the listed American company Trico Marine. All in all the activities targeting the offshore services markets constitute an important share of Kistefos's value-adjusted equity. The Group's positive financial development in 2007 is in large part attributable to the favorable market conditions.

Two other major areas in which Kistefos was involved saw positive developments in 2007.

The business model in Western Bulk has begun to fall in line with our ambitions and expectations. A comprehensive reorganization process—including a time-consuming effort to change Western Bulk's business culture and competencies while retaining the many positive qualities inherent in its traditions—yielded good results in 2007. Revenues of USD 682 million and profit after tax of USD 51 million are good results, and they provide the basis for further focusing our attention on a market that offers many opportunities as well as challenges. Kistefos applies a long-term perspective on its stake in Western Bulk and we have high expectations with respect of continued satisfactory value creation in a company that operates in a highly competitive global market.

2007 was also a breakthrough year for Atex. After refinancing in 2004, the new management team worked systematically to improve all aspects of the company. In the first quarter of 2007 Atex acquired two of its competitors for a total of USD 90 million. The integration of the two companies was carried out fast and with good results, and has made Atex a leading market player within the media industry software market. Atex has a good framework for continuing its growth in 2008. The company constitutes a major commitment for Kistefos, and the investment confirms our tendency in recent years of focusing on fewer, major activities, as Kistefos gradually restructures and changes its portfolio. We have been preparing for a listing of Atex on a leading stock exchange in the light of Atex's need to finance its strong growth. But with the challenges facing the credit markets and stock exchanges at the beginning of 2008, Kistefos plans to continue contributing to the further development and financing of Atex in 2008 as well as 2009.

Given the scope and complexity of Kistefos' portfolio, it is inevitable that there will be setbacks and disappointments. The development in GIPS throughout 2007 was a disappointment. Despite having a sound technological foundation, the company proved unable to read the market development and the customers' needs properly, and the expected growth did not occur. With Kistefos as the majority stockholder our very first task was to secure the financial basis for continued operation at the same time that a new management team was put in place. Setbacks such as the one we have witnessed in GIPS are not unusual in technology-intensive enterprises in new markets. Kistefos continues to believe in GIPS' potential to become an attractive company and a good investment in the years to come.

The macro conditions for companies such as ours, that have been favorable for years, now appears to have changed. We may be facing a period of declining growth and, more importantly, the after-effects of strong growth and unfortunate business practices in parts of the financial market. This will present several of the companies in which we have invested with challenges. But at the same time the overall picture is not consistently negative. First of all there is the development in the energy markets, which we believe will provide us with some interesting opportunies over the next couple of years. Periods of recession and adjustments are also attractive, as they lead to a number of opportunities for those who have the financial capacity and the willingness to take risks. As a long-term value investor Kistefos is also in a position to be opportunistic and take risks. Thus the macro conditions that we seem to be facing may well offer more opportunities than threats.

Åge Korsvold
CEO

Annual Report 2007

The Kistefos Group had a good year in 2007 partly because of a strong market within our primary activities of shipping and offshore as well as the realisation of some of our engagements. The Group's net profit for 2007 increased by NOK 357 million, from NOK 159 million in 2006 to NOK 516 million in 2007.

The Company made fewer new net investments within our Private Equity and Venture portfolios, and the most significant investments were placed in Kistefos' existing long-term engagements. In the offshore area, contracts were executed for an additional two ice-class anchor handlers. In 2007 the Kistefos Group sold all its shares in Viking Offshore Services Ltd. and Ementor ASA.

Results and financial situation

Our operating income for 2007 increased by NOK 1,169 million, from NOK 4,778 million in 2006 to NOK 5,947 million. This increase is mainly due to a NOK 1,458 million increase in the Group's income within its dry cargo business, but at the same time the Group experienced a NOK 362 million loss in revenue as a consequence of the sale of the Group's offshore standby business.

The freight income from our shipping and offshore business increased by NOK 1,111 million, from NOK 4,729 million in 2006 to NOK 5,840 million in 2007. Gains from the sale of fixed assets show a decline of NOK 34 million, from NOK 35 million in 2006 to NOK 1 million in 2007. Net other operating income for 2007 increased by NOK 92 million, from NOK 14 million in 2006 to NOK 106 million, which was mainly due to realised gains from the sale of shares in Viking Offshore Services Ltd. in 2007.

The operating result for 2007 increased by NOK 248 million, from NOK 289 million in 2006 to NOK 537 million in 2007.

The financial results for 2007 increased by NOK 175 million, from NOK -37 million in 2006 to NOK 138 million. The key changes were due to net gains from sales of shares and value changes from shares and financial instruments of NOK 148 million, a positive change in net interest costs of NOK 8 million and net other financial costs of NOK 19 million. Net change, other financials, mainly comprises realised and unrealised currency gains.

The Kistefos Group's consolidated result before tax increased by NOK 423 million, from NOK 252 million in 2006 to NOK 675 million in 2007. The Group's consolidated tax expenses for 2007 increased by NOK 66 million, from NOK 93 million in 2006 to NOK 159 million. An amount of NOK 438 million were charged against the consolidated tax expenses for 2007 as a result of the introduction of a new tax scheme for shipping companies taxable in Norway. As a consequence of the new tax scheme for shipping companies, the consolidated generated tax loss carry forward can now be utilised. Recognizing the associated deferred tax assets in the financial statements has reduced the consolidated tax expenses by NOK 346 million in 2007.

There have not been any research and development costs expensed in 2007.

In 2007 the Group's total assets increased by NOK 856 million, from NOK 4,038 million in 2006 to NOK 4,894 million. The most significant changes stem from an increased liquidity holding from operations and loans, increased investments in shares in Private Equity, Venture and Real Estate as well as a reduction in the total balance sheet as a result of the sale of Viking Offshore Services Ltd.

The Group's free cash holdings at year-end totalled NOK 1,025 million. This represented a NOK 537 million increase compared to 2006. Kistefos AS's free bank deposits increased by NOK 244 million, from NOK 104 million in 2006 to NOK 348 million in 2007.

In 2007 the Group's total long-term liabilities increased by NOK 105 million, from NOK 2,381 million in 2006 to NOK 2,486 million. The change in long-term liabilities was mainly a result of the net change in tax liabilities, increased debts to credit institutions and a reduction of the subordinated loan.

The Group's book equity for 2007 increased by NOK 335 million, from NOK 1,106 million in 2006 to NOK 1,441 million. With this, the booked equity comprises 29.4% of the total balance sheet, an increase from 27.4% at the end of 2006. The Company's distributable equity for 2007 increased by NOK 185 million, from NOK 771 million in 2006 to NOK 956 million. In 2007 the distribution of dividends totalled NOK 250 million.

The Kistefos Group is exposed to various risks. Apart from market risks, which can be attributed to each company or project, there are other operational and financial risks related to our Group activities. The Group is exposed to currency exchange risks through its operations and ownership interests. The Group hedges its operating activities against currency fluctuations whenever it is deemed expedient. The Company and the Group are also exposed to changes in interest rates, since the Company and the Group's liabilities are subject to a floating interest rate. The risk that counterparties will not have the financial ability to meet their obligations is considered as low, since, historically, there have been few losses on receivables. The Company deems the liquidity in the Company and the Group as good.

Significant investments:

Bergmoen and Sunrise

In 2007 Kistefos Eiendom AS (100%) purchased majority interests in the companies Bergmoen AS and Sunrise Eiendom AS, at a total price of

NOK 153 million. In the beginning of 2008 the companies merged into one company of which Kistefos controls 51%. The new company has a purchase option on and the rights to a 180 hectares development site located in Gardermoen Næringspark, close to Oslo Airport, Gardermoen.

Opplysningen 1881
Via its subsidiary Telecom Holding AS (97.7%), Kistefos Venture Capital holds a 31.4% ownership interest in Opplysningen 1881 AS. The ownership share was established after Opplysningen 1881 AS acquired the KVC owned company Carrot Communications ASA.

VSS
In September 2007 Trans Viking Icebreaking & Offshore AS exercised its options on the construction of two additional large ice-class AHTS ships of the type VS 4622, at the Astilleros Zamakona shipyard in Spain. In doing so, Trans Viking now has contracts for four large AHTS ships at the shipyard, due for delivery between 2009 and 2011. The total contract sum for these ships is EUR 224 million, and all have long-term financing.

Atex
In connection with a share issue and a loan conversion in March 2007, Kistefos International Equity subscribed for shares in the Atex Group Ltd. at a total value of NOK 81 million. By the end of 2007 Kistefos held a 57.4% ownership interest in the company, while associated companies held an additional 11.3%.

Advanzia
In connection with an issue of shares in March 2007 Kistefos AS subscribed for shares in Advanzia Bank S.A. for a total investment of NOK 41 million. All existing shareholders subscribed for their pro rata shares. At year-end Kistefos AS and its associated companies held a 51.2% ownership interest (fully diluted) of the company.

Significant realisations

Ementor
After several years of readjustments and restructuring measures in Ementor ASA, and following its merger with TopNordic A/S in 2006, it was natural for Kistefos' representatives to withdraw from Ementor's Board of Directors. After presenting the 2006 Annual Financial Statements, Kistefos AS sold all its shares in the company in February 2007. The sale realised gains of NOK 87 million.

Viking Offshore Services
In May 2007 the subsidiary Viking Supply Ships AS sold the Aberdeen-based Viking Offshore Services Ltd. to the Dutch shipping company Vroon Group BV. The results for the first four months of 2007 were consolidated with VSS's annual financial statements, with an operating income of NOK 200.1 million and profit before tax of NOK 33.1 million. The sale resulted in a sale gain of NOK 82.3 million, which were included in other operating income.

DEVELOPMENTS OF PRINCIPAL HOLDINGS

Consolidated companies

Trans Viking Offshore & Icebreaking AS (50%)
Viking Supply Ships Rederi AS, a wholly-owned subsidiary of Viking Supply Ships AS, is participating in a joint venture on a 50-50 basis in Trans Viking Icebreaking & Offshore AS. The other owner is the listed Swedish shipping company Rederi AB Transatlantic. Trans Viking owns and operates at present fire large anchor handlers (AHTS), of which three are icebreakers. The ships operate mainly in the spot market; however Trans Viking has an agreement with the Swedish Maritime Administration (SMA) for three of the vessels to be available to break ice in the Baltic Sea if needed during the first quarter of each year. The agreement with SMA will be in force to 2015 with three further options for five-year extensions.

2007 operating result for Trans Viking and Odin Viking increased by NOK 19.5 million (+10%), from NOK 188.4 million in 2006 to NOK 207.9 million in 2007; and net result after tax fell by NOK 420.3 million (-255%), from NOK 165.0 million in 2006 to NOK -255.3 million in 2007. This reduction was due to the introduction of the new taxation regime for Norwegian shipping companies whereby previously accrued tax benefits were subject to taxation, and a new tonnage tax in accordance with the EU model was introduced with effect from 1 January 2007. In total, this resulted in tax expenses of NOK 435.0 million which have been charged to the year's result

SBS Marine Ltd. (100%)
Viking Supply Ships AS owns 100% of SBS Marine Ltd (SBS) through its subsidiary SBS Holding Norway AS. SBS owns three platform supply vessels and has bareboat leases with purchase options on a further three vessels. All the platform supply vessels are under long-term contracts, of which five are chartered out to Transocean in India and one to Talisman in the North Sea. After the sale of Viking Offshore Services Ltd., which was previously responsible for the daily management of SBS, the company was reorganised under new management towards the end of 2007.

SBS' operating revenues increased from NOK 66.0 million in 2006 by NOK 86.2 million (+131%) to NOK 152.2 million in 2007. This increase was due to the company having been under VSS' ownership for all of 2007 compared to just parts of 2006 as well as there has been a higher number of vessels in operation in 2007 compared to 2006. Lower rates, more technical difficulties and off-hire than expected, as well as a weaker US dollar have contributed to lower revenues and increased cost in 2007. The company's operating results were reduced from NOK 20.1 million in 2006 by NOK –23.9 million (-119%) to NOK –3.8 million in 2007, and the net result after tax was reduced from NOK 7.9 million in 2006 by NOK –40.1 million (-508%) to NOK –32.2 million in 2007.

Viking Barge AS (97.5%)
Viking Supply Ships AS owns, through Viking Barge AS, 97.5 % of Viking Barge KS. The company owns and operates seven large, modern North Sea barges of approx. 10,000 dwt. Commercially, the barges are operated by Taubåtkompaniet AS in Trondheim, whereas technical management is carried out by Viking Supply Ships AS.

2007 was a good year for the barge market. The company's operating income for 2007 increased by NOK 7.7 million (+19%), from NOK 41.4 million in 2006 to NOK 49.1 million. The reason for this was that the dayrates were higher in 2007 than in 2006. However, at the same time the utilisation rates fell from 82% in 2006 to 72% in 2007. The company's operating result increased by NOK 8.5 million (+35%), from NOK 23.2 million in 2006 to NOK 31.7 million in 2007, and the net result after tax increased by NOK 6.1 million (+37%), from NOK 15.3 million in 2006 to NOK 21.4 million in 2007.

Waterfront Shipping AS (100%)
Waterfront Shipping AS operates six Panamax product tankers (LR 1) on bareboat charter party agreements from the Greek shipowner Prime Marine. The ships were built between 1986 and 1990 and measure about 84,000 dwt. The Danish company AS Dampskibsselskabet Torm is responsible for the commercial operation of the company's ships through the pool company Torm LR 1, which is the world's leading operator of product tankers.

The company's operating income for 2007 fell by USD 8.9 million (-16%), from USD 57.4 million in 2006 to USD 48.5 million. The reduction was caused by lower termination rates (USD 7.8 million) and a 6% lower utilisation rate (USD 2.5 million), offset by gains on freight derivatives (USD 1.4 million). The company's operating result for 2007 fell by USD 8.7 million (-89%), from USD 9.7 million in 2006 to USD 1.0 million.

The sales and leaseback agreement for the Waterfront ships runs until October 2008.

Western Bulk AS (95.5%)
Western Bulk AS is a leading operator and freight company within the dry cargo segment. Its main focus is within the handymax segment, but the company also handles handysize tonnage. On average Western Bulk disposed of 57 handysize and handymax ships in 2007.

The company's net freight income increased by USD 270.0 million (66%) from USD 411.8 million in 2006 to USD 681.8 million in 2007. The key reason for this was increased freight rates throughout the year. The EBITDA improved by USD 57.1 million, from USD –3.1 million in 2006 to USD 54.0 million in 2007, while the operating result improved by USD 57.6 million from USD –4.3 million in 2006 to USD 53.3 million in 2007. The improvements in the EBITDA and operating income were primarily due to Western Bulk's business model. This model is based on active risk management of the portfolios and bore fruit in a strong market.

Real estate activities
In 2007 Kistefos Eiendom AS invested a total of NOK 153 million in the companies Bergmoen AS and Sunrise Eiendom AS. The companies merged in the first quarter of 2008, and have the purchase option on and the rights to a 180 hectares development site in Gardermoen Næringspark, in close proximity to the Oslo Airport Gardermoen. The development plans and strategy for this area are under preparation. In addition to this, Kistefos Eiendom AS' projects in Underhaugsveien and Sagveien (Mølletoppen) in Oslo have almost been completed.

As a result of the real estate market slowdown in the second half of 2007, the Underhaugsveien project will be converted into a rental business. The properties in the Mølletoppen project have in all materiality been realised.

Non-consolidated companies

Advanzia Bank S.A. (51.2%)
Advanzia Bank S.A. (Advanzia) is a Luxembourg-registered bank which offers two types of products: No-fee credit cards targeting a large number of users in the Euro zone – though initially only in Germany and Luxembourg, and deposit accounts for a more limited number of customers within the EU. 2007 was the first full year of operation for Advanzia, and the bank has had strong growth over the course of the year. Advanzia is a virtual bank with no branches. Communication with the customers takes place by mail, fax, via the Internet or by phone via the bank's customer service hotline.

The total number of credit cards in active use by the end of 2007 was 107,000, compared with 23,000 active credit cards by the end of 2006.

The total transaction volume of the bank's credit cards was EUR 197 million in 2007. The bank experienced a considerable increase in its income during 2007, reaching a total net income for the year of EUR 6.7 million, compared with EUR 0.6 million in 2006. Result before taxes was EUR -8,2 million compared to EUR 4.4 million in 2006.

Atex Group Ltd. (57.4%)
Atex is a global supplier of media industry software. With the acquisition of Unisys Media Inc. and Mactive, Atex is now the leading global player within this market.

During 2007 Atex has primarily focused on the integration of these two acquired companies. The process has been successful, and even though the synergy potential has only just begun to materialise, Atex has already reported a significant increase in profitability. In connection with the acquisition of Unisys Media and Mactive, Atex changed its fiscal year so that it corresponded with the calendar year effective as of 2007.

In 2007 Atex' sales reached USD 103 million, compared with USD 49 million in 2005/2006, which was Atex' previous full fiscal year. The strong increase in 2007 was mainly a result of the two major acquisitions, even though they only contributed to part of the fiscal year.

EBITDA in 2007 ended at USD 31 million, a considerable increase from the USD 10 million of the previous full fiscal year. Cost synergies in relation to research and development as well as streamlining the distribution network have contributed to the strong improvement.

Global IP Solutions AB (GIPS) (32%)
GIPS supplies speech and telephony technology for the Internet and other data networks to a wide range of customers who use advanced communications methods. The company is developing software solutions to enable the use and improve the quality of speech, telephony and multimedia on the Internet. The head office is located in San Francisco in the United States.

2007 was a challenging year for Global IP Solutions (GIPS), with considerably weaker earnings than expected, and we are very disappointed in the development of the company. The company's sales fell by USD 2.7 million (-16%), from USD 17.1 million in 2006 to USD 14.4 million in 2007. EBITDA fell by USD 16.5 million, from USD 4.2 million to USD -12.3 million, while the net result after tax fell by USD 25.4 million, from USD 8.9 million to USD -16.5 million. In 2006 the net result after tax was favourably impacted by extraordinary income in connection with a USD 3.9 million buy-back of options.

In September 2007 the company's Managing Director resigned and the Chairman of the Board of Directors, Ditlef de Vibe from Kistefos Venture Capital AS, stepped in as acting Managing Director. A new Managing Director has been appointed and will take office in the spring of 2008.

Opplysningen 1881 AS (31.4%)
Opplysningen 1881 is Norway's leading directory service with listings of people and businesses. Via its subsidiary Telecom Holding (97.7%), Kistefos Venture Capital holds a 31.4% ownership interest in Opplysningen 1881 AS. The ownership interest was established after Opplysningen 1881 AS acquired Carrot Communications ASA in the spring of 2007.

During 2007 the Opplysningen 1881 Group increased its pro-forma sales by more than 30%, and had a solid increase in its recognised EBITDA. The results stem from solid organic growth and from focusing on new growth markets. Operating income increased from NOK 510.1 million in 2006 (pro forma NOK 679.0 million) to NOK 837.2 million (pro forma NOK 902.2 million) in 2007. EBITDA increased from NOK 19.7 million in 2006 to NOK 106.1 million in 2007, while the net result after tax went up from NOK -6.5 million in 2006 to NOK 18.5 million in 2007.

Springfondet (50.0%)
Springfondet is a fund affiliated with Oslo Innovation Centre, and which invests in early-phase companies that develop innovative products or services. In 2007 Springfondet invested in four new companies, and by the end of the year the fund had invested NOK 28 million in 13 different companies.

Organisation and the environment
In 2007 the Kistefos Group—including those of its portfolio enterprises where its ownership interest is more than 50%—employed 951 man-labour years. This represents a reduction of 599 man-labour years in comparison with 2006, which is the result of changes in the company portfolio, mainly the sale of Viking Offshore Services Ltd. The Company's head office is in Oslo. In the parent company the number of man-labour years was reduced by 5 to 15, which are divided between 7 female and 8 male employees. The working environment in Kistefos is good. In 2007 there were 438 days of absence due to illness (12.7%), as two of our administrative employees have been on sick leave for almost the entire year. Apart from this, the rate of absenteeism in the Company is very low. The parent company and the Group strive to achieve an equal balance between the sexes in all functions.

No injuries or accidents in the Group have been reported during 2007.

None of Kistefos' companies pollute the environment to any significant extent. However, the Group is involved in a number of companies that are potential sources of pollution. It is the responsibility of these companies' respective boards of directors to ensure that their enterprises are being operated properly and in accordance with applicable guidelines for preventing and limiting pollution of the environment.

Active private ownership
The key principle of the Kistefos Group's investment strategy is to engage in active and long-term ownerships. Through experience, competencies and new capital, Kistefos strives to initiate processes that will create competitive and financially healthy enterprises. Our goal is to realise value over time; and experience shows us that long-term investment cycles generally generate significantly greater value than short-term cycles. Kistefos has therefore adopted a long-term investment perspective. In recent years such efforts and patience have yielded good returns. Kistefos will continue its strategy of active long-term ownership in order to maximise value creation in its portfolio.

Significant events after the balance sheet date
There have been no significant events after the balance sheet date that will have an impact on the submitted financial statements.

Disposal of net result for the year and other equity transactions
Christen Sveaas, Chairman of the Board of Directors, holds all the shares in Kistefos AS, directly and indirectly.

The Board of Directors believes that the assumption of a going concern is present, and the financial statements are presented on this assumption.

Outlook for 2008
The first three quarters of 2007 reflected the upswing that has benefited the global economy since

2002. However, throughout the fourth quarter of 2007 and into the first quarter of 2008, we began to see the signs of a slowing economy mainly caused by the U.S. housing crisis and the financing related to these problems. This entailed major provisions for losses for a number of banks, and the general confidence in the banking system as well as the mutual trust between banks were considerably diminished. To improve the situation the U.S. Federal Reserve cut the interest level considerably and injected large amounts of liquidity into the market. In spite of a downward adjustment of 15-20% on stock exchanges, the liquidity injection has limited the decline in the market in the short term. It remains to be seen whether the actual bankruptcy of the American investment bank Bear Stearns marked the culmination of the market turbulence and if the confidence in the banking system can be restored.

Restoring the confidence in the banking system is vital for the financing and equity markets and necessary in order to give the global economy a "soft landing." But we cannot disregard the high level of turbulence that has hit the financial markets as well as the shipping and raw materials markets this year.

At the same time, oil prices reached an all-time high, benefiting the Norwegian economy as well as our offshore enterprises, and we anticipate continued high earnings for our anchor handling vessels in 2008, and considerably better earnings for our platform ships and sea-going barges.

Over the course of 2008 our involvement in the tanker market will end, and we expect good results in this connection. Western Bulk gave us record high earnings in 2007, and we expect to see good results in 2008 as well, although at a lower level than in 2007.

Global IP Solutions AB (GIPS), one of our main investments in Kistefos Venture Capital, performed very poorly in 2007. A new Managing Director has taken office and additional equity has been arranged. We expect to see a significant improvement in the results with somewhat increased sales in 2008. We do not expect a profit to materialise until 2009.

We expect that Opplysningen 1881 AS will continue its trend from 2007 with further increased sales and improved results.

At Kistefos Private Equity we expect that our key investment, Atex Group Ltd., will continue to show progress with a considerable increase in its sales and income.

We expect to see positive effects from our two major acquisitions in 2007, and that the company will continue to focus on its organic growth as well as further growth through the acquisition of additional companies.

It is budgeted that Advanzia Bank S.A. in Luxembourg will end 2008 at a small profit, provided that the targeted growth of customers and credit volume is achieved.

In 2008 our real estate activities will be concentrated on leasing out all the apartments at Underhaugsveien and following the development process for the area in Gardermoen Næringspark controlled by Bergmoen AS.

Apart from the liquidation of our tanker business, we have no plans for realisations in 2008, and the Kistefos Group's net result for 2008 is expected to be about the same as in 2007.

The Board proposes the following allocation of the parent company Kistefos AS' surplus:

Result for the year	NOK	504,025 mill.
Transferred to other equity	NOK	504,025 mill.
Total allocation of the result for the year	**NOK**	**504,025 mill.**

Oslo, 31 March 2008
Board of Kistefos AS

Christen Sveaas
Executive Chairman

Erik Wahlstrøm

Erik Jebsen

Christian H. Thommessen

Åge Korsvold
Managing Director

Board of Kistefos AS
From the left:
Erik Jebsen
Åge Korsvold (Managing Director)
Christen Sveaas with the Norwegian elkhounds Brum and Fant
Erik Wahlstrøm
Christian H. Thommessen

Employees at Kistefos

Alexander Munch-Thore
Partner,
Kistefos Venture Capital AS

Rolf Skaarberg
Managing Director,
Viking Supply Ships AS

Lars Erling Krogh
Investment Director,
Kistefos AS

Hege Galtung
Department Manager, Real Estate,
Kistefos AS

Åge Korsvold
Managing Director,
Kistefos AS

Dag Sørsdahl
Investment Director,
Kistefos AS

Gunnar Jacobsen
Analyst,
Kistefos Venture Capital AS

Ditlef de Vibe
Managing Director,
Kistefos Venture Capital AS

Beate S. Nygårdshaug
Head of Legal Affairs,
Kistefos AS

Niels Kr. Hodt
Chief Financial Officer,
Kistefos AS

John M. Edminson
Group Financial Controller,
Kistefos AS

Lars Mårdalen
Controller,
Waterfront Shipping AS

Christian Holme
Analyst,
Kistefos AS

Colbjørn Foss
Analyst,
Springfondet/Kistefos AS

Lars Haakon Søraas
Analyst,
Kistefos Venture Capital AS

Kistefos Venture Capital AS

- Global IP Solutions AB
- Opplysningen 1881 AS
- Infront AS
- Paradial AS
- Online Services AS
- Habiol AS

www.kistefos.no

Kistefos Venture Capital (KVC) has served as developer and partner for Scandinavian growth companies. Today our team of five people operates two funds: KVC Fund I and KVC Fund II. The funds are being operated on the basis of joint management strategy.

Focus areas and philosophy
In its earlier as well as more recent investments, KVC has focused on Internet, telecommunications and technology enterprises. The Clean Tech industry represents a new focus area where KVC is quickly gaining knowledge and experience.

Common for all our investments is that the KVC team works actively to develop the companies further by initiating and carrying out value-adding strategic decisions. This is done by preparing goal-oriented action plans to ensure profitable and rapid growth, and by participating internally in the enterprises as well as taking active part in the work of the boards of directors.

With a wide international network, extensive M&A experience and several successful stock market flotations, KVC's competencies contribute to increasing the portfolio companies' possibilities of initiating or participating in international financial transactions.

New investments in 2007
2007 was an eventful year for KVC with several transactions. The most important event was Carrot Communications AS's merger with Opplysningen 1881 AS. Opplysningen 1881 was the first company with which Carrot entered a contract in 2006 for the delivery and operation of SMS technology. With this agreement, worth more than NOK 100 million per year, KVC saw the rationale for establishing a more vertically integrated company with a larger value chain. Discussions with the owners of Opplysningen 1881 AS — Telenor ASA and the Anders Wilhelmsen Group — resulted in an agreement whereby Opplysningen 1881 acquired Carrot in May 2007. As a result of this, Kistefos became owner of about one third of the merged company. The Managing Director of KVC, Ditlef de Vibe, was elected as Chairman of the company's Board.

In June, KVC invested NOK 25 million in Hadeland Bio-olje AS (Habiol), becoming the biggest shareholder in the company. As the biggest shareholder in Uniol AS, Habiol will contribute to the construction of Norway's first modern biodiesel plant in Fredrikstad. KVC has thus made its first investment within the rapidly growing market for renewal energy. This is an area that is now being followed closely and scanned for new investment opportunities.

Key events in 2007
In addition to carrying out two new investments in 2007, the KVC team has followed up on its existing investments, completed the Carrot – Opplysningen 1881 transaction and had a record-high deal flow. Several of the portfolio companies have experienced profitable and strong growth, even with the related challenges that high growth can entail.

The new Opplysningen 1881 AS had strong growth in sales as well as profit in 2007. Earnings were especially good for the traditional voice-based directory services as well as the mobile SMS directory services. But also the Internet-based directory service on the company's new website www.1881.no grew rapidly, experiencing weeks with more than 500,000 unique users towards the end of 2007. 1881's more than 1,000 employees based all around Norway answer almost 30 million inquiries

each year. Together with a brand name that has been considerably strengthened through an aggressive marketing campaign, these employees are the company's main asset.

Global IP Solutions AB (GIPS) experienced a severe and disappointing decline in 2007, to a large extent explained by the loss of their biggest client, Skype. In the fall of 2007 the KVC team put a major effort into identifying and correcting internal problem areas. It is positive that GIPS's voice engine, in spite of its problems with sales in 2007, is still considered to be the leading product within Internet-based voice technology. Along with the appointment of a new management team, new capital and a planned stock market listing in 2008, the KVC team believes the company is well positioned for future growth.

Infront AS continued its strong and profitable growth in 2007, winning several new important customers, both nationally and internationally. Today the company is one of Scandinavia's leading suppliers of real-time data software solutions to the financial market. In 2007 KVC increased its ownership in the company, from 18% to 27%.

KVC's two investments from 2006, Online Services and Paradial, grew rapidly in 2007, but both companies have some way to go before they become profitable. Further technological development is important to both companies so that they, also in the coming years, can meet their customers' demands for new and improved solutions within the areas of search engine optimisation and Internet firewall traversal, respectively.

Through Habiol's ownership interest in Uniol AS, the planning and construction of a NOK 280 million biodiesel plant in Fredrikstad continued. Other investors in Uniol AS include Borregaard AS, Cermaq ASA and Unikorn AS. The plant represents the state of the art within biofuel technology, and will, when it is brought online in the first quarter of 2009, produce an environmentally sound fuel adapted to Norwegian conditions for Norwegian carriers and private users. It will be one of the few plants in Europe capable of processing various raw materials, from rapeseed oil to jatropha oil. Habiol works on developing a targeted strategy for distribution to select locations. The company opened its first biofuel filling station aimed at the private market in Hadeland in December 2007, and more stations will be opened during 2008.

In the spring of 2007 KVC made a small but exciting investment in the Internet company Tilbakemeldingen Norge AS. Its business concept is to centralise comments and feedback from consumers via a centralised webpage. The enterprise entered into contracts with several important customers — including SAS and Nordea Bank — over the course of 2007, and KVC is optimistic about its possibilities in 2008.

Kistefos Venture Capital AS

- **Global IP Solutions AB**
- Opplysningen 1881 AS
- Infront AS
- Paradial AS
- Online Services AS
- Habiol AS

GLOBAL IP SOLUTIONS

www.gipscorp.com

2007 was a very challenging year for Global IP Solutions AB (GIPS) with much lower sales than expected and very weak results. Despite of this, because of its products and patented technology, GIPS is still considered a leader within its market. Even though sales were down, GIPS showed strength with several new products and a number of new customers.

GIPS supplies voice and telephony technology for the Internet and other data networks to a wide range of customers relying on advanced communications tools. Currently, the company develops software solutions to enable the use and improve the quality of voice, telephony and multi-media via the Internet. GIPS has offices in San Francisco, Stockholm, Boston and Hong Kong, and opened two new offices in Seoul and Tokyo in 2007.

In 2007 GIPS launched VoiceEngine Multimedia with LSVX (Video Codec), which enables simultaneous voice and video communication with high quality. The company signed several important contracts, for instance with Oracle, for this new product.

The acquisition of CrystalVoice Communications has so far been a disappointment, and did not contribute to increased sales of any significance in 2007. Still, the acqui-sition has made it possible for GIPS to enter the enterprise market with complete end-user solutions. With the growing interest in Unified Communi-cations and Fixed Mobile Convergence, it is expected that the demand for CrystalVoice's main products will gradually increase.

In 2007 several new customers were added to the roster, including Citrix Online, LG Nortel, Flextronics, Brasil Telecom, Global Village Telecom and 51.com. Equally important, relations-hips with existing customers such as Google, Oracle and WebEx were further strengthened.

But even with the new customers in its portfolio, the company's sales fell by USD 2.7 million, from USD 17.1 million in 2006 to USD 14.4 million in 2007.

A main reason for the reduction in sales is that GIPS lost Skype, one of the company's first and largest customers. In addition, the company experienced a reduction in the number of signed agreements for its best selling product, the Voice Engine for PC platforms, while the completion of new products were also delayed. Towards the end of 2006 and in the beginning of 2007 GIPS increased its staff, expecting increased sales. These sales did not materialise, which further weakened the company's earnings in 2007.

After the second quarter of 2007, when it became clear that the budgeted growth in sales did not materialise, the company implemen-ted a cost reduction plan, while the CEO left the company. The Chairman of the Board, Ditlef de Vibe of Kistefos Venture Capital AS, stepped in temporarily as CEO. A comprehensive review was launched to find out what had caused the revenue shortfall, and a search for a new CEO was initiated. Among other things, these initiatives resulted in a reorganisation of the company as well as various other measures to improve the company's sales.

In spite of its challenges in 2007, GIPS continues to be a well-established international market leader within voice processing, and the company works actively to gain a stronger position within the real-time video segment. For customers, a conver-gence of real-time voice and video technologies is clearly value-adding. Therefore, GIPS's ambition is to become market leader within both areas.

GIPS supplies software that improves the quality of voice transferred over the Internet.

The company's sales fell USD 2.7 million (-16%), from USD 17.1 million in 2006 to USD 14.4 million in 2007. EBITDA fell by USD 16.5 million, from USD 4.2 million to USD -12.3 million, while earnings (loss) after tax fell by USD 25.4 million, from USD 8.9 million to USD -16.5 million in 2007. The 2007 earnings were negatively affected by a USD 5.9 million write-down of CrystalVoice and a USD 2.4 million write-down of deferred tax assets. In 2006 earnings after tax was favourably impacted by extraordinary income in connection with a USD 3.9 million buy-back of options.

In order to strengthen its position, the company decided to carry out a rights issue of USD 10 million. Kistefos has guaranteed for 71% of the issue, which will be executed during the first six months of 2008.

The company has also appointed Emerick Woods as the new CEO, with effect from April 1, 2008. Woods is a successful entrepreneur with 12 years of experience as CEO of various technology companies in Silicon Valley. In addition to this, he has extensive experience working as a consultant for Booz/Allen/Hamilton and McKinsey, and holds a B.Sc. in Computer Science from Yale as well as an MBA from Harvard.

Kistefos Venture Capital is represented on GIPS's Board of Directors by Ditlef de Vibe (Chairman of the Board) and Åge Korsvold (Board Member).

Financial results

MUSD	**2007**	**2006**	**2005**
Operating Income	14.4	17.1	8.8
EBITDA	-12.3	4.2	1.9
Operating result	-14.6	3.9	1.7
Result after tax	-16.5	8.9	1.8
Assets	15.2	31.4	23.3
Equity on book	9.6	25.3	14.1
No. of employees	74	66	44
Kistefos' ownership share	32.00%	32.00%	32.60%
Managing Director	Ditlef de Vibe*	G. P. Hemansen	G. P. Hemansen

* Temporary until 1 April 2008.

Kistefos Venture Capital AS

- Global IP Solutions AB
- Opplysningen 1881 AS
- Infront AS
- Paradial AS
- Online Services AS
- Habiol AS

www.1881.no

In 2007, the Opplysningen 1881 Group increased its sales by more than 30% and showed solid growth in EBITDA, compared with 2006 (pro forma). The results stem from solid organic growth and from focusing on new growth markets. An example of this growth is Oppplysningen Online which, by the end of 2007, had doubled the number of weekly users on its website www.1881.no to more than 500,000.

Carrot Communications ASA, where KVC controlled about 74.7% of the shares, was acquired by Opplysningen 1881 in the middle of 2007. After this, KVC held 31.4% of the shares in the merged company.

Opplysningen 1881 is Norway's leading directory service with listings of individuals and businesses. The core of the business is the directory database, which contains millions of listings with more than 30,000 updates being carried out daily. The company administers manual directory services, mobile end user services, business services and web-based catalogues. Opplysningen 1881 employs about 1,000 people in eight different locations in Norway. Each year the manual directory service handles about 30 million incoming calls while the SMS directory service handles 20 million text messages, and the Internet catalogue is one of the 10 most visited websites in Norway.

Between 1980 and 1994 Opplysningen was part of Televerket (Telenor), before Telenor Media took over ownership between 1994 and 1997. From 1997 to 2003 Opplysningen was under the central management of Telenor. During this period the company was characterised by operational restructuring, change of management and the change in regulation in 2002 that ended the company's monopoly in directory services in Norway.

In 2004 the company was taken over by Telenor Venture and Anders Wilhelmsen & Co. Once again the company was restructured; Opplysningen 1881 increased its market share within manual directory services as well as mobile SMS services. In addition an aggressive Internet strategy was launched in competition with Gulesider/Eniro.

The merger with Carrot strengthened the company considerably with respect to the business market, and sales within this segment increased from about NOK 15 million to more than NOK 250 million in 2007. Also, the companies' technical divisions were merged into one strong, joint unit, capable of handling larger external assignments in addition to the challenges of the increased volume in the company's own telecom services. Opplysningen 1881's activities are now divided into four areas of business, Manual, Mobile, Online and Business, all of which have experienced top line and bottom line growth during 2007.

Opplysningen 1881 is an exciting company, based in a strong market, and with cost reduction potential as a result of the merger. Based on this, further growth in sales and profit is expected in 2008.

Opplysningen 1881 is Norway's leading directory service with listings of individuals and businesses.

Operating income increased from NOK 510.1 million in 2006 (pro forma NOK 679.0 million) to NOK 837.2 million (pro forma NOK 902.2 million) in 2007. EBITDA increased from NOK 19.7 million in 2006 to NOK 106.1 million in 2007, while the earnings (loss) after tax increased from NOK -6.5 million in 2006 to NOK 18.5 million in 2007.

KVC is represented on Opplysningen 1881's Board of Directors by Gunnar Jacobsen (Board Member) and Ditlef de Vibe (Chairman of the Board).

Financial results

MNOK	2007 *	2006	2005
Operating Income**	837.2	510.1	438.10
EBITDA	106.1	19.7	45.7
Operating result	26.5	-9.3	25.1
Result after tax	18.5	-6.5	17.4
Total assets	635.0	265.0	256.6
Equity on book	324.5	60.3	66.5
No. of employees	1,017	602	558
Kistefos' ownership shares	31.4%	0%	0%
Managing Director	Anne Karin Sogn	Anne Karin Sogn	Anne Karin Sogn

*The financial results for 2007 are estimates and have not been audited.

**The pro forma operating revenue are NOK 902.2 million for 2007 and NOK 679.0 million for 2006.

Kistefos Venture Capital AS

- Global IP Solutions AB
- Opplysningen 1881 AS
- Infront AS
- Paradial AS
- Online Services AS
- Habiol AS

Financial Information Technology

www.infront.no

In 2007 Infront saw a growth in sales as well as earnings after tax of almost 50%. In addition the company continued its international expansion in Scandinavia and the rest of Europe.

Infront AS is Scandinavia's leading company within the development and sale of real-time solutions for information on and trading of shares and other financial instruments. Its core product "The Online Trader" is the market leader in the Nordic countries and is currently in the process of establishing itself in selected markets outside the Nordic countries. "The Online Trader" is delivered as a pure information terminal and as an integrated information and trading system. Leading banks and financial institutions use Infront's solutions internally and as advanced Internet-based information and trading system for their best customers.

In 2007 the company experienced very strong and profitable growth in the Nordic countries while signing several agreements with European banks and brokerages. This represents an important milestone for the company's further international focus.

With its strong growth, Infront was once again singled out as one of Norway's fastest growing IT companies, achieving a thirteenth position on Deloitte's Fast 50 league table. This is the fifth consecutive year that Infront achieves a place in this ranking.

The company's sales increased from NOK 43.5 million in 2006 by NOK 20.9 million, to NOK 64.5 million in 2007. EBITDA rose by NOK 5.5 million, from NOK 10.8 million in 2006 to 16.3 million in 2007, while the earnings after tax increased correspondingly, ending at NOK 12.0 million in 2007.

In 2007 Kistefos increased its stake in Infront, from 18.2% to 27.3%. The outlook for Infront for 2008 is good, and we expect another year of solid growth.

Kistefos Venture Capital is represented on Infront's Board of Directors by Gunnar Jacobsen (Board Member) and Ditlef de Vibe (Chairman of the Board).

Financial results

MNOK	2007	2006	2005
Operating Income	64.5	43.5	28.7
EBITDA	16.3	10.8	7.3
Operating result	16.0	10.7	7.1
Result after tax	12.0	8.0	5.3
Total assets	39.9	28.0	18.3
Equity on book	5.5	11.9	10.3
No. of employees	27	19	15
Kistefos' ownership shares	27.3%	18.2%	18.2%
Managing Director	Kristian Nesbak	Kristian Nesbak	Kristian Nesbak

Kistefos Venture Capital AS

- Global IP Solutions AB
- Opplysningen 1881 AS
- Infront AS
- **Paradial AS**
- Online Services AS
- Habiol AS

Paradial
REAL CONNECTIVITY

www.paradial.com

A strong commercial focus increased sales during 2007 and resulted in the signing of agreements with several international players. An increased focus on the sale of services with software products is vital in a market that is still in an early phase.

Paradial AS's activities include the development and sale of the solution RealTunnel. RealTunnel is a software used for opening firewalls for communications services. Commercially the company is still in its early phase. But agreements with major international players have confirmed that the product is of a high technological quality. The customers—from the software industry as well as the video conferencing and telecommunications industries—use Paradial's products for audio and video communication via IP networks.

In 2007 Paradial continued to focus on the sale of software to international players, while offering senior-level consulting competencies to these and other relevant customers. Paradial has been successful in both business areas, and by the end of 2007 a global software player signed a major agreement with the company. This agreement represents an important milestone for Paradial and the products it markets.

Sales increased by NOK 5.4 million in 2007, from NOK 1.8 million to NOK 7.2 million. As a result of an increased focus on sales and income from consulting, EBITDA increased by 3.0 million in 2007, from NOK -7.8 million in 2006 to NOK -4.8 million. Loss after tax was reduced by NOK 4.2 million in 2007, from NOK -8.4 million in 2006 to NOK -4.2 million.

By the end of 2007 Paradial was well positioned for further growth in 2008.

Kistefos Venture Capital is represented on Paradial's Board of Directors by Gunnar Jacobsen (Board Member) and Ditlef de Vibe (Chairman of the Board).

Financial results

MNOK	**2007***	**2006**	**2005**
Operating Income	7.2	1.8	1.0
EBITDA	-4.8	-7.8	-3.6
Operating result	-4.9	-7.9	-3.6
Result after tax	-4.2	-8.4	-3.6
Total assets	12.1	15.9	2.2
Equity on book	9.7	13.9	0.3
No. of employees	10	11	5
Kistefos' ownership shares	27.9%	27.9%	0%
Managing Director	Ingvar Aaberg	Ingvar Aaberg	Kevin Kliland

*The financial results for 2007 are estimates and have not been audited.

Kistefos Venture Capital AS

- Global IP Solutions AB
- Opplysningen 1881 AS
- Infront AS
- Paradial AS
- Online Services AS
- Habiol AS

ONLINESERVICES

www.onlineservices.no

Online Services AS achieved considerable sales growth in 2007, and has entered into a strategically important collaboration with the Swedish company EPiServer AB.

Online Services AS targets its services at businesses that need to be visible on the Internet. The vision of the company is to ensure measurable, high returns on and visibility of customers' investments in digital channels. By offering market-leading methodologies and user-friendly tools within search engine optimisation and web analysis, Online Services secures its customers results in the form of increased traffic, more sales opportunities, better knowledge of their visitors and better management of their websites. Online Services AS is the market leader in Norway with a customer portfolio that includes everything from small enterprises to the largest business groups in the country.

In 2007 the company focused on developing its own sales organisation and training its own sales staff. Sales through partners have also become an important distribution channel for the company's products and services in 2007. In 2007 Online Services AS entered into a collaboration agreement with EpiServer AB, one of Scandinavia's leading suppliers of software that assists businesses to publish information on the Internet. As a result of this collaboration, Online Services' core product, Xtractor, has been integrated into EPiServer's publishing solution and is offered to all of EPiServer's customers.

Sales increased by 38% from NOK 11.9 million in 2006 to NOK 16.4 million in 2007. EBITDA fell from NOK -6.2 million in 2006 to NOK -8.5 million in 2007, while the loss after tax was NOK -11.7 million in 2007, compared with NOK -8.3 million in 2006. The loss in 2007 was caused by a combination of the company's strong focus on product development and revenue which were considerably lower than budgeted. In addition, the results were affected by a NOK 1.8 million write-down of the shares in the company's Swedish subsidiary.

Going into 2008, the company enjoys a strong market position with a unique organisation and product and service offerings. Based on this, we expect that Online Services to break even in 2008.

Kistefos Venture Capital is represented on the Online Services' Board of Directors by Alex Munch-Thore (Chairman of the Board).

Financial results

MNOK	2007	2006	2005
Operating Income	16,4	11,9	8,3
EBITDA	-8,5	-6,2	0,9
Operating result	-9,0	-6,9	0,5
Result after tax	-11,7	-8,3	0,2
Total assets	9,5	16,0	4,1
Equity on book	2,5	10,9	0,0
No. of employees	37	33	13
Kistefos' ownership shares	38.30%	34.70%	-
Managing Director	Kjell Galstad	Kjell Galstad	Kjell Galstad

Kistefos Venture Capital AS

- Global IP Solutions AB
- Opplysningen 1881 AS
- Infront AS
- Paradial AS
- Online Services AS
- Habiol AS

HABIOL
Hadeland Bio-olje AS
www.habiol.no

In 2007 Habiol AS became the largest shareholder in Union AS, which is Norway's first biodiesel production plant capable of using a range of different raw materials.

Biofuels are gaining ground in the Norwegian market. In 2008 it is expected that the Norwegian Government will impose a statutory requirement that at least 2% of fuel sales in Norway shall be biofuels. The purpose of this measure is to secure the introduction of biofuels in Norway, and it is expected that the required share of biofuels will be increased to 5% in 2009.

Focusing on the production and distribution of biofuels, Habiol AS is well positioned to exploit these changes in the regulatory environment. The company plays an active role in the development of Uniol AS, which has planned the construction of a biodiesel production facility in Fredrikstad. Upon completion, the facility, which is a joint venture involving players such as Borregaard, Norgrain and Cermaq, will have an annual production capacity of about 100,000 tonnes of biodiesel. The estimated total costs for the plant are about NOK 280 million. In addition to this investment, Habiol has activities within biodiesel distribution and second-generation biofuel research.

Kistefos Venture Capital invested NOK 25 million in Habiol during the summer of 2007. In another share issue in December 2007 the company raised an additional NOK 24 million, of which KVC subscribed to NOK 5 million. The capital injected into the company in 2007 will primarily be used to cover the costs of the construction of Uniol, for financing Habiols downstream strategy and to enable the company to be proactive whenever new opportunities present themselves in the biofuel sector.

Uniols production plant will be built in conjunction with Denofa's facilities in Øraveien industrial park in Fredrikstad. The construction work commenced in November 2007 and the plant is expected to be ready for operation in the beginning of 2009.

In the fall of 2007 it was also decided to increase the staff of Habiol to give the company the capacity to follow up on planned and new activities.

The recruitment of one additional employee was carried out in the first quarter of 2008.

In 2007 the company's sales were at a minimal level (NOK 0.4 million), and the loss after tax ended at NOK -1.4 million. The reason for the low sales was the low level of activity in the company and that the focus in 2007 has been on planning and developing Uniol.

The company entered 2008 with a solid capital base and a unique competence in biofuels. The challenge for 2008 will be to exploit the capital and competence to create a profitable business.

Kistefos Venture Capital is represented on Habiol's Board of Directors by Alex Munch-Thore (Chairman of the Board).

Financial results

MNOK	2007*	2006	2005
Operating Income	0.4	0.3	0.9
EBITDA	-3.0	-1.5	-0.9
Operating result	-3.0	-1.5	-0.9
Result after tax	-1.4	-1.5	-0.9
Total assets	81.9	26.0	1.4
Equity on book	79.6	11.5	1.1
No. of employees	2	1.7	1.7
Kistefos' ownership shares	30.89%	-	-
Managing Director	Terje Johansen	Terje Johansen	Terje Johansen

* The financial results for 2007 are estimates and have not been audited.

Kistefos Private Equity AS

- Atex Group Ltd.
- Advanzia Bank S.A.

www.kistefos.no

The investments in Kistefos Private Equity developed well in 2007, and the Ementor shares were sold at a satisfactory gain. Advanzia Bank S.A. had its first full year in operation and received more than one million credit card applications during the year. The Atex Group Ltd., which supplies media industry software, successfully integrated two acquired companies and, on top of that, delivered a significant increase in profitability.

Kistefos sold all its shares in Ementor ASA in February 2007. At that point Ementor had been through a successful turnaround operation and reported strong improvements in its results accompanied by a positive development in its share price.

Advanzia is a virtual bank without branches, whose business concept is to issue no-fee credit cards. Its primary focus is the German market, but the bank also offers its products in Luxembourg. Advanzia became Luxembourg's largest issuer of credit cards already in its start-up year (2006), and in 2007 it was one of the leading credit card issuers in Germany. Kistefos and its associated companies hold 51.2% of Advanzia.

After the acquisitions of Unisys Media and Mactive, Atex achieved a solid presence globally, and is able to offer a wide array of leading products within advertisement and editorial systems.

A sound organic growth and a continued increase in profitability are expected for 2008, based on the positive market outlook, the exploitation of cross-sales opportunities and a continued potential for streamlining the enterprise. Kistefos and its associated companies hold 68.7% of the enterprise.

Kistefos spent considerable resources on mapping out attractive sectors and strategies for future investments throughout 2007. This process has led to the identification of several interesting areas of investment which will be pursued in 2008 and the years ahead.

Kistefos Private Equity prioritises investments in medium-sized companies that operate in industries where they have obvious competitive advantages, development potential and strong leadership. Kistefos' activities within the business area are based on active ownership, long-term involvement and close collaboration with the companies' management teams and other shareholders. Kistefos Private Equity participates in the companies' formal bodies and must, as a result of competent administration and independence, remain a preferred collaboration partner in relation to the task of releasing the company's industrial and financial potential.

Kistefos primarily targets investments in companies that can participate in industrial consolidation within a given trade, or which may improve their business position and results through organisational readjustments and restructuring. Investments are also placed in companies with growth potential and good earnings as a result of competitive advantages.

A precondition for Kistefos is to be the leading investor in its private equity investments, and it therefore

normally targets ownership interests between 30% and 100%. The number of current engagements can be between 5 and 10, and the investment period is normally between 3 and 5 years, but this may be considerably longer if the potential is deemed to be sufficiently interesting.

Generally speaking, as a privately held investment company, there is not the same need to realise one's investments as rapidly as a fund with external investors often has. On the other hand, if the targeted return is achieved faster than expected, the investment may be realised earlier. Kistefos' core competencies are not industry-specific, but linked to the administration of ownership, and to financial and strategic processes.

Kistefos Private Equity AS

Atex Group Ltd.

Advanzia Bank S.A.

www.atex.com

In 2007 Atex' primary focus was the integration of the two acquired companies, Unisys Media Inc. and Mactive. The process has been successful and the synergy potential has begun to materialise. In the course of 2007 Atex has delivered significant profitability increases.

Atex is a global supplier of media industry software. With the acquisition of Unisys Media and Mactive, Atex is now the leading global player within this market. The company mainly supplies solutions within three areas of business: (i) Advertisement systems, (ii) Editorial systems and (iii) Distribution systems. Atex' solutions enable traditional media businesses to distribute their editorial content through new channels, such as the Internet and mobile phones. The company has installed software for almost USD 1 billion among its customers, and supports more than 800 customers in more than 40 countries.

The acquisitions of Unisys Media and Mactive were financed through a syndicated loan of USD 80 million and a stock issue of USD 12 million during the first quarter of 2007, aimed at existing shareholders.

The Purchase of Unisys Media, a division of the American IT company Unisys Corporation, has given Atex an increased presence especially in Central and Southern Europe, in addition to the United States. Unisys Media brought along a robust editorial system and an attractive customer portfolio. The acquisition of Mactive, a Swedish/American software company, has given Atex a better foothold in the Nordic countries and the Unites States as well as an advertisement system that enjoys a solid and rapidly growing position in the market.

In connection with these acquisitions, Atex has carried out comprehensible internal reorganisations over the course of 2007 to coordinate distribution networks, optimise utilisation of development resources and integrate the various product platforms. Key personnel from Mactive and Unisys Media have been incorporated into the management team of the merged company. The integration of the companies has been successful and Atex has been strengthened.

As a result of the acquisitions, Atex has changed its financial year, so that it corresponds to the calendar year, effective from 2007. In 2007 Atex' sales reached USD 103.3 million, compared with USD 48.9 million in 2005/2006, which was Atex' previous full financial year. The strong increase is mainly a result of the above mentioned acquisitions, even though the companies were not consolidated for all of 2007.

EBITDA in 2007 ended at USD 30.6 million, a considerable increase from the USD 9.6 million in the previous full financial year. Major cost synergies throughout the entire enterprise, and especially with respect to research and development as well as streamlining the distribution network, have contributed to the strong improvement.

Market interest has been good, and the response from Atex' customers to the consolidation strategy has been positive. During 2007 Alex has signed a number of major contracts with leading players in the media industry. All in all Atex secured new contracts at a total value of USD 69 million, excluding contributions for maintenance and support.

Atex has achieved a solid presence globally, and offers a wide array of leading products within advertise-

Atex is a global supplier of media industry software.

ment and editorial systems. Sound organic growth and a continued increase in profitability are expected for 2008, based on a positive market outlook, the exploitation of cross-sales opportunities and a continued potential for streamlining the enterprise.

Kistefos is represented on Atex' Board of Directors by Åge Korsvold (Board Chairman) and Dag Sørsdahl (Board Member).

Financial results

MUSD	IFRS 2007*	UK GAAP 2005/2006	UK GAAP 2004/2005
Operating Income	103.3	48.9	48.7
EBITDA	30.6	9.6	6.9
Operating result	14.2	7.4	4.3
Result after tax	0.8	6.4	6.1
Total assets	179.0	31.3	27.7
Equity on book	9.1	14.6	19.5
No. of employees	503	280	300
Kistefos' ownership share	57.4%	53.9%	53.9%
Managing Director	John Hawkins	John Hawkins	John Hawkins

*Changed financial year.

www.advanzia.com

Advanzia Bank S.A. (Advanzia) is a Luxembourg-registered bank which offers two types of products: No fee credit cards for a large number of users in the Eurozone – though initially only in Germany and Luxembourg – and deposit accounts for a more limited number of EU customers. 2007 was the first full year of operation for Advanzia, and the bank has experienced tremendous growth during the year.

Advanzia is a virtual bank with no branches. Communication with customers takes place by mail, fax, via the Internet or the bank's customer service telephone hotline. As a niche bank Advanzia does not wish to be its customers' main bank, since it does not offer ordinary products such as current accounts, debit cards, housing loans etc. Its aim is to be a bank that offers specialised services produced in an efficient organisation on competitive terms.

The bank was established in 2005 and started operation in 2006 with an equity of EUR 17.5 million. Advanzia's main office is located in Luxembourg and Advanzia is licensed by the Ministry of Finance in Luxembourg.

The bank is under the supervision of the local supervisory authorities, Commission de Surveillance du Secteur Financier (CSSF). Under the EU regulations on transborder services, Advanzia may offer its products and services in the EU/EEA region without establishing local branches or other physical presence.

Advanzia was given a EUR 10 million equity injection in March 2007 to finance its strong growth and ensure that the bank meet its capital adequacy requirements.

The bank focuses primarily on the German market, but it also offers its products in Luxembourg. Already in its start-up year (2006) Advanzia became Luxembourg's largest issuer of credit cards, and in 2007 it was one of the fastest growing credit card issuers in Germany.

The bank's primary product is no-fee credit cards offered to the customers via websites such as www.gebuhrenfrei.com. During 2007 Advanzia received 1,049,000 credit card applications. After assessing customers' credit history, Advanzia approved 55% of the applicants. The total number of credit cards in active use by the end of 2007 was 107,000, an increase of 84,000 customers since the end of 2006. The total transaction volume of the bank's credit cards was EUR 197 million in 2007. By the end of 2007 the customers' total lending balance was EUR 94 million, compared with EUR 8 million by the end of 2006.

Advanzia also offers deposit accounts on competitive terms. During 2007 a total of 10,400 deposit accounts were opened in Advanzia. By the end of the year the bank had opened 12,900 accounts in all, with a total deposit balance of EUR 127 million. Along with the injected equity the deposits help to ensure that Advanzia is able to finance its loans and maintains a satisfactory level of cash in relation to the bank's activities and the general cash flow requirements.

The bank experienced a considerable increase of its income during 2007, reaching a total net income for the year of EUR 6.7 million, compared with EUR 0.6 million in 2006. Income (loss) after tax ended at EUR -8.2 million, compared with -4.4 million in 2006. This is in accordance with the bank's strategy of focusing on bringing in new customers during its first phase of growth. The bank also had a considerable increase in its marketing activities during 2007. Advanzia

Advanzia Bank S.A. offers its customers no-fee credit cards.

is planning a continued and rapid increase in sales and new customers in the years to come, and based on the present strategy the bank expects a positive income for 2008.

In November 2007 Marc E. Hentgen took up his position as the new Chief Executive Officer. Hentgen is a Luxembourg citizen with over 20 years of experience from Fortis Bank.

Key figures	2007	2006
Active credit cards	107,000	23,000
Transaction volume	EUR 197 mill.	EUR 15 mill.
Lending balance	EUR 94 mill.	EUR 8 mill.
Balance, deposit accounts	EUR 127 mill.	EUR 22 mill.

Financial results*

MEUR	2007	2006
Net revenue	6.7	0.6
Net result before losses and taxes	-5.3	-3.9
Provisions for losses	-2.9	-0.4
Profit after tax	-8.2	-4.4
Total assets	149.6	34.3
Equity on book	12.6	10.8
No. of employees	35	20
Kistefos' ownership share	51.2%	50.2%
Managing Director	Marc E. Hentgen	Thomas Schlieper

*Results in accordance with "Lux GAAP"

The retiring CEO, Thomas Schlieper, continues in the Board of Directors. Kistefos AS and its associated companies is the biggest investor in Advanzia, with a 51.2% ownership share fully diluted. The other major investors, as on December 31, 2007, are Skips AS Tudor (7.8%), Selvaag Invest (6.8%) and Sundt AS (4.9%).

In 2007 Kistefos was represented on Advanzia's Board of Directors by Dag Sørsdahl (Board Chairman), Espen Klitzing and Thomas Altenhain (Board Members).

Kistefos Offshore

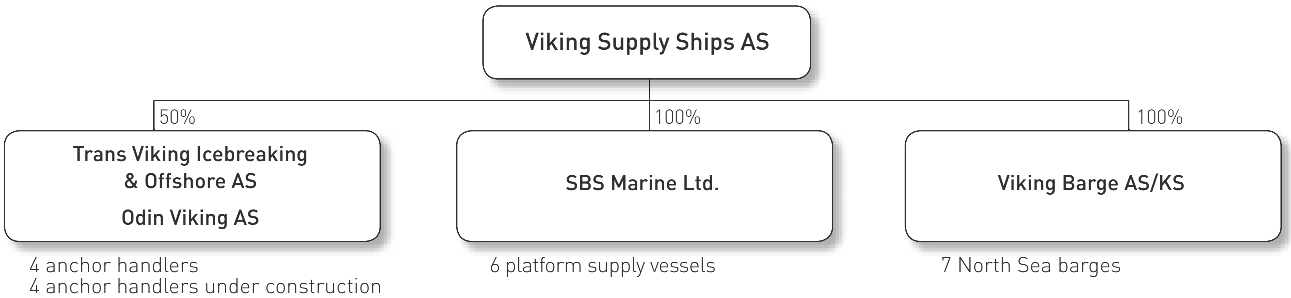
Viking Supply Ships AS

- Anchor-handling business
- Platform supply vessels business – SBS Marine Ltd.
- The barge business – Viking Barge AS

www.vikingsupply.com

A new record year for Viking Supply Ships.

Viking Supply Ships AS (VSS) has been owned by Kistefos AS since 1989. The company is located in Kristiansand and is organised into business areas as shown below:

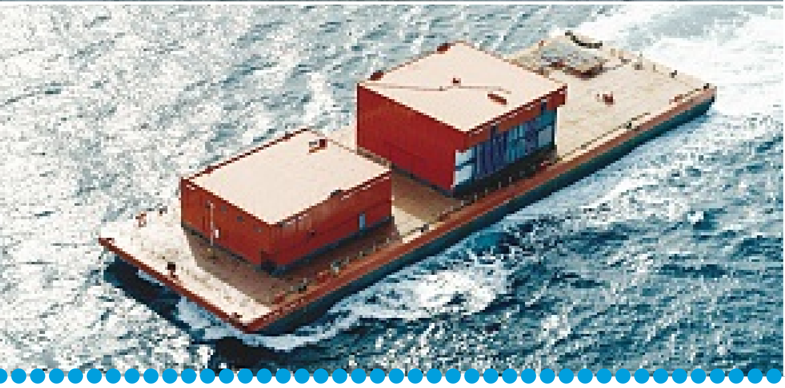


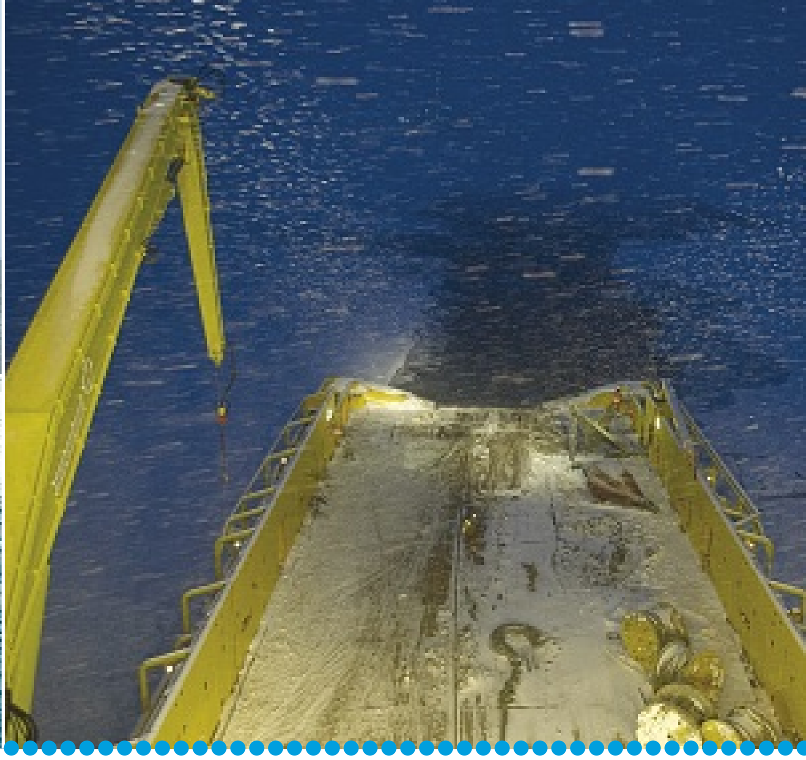
In May, VSS sold Viking Offshore Services Ltd. in Aberdeen to the Dutch shipping company Vroon. The company's results through April 2007 are included in the annual accounts for VSS with operating revenues of NOK 200.1 million and pre-tax results of NOK 33.1 million. The sale itself resulted in a gain of NOK 82.3 million that is included under other operating revenues.

The VSS Group's operating revenues were reduced from NOK 944.9 million in 2006 by NOK 167.9 million (-18%) to NOK 777.0 million in 2007. This is primarily due to the sale of Viking Offshore Services Ltd. For anchor handlers and barges the operating revenues improved due to a generally better offshore market with higher rates than in 2006. There was also an increase in operating revenues for SBS, with operating revenues for the company for all of 2007 being included, whereas 2006 only incorporates the operating revenues from VSS' takeover of the company on 10 August 2006. The company's operating results increased from NOK 322.8 million in 2006 by NOK 23.7 million (+7%) to NOK 346.5 million in 2007. The net result after tax was reduced from NOK 223.0 million in 2006 by NOK –365.8 million (-164%) to NOK –142.8 million in 2007. This reduction was due to the introduction of the new taxation regime for Norwegian shipping companies whereby previously accrued tax benefits were subject to taxation, and a new tonnage tax in accordance with the EU model was introduced with effect from 1 January 2007. In total, this resulted in tax expenses of NOK 435.0 which have been charged to the year's result. The pre-tax net result improved from NOK 286.0 million in 2006 by NOK 29.6 million (+11%) to NOK 315.6 million in 2007.

In the anchor handling business, the options for the construction of a further two anchor handlers were exercised in cooperation with VSS' Swedish partner, Rederi AB Trans-atlantic. A total of 4 ships have now been contracted for delivery during the period 2009 through 2011.

The continuing high and increasing price of oil and corresponding revenues for the oil companies in 2007 brought about a high level of exploration activity, increased development of new fields and subsea installations around the world. Drilling and exploration activity was high and led to nearly full utilisation of the world's fleet of rigs. Deep-water operations in areas such as West Africa, Brazil and the Far East increased in 2007. The rapid development has posed new requirements with regard to both technology and operational challenges. Deep-water and advanced subsea technology have led to new requirements for increased vessel capacities in respect of dynamic positioning, engine power and bollard





pull, winch/crane sizes and loading capacities. Certain tragic accidents in 2007 led to a focus on the operational challenges that offshore companies are now facing and must master in the future. A scarcity of qualified personnel has manifested itself in 2007 and is also expected to be a challenge in the future.

The market for the North Sea has been stable and characterized by a balanced supply and demand for all types of offshore ships. At the beginning of 2007 there were a total of 251 offshore vessels on the North Sea. During the course of the year, that number increased by 5.2% to a total of 264 vessels. Despite the increase in the number of vessels operating on the North Sea in 2007, the number of vessels in the spot market has remained stable. All newly built vessels that were delivered were absorbed by the market, and more vessels were contracted on long term charters both in and outside the North Sea. The demand for offshore vessels in the North Sea increased by about 10% in 2007 compared to 2006.

A number of factors indicate continued strength in the oil and gas industry in the future. The demand for oil has at times exceeded the production capacity, and it is expected that the price of oil will remain at high levels. The demand will stimulate continued growth in drilling and exploration activity, and plans are to increase the number of operating rigs in both the North Sea and world-wide, as a result of the delivery of newly built as well as upgraded drilling rigs. Large offshore areas with presumed undiscovered oil reserves such as off Brazil, West Africa, Asia and the Arctic Region remain to be exploited in order to meet the production targets of the oil companies.

Anchor handlers (NOK)	**2007**	**2006**	**2005**
Fixture rate per day	555,986	456,642	304,422
Utilisation rate (%)	74%	78%	73%
Average day rate	408,403	353,181	222,203

Platform supply vessels (GBP)	**2007**	**2006**	**2005**
Fixture rate per day	7,026	10,346	
Utilisation rate (%)	92%	95%	
Average day rate	6,474	9,792	

Barges (NOK)	**2007**	**2006**	**2005**
Fixture rate per day	29,941	20,006	13,501
Utilisation rate (%)	72%	82%	72%
Average day rate	21,574	16,325	9,722

The Fixture rate for platform supply ship activities declined because several of its ships entered into long-term contracts in 2007 at rates below the spot market in 2006, and because of technical difficulties, the positioning of these ships, a falling U.S. dollar and off-hire for one old ship.

Financial results – Viking Supply Ships AS

MNOK	**2007***	**2006**	**2005**
Operating Income	777.0	944.9	734.6
EBITDA	424.6	424.3	274.2
Operating result	346.5	322.8	176.8
Result after tax	(142.8)	223.0	78.0
Total assets	1,912.5	2,039.1	1,450.1
Equity on book	547.4	613.7	361.6
No. of employees*	221	996	910
Kistefos' ownership share	100%	100%	100%
Managing Director	Rolf Skaarberg	Rolf Skaarberg	Bjørn Stallemo

*Number of employees includes own employees and hires.

Kistefos Offshore

Viking Supply Ships AS

- Anchor-handling business
- Platform supply vessels business – SBS Marine Ltd.
- The barge business – Viking Barge AS

Trans Viking Icebreaking & Offshore AS
www.vikingsupply.com

2007 was a new record year for the anchor handling business, and the company's anchor handlers attained high rates and delivered good results.

Viking Supply Ships Rederi AS, a wholly-owned subsidiary of Viking Supply Ships AS, is participating in a joint venture on a 50-50 basis in Trans Viking Icebreaking & Offshore AS. The other owner is the listed Swedish shipping company Rederi AB Transatlantic. During the course of 2006 the co-operation expanded to also include the ship Odin Viking (previously the San Fruttuoso). Trans Viking owns and operates at present fire large anchor handlers (AHTS), of which three are icebreakers. The ships operate mainly in the spot market; however Trans Viking has an agreement with the Swedish Maritime Administration (SMA) for three of the vessels to be available to break ice in the Baltic Sea if needed during the first quarter of each year. The agreement with SMA will be in force to 2015 with three further options for five-year extensions.

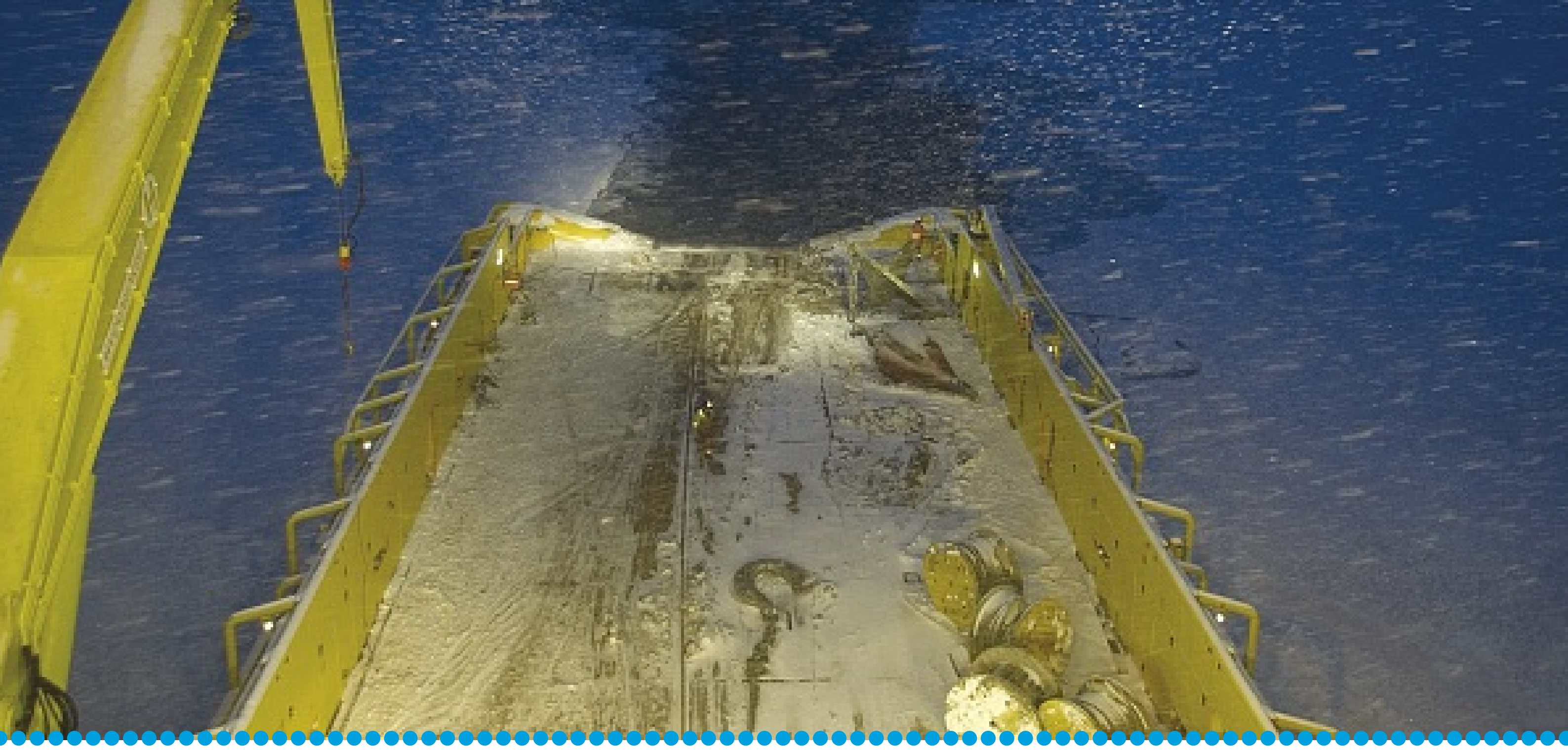
Trans Viking exercised in 2007 the options for a further two anchor handlers from the Spanish shipyard Astilleros Zamakona. A total of 4 ships have now been contracted for delivery during the period spanning 2009 through 2011.

Trans Viking's results in 2007 reflect continued strength in the market with good fixture rates and high utilisation. The fixture rate per day increased from NOK 456,642 in 2006 by NOK 99,344 (+22%) to NOK 555,986 in 2007, whereas the utilisation dropped from 78% in 2006 to 74% in 2007. Despite the decline in utilisation from 2006 to 2007, the utilisation remains high, and is a result of a high level of activity and longer contracts both in Brazil and Alaska. The average daily rate increased from NOK 353,181 in 2006 by NOK 55,222 (+16%) to NOK 408,403 in 2007.

Trans Viking's operating revenues increased from NOK 269.7 million in 2006 by NOK 21.4 million (+8%) to NOK 291.1 million in 2007. This is due to higher rates than in 2006. The company's operating results increased from NOK 188.4 million in 2006 by NOK 19.5 million (+10%) to NOK 207.9 million in 2007 and net results after taxes were reduced from NOK 165.0 million in 2006 by NOK –420.3 million (-255%) to NOK –255.3 million in 2007. This reduction was due to the introduction of the new taxation regime for Norwegian shipping companies whereby previously accrued tax benefits were subject to taxation, and a new tonnage tax in accordance with the EU model was introduced with effect from 1 January 2007. In total, this resulted in tax expenses of NOK 435.0 million which have been charged to the year's result. The pre-tax results improved from NOK 165.5 million in 2006 by NOK 28.9 million (+18%) to NOK 194.4 million in 2007.

It is expected that the fleet will operate in the spot market in 2008. No long-term contracts have been entered into for any of the AHTS vessels. There has been increased demand in the market for anchor handlers on longer contracts both on and outside the North Sea. Odin Viking has no contractual commitments and the company is thus in a position to evaluate possible long-term charters that might be of interest.

For the anchor handling business, 2007 was certainly a strong year. In the North Sea spot market rate levels were higher than in 2006. The experiences from 2006 gave the shipowners confidence and contributed to maintaining a relatively high rate level, even during periods with reduced demand. At the beginning of 2007 there were in total 38 AHTS (over 16,000 BHP) in the North Sea, of which 19 were on long-term contracts, whereas 19 were in the spot market. At the end of 2007 this number was nearly unchanged with a total of 37 AHTS (over 16,000 BHP) in the North Sea, of which 18 were on long-term contracts and 19 were in the spot market. The fixture rates for ships in the spot market varied widely, whereas the general rate level was



Tor Viking, anchor handling in the snow on the Beaufort Sea in Alaska, October 2007.

in the range of NOK 350,000-750,000 for short assignments. For longer-term contracts, levels of around NOK 250,000-290,000 were achieved for larger and newer ships. 18 new-build AHTS (over 16,000 BHP) were delivered in 2007, which corresponds to 24% of the existing fleet of 74 vessels. Many of these were absorbed by markets outside the North Sea on longer contracts, and supply in the North Sea was hardly affected.

Forecasts made by ODS Petrodata indicate a growth in the demand for larger AHTS ships of approx. 50% for the years 2008-2010. At the same time, it is expected that the AHTS fleet (over 16,000 BHP) will grow by 79% during the same period. The growth in support activities for FPSO operations, development of larger projects, construction and maintenance of subsea installations is also expected to continue and increased globalisation and dissemination of the activities world-wide is expected to lead to increased demand. Furthermore, the rapid pace of technological development is expected to lead to increasing demand for modern and newer tonnage. Vessels older than 15 years at present comprise approx. 30% of the total fleet and will probably have greater difficulties in finding employment compared to the new-builds that will be delivered in the future.

The order book shows that 95 AHTS (over 16,000 BHP) have been ordered around the world for delivery during the years 2008 through 2011, of which 16 for delivery in 2008, 39 in 2009, 32 in 2010 and 8 in 2011. The number of vessels on order corresponds to 103% of the existing fleet of 92 ships. It is expected that the growth in demand on a global basis as well as the increase in the number of new rigs during the same period will contribute to absorbing a large part of this significant growth in the fleet.

Financial results

MNOK	**2007**	**2006**	**2005**
Operating Income	291.1	269.7	211.5
EBITDA	233.5	214.6	166.8
Operating result	207.9	188.4	137.3
Result after tax	(255.3)	165.0	93.5
Total assets	780.4	766.5	746.6
Equity on book	54.5	228.3	128.6
No. of employees*	102	98	80
Kistefos' ownership			
-Trans Viking	50%	50%	50%
-Odin Viking	50%	50%	100%
Managing Directors	Rolf Skaarberg/ Stefan Eliasson	Rolf Skaarberg/ Stefan Eliasson	Bjørn Stallemo/ Stefan Eliasson

* Number of employees includes own employees and hires.

The PSV vessel M/V SBS Cirrus on assignment in the Indian Ocean.

Kistefos Offshore

Viking Supply Ships AS

- Anchor-handling business
- Platform supply vessels business – SBS Marine Ltd.
- The barge business – Viking Barge AS

www.sbsmarine.com

Characterized by deliveries of new vessels, reorganization and technical problems.

Viking Supply Ships AS owns 100% of SBS Marine Ltd (SBS) through its subsidiary SBS Holding Norway AS. SBS owns three platform supply vessels and has bareboat leases with purchase options on a further three vessels. All the platform supply vessels are under long-term contracts, of which five are chartered out to Transocean in India and one to Talisman on the North Sea. Five of the vessels were delivered during 2006/2007 and one is older. After the sale of Viking Offshore Services Ltd., the company was reorganised under new management towards the end of 2007.

The fixture rate per day was reduced from GBP 10,346 in 2006 by GBP 3,320 (-32%) to GBP 7,026 in 2007, while the utilisation rate went down from 95% in 2006 to 92% in 2007. This was due to the operation of a number the vessels in the spot market at high rates in after the acquisition of the company in August 2006 before the ships went on long-term contracts in 2007. The average daily rate was reduced from GBP 9,792 in 2006 by GBP 3,318 (-34%) to GBP 6,474 in 2007.

SBS' operating revenues increased from NOK 66.0 million in 2006 by NOK 86.2 million (+131%) to NOK 152.2 million in 2007. This increase was due to the company having been under VSS' ownership for all of 2007 compared to just less than 5 months in 2006. The company's operating results were reduced from NOK 20.1 million in 2006 by NOK –23.9 million (-119%) to NOK –3.8 million in 2007, and the net result after tax was reduced from NOK 7.9 million in 2006 by NOK –40.1 million (-508%) to NOK –32.2 million in 2007. The reduction in the result was due to a number of the vessels entering into long-term contracts at rates lower than the spot market in 2006, the positioning of these vessels, a falling US dollar and technical problems and off-hire with the one older ship.

In the North Sea, the level of PSV activity was high, and good rates were obtained. The fixture rates for the PSV's in the spot market were stable and in the range of NOK 220,000– 320,000. For longer-term contracts the level increased somewhat and the average rates attained were around NOK 160,000 per day for 1-year contracts for large and modern PSVs. The largest and most advanced PSVs obtained rates on 1-year contracts of around NOK 200,000 per day. During the course of the year, 35 PSVs (over 2,000 dwt) were delivered, which corresponds to 9% of the existing fleet at the beginning of the year (403 vessels). Many of these were absorbed by markets outside the North Sea on longer contracts, whereas the remaining vessels contributed to an increase in the spot fleet on the North Sea.

Forecasts issued by ODS Petrodata indicate a growth in demand for larger PSVs of approx. 35% during the period 2008-2010. In addition the rapid pace of technological development will demand modern tonnage. The global order book shows that 188 PSVs (over 2,000 dwt) have been ordered for delivery for 2008-2011, which corresponds to 43% of the existing fleet (438 vessels).

Financial results

MNOK	2007	2006
Operating Income	152.2	66.0
EBITDA	18.1	29.2
Operating result	(3.8)	20.1
Result after tax	(32.2)	7.9
Total assets	419.5	498.6
Equity on book	75.9	13.5
No. of employees*	109	91
Kistefos' ownership share**	100%	100%
Managing Director	Mark Derry	Mark Derry

* Number of employees includes own employees and hires.
** From 10 August 2006

Viking Barge 5 loaded with offshore equipment.

Kistefos Offshore

Viking Supply Ships AS

- Ankerhåndteringsvirksomheten
- Plattform supplyskips-virksomheten – SBS Marine Ltd.
- The barge business – Viking Barge AS

VIKING BARGE KS

www.vikingsupply.com

Record high rates and high utilisation rates resulted in a very good year for the North Sea barges.

Viking Supply Ships AS owns, through Viking Barge AS, 97.5 % of Viking Barge KS. The company owns and operates seven large, modern North Sea barges of approx. 10,000 dwt. Commercially, the barges are operated by Taubåtkompaniet AS in Trondheim, whereas technical management is carried out by Viking Supply Ships AS.

2007 was a good year for the barge market with a general level of activity as for 2006. A number of significant delays in connection with transportation projects in West Africa and a field development project in the Mediterranean contributed to a high level of utilisation throughout the entire autumn/winter for the Viking fleet. The peak season was strong with fixtures of up to NOK 40,000 for shorter assignments. The utilistion for the barge fleet was close to 100% during the period from May to September.

The barge business achieved an increase in the fixture rate per day of NOK 9,935 (+50%) from NOK 20,006 in 2006 to NOK 29,941 in 2007, whereas the utilisation dropped from 82% in 2006 to 72% in 2007 due to lower activity during the first part of the year. Nevertheless, the average dayrate increased from NOK 16,325 in 2006 by NOK 5,249 (+32%) to NOK 21,574 in 2007.

The company's operating revenues increased from NOK 41.4 million in 2006 by NOK 7.7 million (+19%) to NOK 49.1 million in 2007. This was due to higher dayrates than in 2006. The company's operating results increased from NOK 23.2 million in 2006 by NOK 8.5 million (+35%) to NOK 31.7 million in 2007 and the net results after taxes increased from NOK 15.3 million in 2006 by NOK 6.1 million (+37%) to NOK 21.4 million in 2007.

A good market is also expected for the barges for the next two to three years. A continued high price for oil will be a driving force for new offshore projects that will require logistics solutions that are suitable for barges. Planned projects for pipe laying in both the North Sea and the Mediterranean are expected to give rise to a significant demand for barges in the future. One example is the Burullus project off Egypt, where a number of barges have been occupied, including one Viking barge. It is expected that corresponding development projects will occur in countries such as Tunisia and Libya. The decommissioning of installations in the North Sea will also contribute to demand for barges from 2009 when the first contract between ConocoPhillips and AF Gruppen ASA will commence. Brokers expect that rates will remain around the levels achieved in 2007 although there may be a case for an even stronger market in 2008.

Financial results

MNOK	2007	2006	2005
Operating Income	49.1	41.4	24.7
EBITDA	41.9	32.8	17.8
Operating result	31.7	23.2	8.8
Result after tax	21.4	15.3	2.1
Total assets	196.6	118.4	125.7
Equity on book	34.3	34.9	19.7
No. of employees	0	0	0
Kistefos' ownership share	97.5%	97.5%	97.5%
Managing Director	Rolf Skaarberg	Rolf Skaarberg	Rolf Skaarberg

Kistefos Shipping

- Western Bulk AS
- Waterfront Shipping AS

Western Bulk

www.westernbulk.com

Strong financial results for Western Bulk AS in 2007.

Western Bulk AS is a leading operator and shipping company in the dry bulk segment. The company's primary focus is the handymax segment, but the company also operates handysize tonnage. Western Bulk has established associated companies involved in projects and financial transactions in order to strengthen the Group's position.

In 2007, Western Bulk had at its disposal an average of 57 handysize and handymax vessels (compared to 59 in 2006). The fleet makes some 1,400 port calls annually in about 80 countries. The total freight volume in 2007 was about 15 mill tonnes.

The company has offices in Oslo, Singapore, Santiago, Melbourne and Seattle. The operation in Singapore has grown significantly in the last couple of years and it now runs a large proportion of Western Bulk's activities.

Western Bulk's business concept is to offer transport solutions at competitive terms by specialising in the operation of handysize, handymax and supramax bulk vessels.

A great deal of emphasis is placed on efficient and safe transport services performed using quality tonnage with a focus on carrying steel products, coal, minerals, fertilizers, timber products, cement and sugar.

The company employs chartered tonnage in the contract and spot markets, and hedges its positions through the derivatives market. The company's risk management system has been enhanced so that the management will be able to maintain its desired risk profile in its contract portfolio at all times.

The company's net freight income increased by USD 270.0 million (66%) from USD 411.8 million in 2006 to USD 681.8 million in 2007. The key reason for this was increased freight rates throughout the year. The EBITDA improved by USD 57.1 million, from USD –3.1 million in 2006 to USD 54.0 million in 2007, while the operating result improved by USD 57.6 million from USD –4.3 million in 2006 to USD 53.3 million in 2007. The improvements in the EBITDA and operating income were primarily due to Western Bulk's business model. This model is based on active risk management of the portfolios and bore fruit in a strong market. The recognised equity increased by USD 55 million (250%), from USD 22 million in 2006 to USD 77 million in 2007 because of positive income for the year (USD 51 million), an equity expansion in November (USD 23 mill.) and Group contribution and dividend provisions (USD 19 million).

We consider this income development satisfactory and will continue our work developing the company further.

At the start of 2008 the company's portfolio was well-balanced between cargo and vessels.

For 2008 most analysts expect a growth in demand that will be lower than the growth in the fleet. The fleet utilisation rate is thus expected to be somewhat reduced. It is worth noting that the adjustment of rates is very sensitive to marginal changes in supply and demand. There is therefore reason to expect significant volatility in the freight market in the year ahead.

Western Bulk is off to a good start in 2008 and we expect a good year for the company, but at a somewhat lower level than in 2007.

The Western Island being unloaded.

Financial results

MUSD	2007	2006	2005
Operating Income	681.8	411.8	588.1
EBITDA	54.0	-3.1	4.8
Operating result	53.5	-4.4	3.7
Result after tax	50.9	-2.4	6.2
Total assets	194.7	74.1	49.0
Equity on book	77.3	21.7	25
No. of employees	68	63	62
Kistefos' ownership share	95.5%	95.5%	47.6%
Managing Director	Trygve P. Munthe	Trygve P. Munthe	Trygve P. Munthe

Kistefos Shipping

- Western Bulk AS
- Waterfront Shipping AS

www.waterfront.no

Higher energy inventories, a mild winter and increased addition of new tonnage resulted in a weaker product market and result for Waterfront in 2007.

Waterfront Shipping AS operates six Panamax product tankers (LR 1) on bareboat charter party agreements from the Greek shipowner Prime Marine. The ships were built between 1986 and 1990 and measure about 84,000 dwt. The Danish company AS Dampskibsselskabet Torm is responsible for the commercial operation of the company's ships through the pool company Torm LR 1, which is the world's leading operator of product tankers.

The size of the LR 1 pool ensures a higher utilisation rate based upon charter contracts with the major customers, which in turn yields better earnings than if the vessels were to be operated individually. Waterfront and Prime have a profit split of 60%-40% in favour of Waterfront for rates exceeding USD 16,000 per day. The charter party agreements for these 6 ships will be terminated over the course of 2008.

Record-high U.S. energy inventories combined with a mild winter led to a low level of activity, a great deal of idle tonnage and seasonally low rates at the beginning of 2007. Lower petrol prices in Europe in comparison with the United States and the maintenance season for the U.S. refineries resulted in increased exports of petrol from Europe to the United States, which contributed to a stronger product market going into the summer. During the third quarter, the market retreated again since the petrol price arbitrage between Europe and the United States was closed for extended periods of time.

Oil prices were significantly higher in 2007, with reduced petrol production margins for the U.S. refineries. This brought about lower production, drawdown on inventories and a weaker product market. In anticipation of the winter and lower inventories in the United States, the demand for transport increased during the fourth quarter and the product tanker market ended 2007 strongly with rates approaching USD 35,000 per day.

In comparison with 2006, Waterfront reported a weaker average fixture rate in 2007 by USD 3,169 (-12%) from USD 26,124 per day in 2006 to USD 22,954 per day in 2007. The utilisation rate fell from 97% in 2006 to 91% in 2007. The average daily rate fell by USD 4,309 (-17%), from USD 25,215 in 2006 to USD 20,906 in 2007.

The company's operating income fell by USD 8.9 million (-16%), from USD 57.4 million in 2006 to USD 48.5 million in 2007. The reduction is due to lower fixture rates (USD 7.8 million), and a 5% lower utilisation rate (USD 2.5 million), offset by profits on freight derivatives (USD 1.4 million). The company's EBITDA was reduced by USD 7.5 million (- 43%), from USD 13.2 million in 2006 to USD 5.7 million in 2007. This is due to a lower average daily rate (USD 10.3 million), profits on freight derivatives (USD 1.4 million), higher technical costs (USD 2.5 million) and a reduced profit split with Prime Marine (USD 3.9 million). Depreciations increased by USD 1.2 million (+35%), from USD 3.5 million in 2006 to USD 4.7 million in 2007, because of more ships in dry dock in 2007. Thus, operating income was reduced by USD 8.7 million (- 89%), from USD 9.7 million in 2006 to USD 1.0 million in 2007.

A weak product tanker market is anticipated in 2008, with rates weaker than for the preceding year because of the addition of new tonnage.

The Sitavera on a transatlantic trip.

Financial results

MUSD	2007	2006	2005
Operating Income	48.5	57.4	62.9
EBITDA	5.7	13.2	17.1
Operating result	1.0	9.7	14.8
Result after tax	4.7	10.1	18.7
Total assets	43.0	42.6	55.0
Equity on book	20,8	16.7	15.8
No. of employees	3	2	2
Kistefos' ownership share	100%	100%	100%
Managing Director	Lars Erling Krogh	Lars Erling Krogh	Lars Erling Krogh

Real Estate

Kistefos Eiendom AS

www.kistefos.no

Kistefos Eiendom AS acquired a total of 51% of the shares in the company Bergmoen AS over the course of 2007. The company has options to acquire a 180 hectare site in Gardermoen Næringspark. In the master plan for Ullensaker municipality, which is due for adoption in mid-2008, it is proposed that the area is zoned for commercial use.

Kistefos AS has been involved in real property for a number of years through the company Borg Eiendomsselskap AS. The company changed its name in 2006 to Kistefos Eiendom AS.

Kistefos Eiendom's portfolio consists of:

- The Mølletoppen housing development project at Sagveien 17 with 110 flats. The project is nearly sold out and handovers have occurred between May 2007 and February 2008. The project will be realised in 2008 in all essential aspects. Kistefos Eiendom owns 85% of the project, whereas Macama Invest AS owns 15%.

- A housing development project at Underhaugsveien 15 with 53 flats. The project was completed in February 2008, and all the flats are put out for leasing. The project is held 50/50 by Kistefos Eiendom and Macama Invest.

- A combined commercial and housing development project at Borggaten 7. The project consists of about 30 flats, a commercial centre and a cultural component, with construction expected to commence during the first quarter of 2009. Kistefos Eiendom holds 80% while Macama Invest holds the other 20% of the project.

- A building site at Gyldenløvesgate 15 zoned for residential purposes when acquired. From 2005 through 2006 a substantial amount of work was put into formulating a planning proposal for a housing complex. In November 2006, after taking a very long review period, the Standing Committee on Urban Development decided to impose a provisional division and building ban on the site. Alternative solutions are now being reviewed, in order to gain approval for construction of a smaller building on the site. The project is owned 50/50 by Kistefos Eiendom and Macama Invest.

- A parcel of land of 32 hectares in Nittedal municipality (Berger Skog/Øvre Tumyrhaugen). Efforts are currently being made to have the area zoned for residential development; however the project is currently in its early phase. The project is owned 50/50 by Kistefos Eiendom and Øyvind Bauer Jr.

- A 51% ownership stake in the company Bergmoen AS, which holds the options to acquire approx 180 hectare site in Gardermoen Næringspark, close to Oslo Airport Gardermoen. A proposal has been submitted to rezone the site for commercial use in the Ullensaker master plan. This proposal is scheduled to be voted upon in mid-2008. Hildas Hage AS, owned by Hans Christian Jahren and Gardermoen Utvikling AS, owned by Tore Espe, are the initiating participants in project and they jointly hold about 40% of the company.

Kistefos Eiendom is focusing on commercial development at Gardermoen Næringspark.

No real estate projects was realized in 2007. The result also reflects this, ending at NOK 31 thousand for 2007. Operating income was reduced by NOK 39.2 million, from NOK 43.2 million in 2006 to NOK 4.0 million in 2007. This, among other things, was because of the sale of the commercial property at Sagveien 17 in 2006, with an accompanying reduction in leasing revenues. The Group's operating income for 2007 was NOK –5.9 million, a decline of NOK 40.2 million compared to 2006. Pre-tax income (loss) was reduced from NOK 46.3 million to NOK -140 thousand in 2007.

Financial results (Kistefos Eiendom Group)

MNOK	2007	2006	2005
Operating Income	4.0	43.2	137.3
EBITDA	-5.9	36.6	24.2
Operating result	-5.9	34.3	20.9
Result after tax	0.0	37.7	31.1
Total assets	633.8	268.7	647.6
Equity on book	267.8	128.4	402
Kistefos' ownership share	100%	100%	100%
Managing Director	Hege Galtung	Hege Galtung	Hege Galtung

Other businesses

- **Springfondet**
- EQT
- Kistefos Public Service Fellowship Fund
- The Kistefos Museum 2007

www.springfondet.no

Springfondet invests in early-stage companies that develop innovative products or services. Over the course of 2007, Springfondet invested in four new companies, and at the end of the year the fund had invested a total of NOK 28 million in 13 different companies.

In December 2005 Oslo Innovation Centre and Kistefos AS entered into a 50/50 investment partnership for new projects coming out Oslo Innovation Centre and other innovation centres in Norway. The motivation behind this initiative is that, while there are several public support schemes and local/regional capital sources for start-up companies, there is often a lack of resources and capital to develop such companies further. Based upon the competencies and experience of the parties, the desire was to contribute jointly to developing the projects of the various founders professionally and efficiently from the seed capital stage to the commercialisation stage.

The result of this collaboration was what became Springfondet, headquartered at Oslo Innovation Centre. The fund operates as a commercial investment company with the aim of achieving significant returns on the capital invested by its shareholders.

Springfondet is often the first professional investor in companies, and it invests start-up and follow-up capital early on in the company's lifecycle. Some of the fund's important investment criteria include a good business model, new technology, big growth potential internationally and talented founders. Springfondet typically invests within the areas of ICT, biotechnology, medical equipment, material technology, environmental technology and renewable energy. In order to secure the requisite competence within these areas, external experts often assist the fund, both in making investment decisions and in performing follow-up on the portfolio companies.

Together with its owners, Springfondet has a competent team and an extensive network that encompasses universities, research institutes, innovation centres, public innovation grant bodies, other investment networks, international marketing channels and experienced consultants and managers capable of making unique contributions to portfolio companies in their early stage. Springfondet especially focuses on developing international business development networks and competence in its portfolio companies because globalisation has become increasingly important to the success of, and value creation in, companies.

Springfondet's capital under management is NOK 50 million. In order to have sufficient capital for follow-up investments in existing portfolio companies, the fund will be closed to new investments before it is fully invested. A new fund is therefore in the works. The owners have a positive outlook on an additional fund, and it is anticipated that it will be in place over the course of 2008.
Springfondet's portfolio contains many companies still in early stages. The focus for 2007 was therefore on research and product development to a large degree. The companies have shown good progress, and this is expected to result in a number of exciting product announcements. An estimated four to six companies will have their first product launches in 2008. In comparison, only three of the portfolio companies had commercial products on the market at the end of 2007.

Thorhild Widvey is the Chairman of Springfondet's Board of Directors and the board members are Svenning Torp, Widar Salbuvik, Åge Korsvold and Dag Sørsdahl.

Springfondet typically invests in the areas of biotechnology, IT, telecommunications, environmental technology, material technology and renewable energy technology.

Springfondet's portfolio companies

enCap	25.8%	enCap's authentication solution uses a mobile phone instead of traditional code calculators to log in to online banks, sensitive computer systems, etc. The company's initial focus is on the banking and finance segment in co-operation with, among others, EDB Business Partner.
EUREKA	33.8%	Eureka Group develops desalination systems for converting seawater to drinking water, based on SWRO technology (Sea Water Reverse Osmosis). New technology and the use of new materials allow water to be produced less expensively than today, while simultaneously reducing the need for maintenance.
iDTEQ	31.1%	iDTEQ produces intrusion alarms that use multifrequency infrasound combined with artificial intelligence in order to achieve far fewer false alarms than current systems. This is being combined with improved detection of actual intrusions.
LAURAS	6.9%	Lauras researches new medication that strengthens the body's immune system when damaged by illness, for example through HIV infection. The research is taking place in collaboration with, among others, the Biotechnology Centre of Oslo at the University of Oslo.
ORTO DENT	15.8%	Ortodent has developed and is marketing a newly patented baby pacifier. The product is a better alternative to traditional pacifiers, which often result in malocclusion. The product is distributed via chemists and general stores. The launch campaign was proclaimed New Product Launch of the Year at the 2007 Norwegian Retailing Conference.
ostomycure	17.6%	Ostomycure is developing a patented implant system for patients with a colostomy bag. The system will result in great improvements, both medically and with respect to patients' quality of life. The system consists of a duct from the intestine to the outside of the stomach, an emptying system for the patient and a surgical set for surgeons.
	28.6%	Paragallo offers a platform for flexible distribution of digital content to mobile terminals and via the Web. The company has content agreements with the large international record companies and Norwegian publishers for the distribution of music and audio books.
promon	20.1%	Promon develops technology that proactively prevents malicious software from gaining access to protected computers without the use of manual coding directed towards specific viruses. In brief, Promon monitors programs that are executed to ensure that they are running without problems.
searchdaimon	37.5%	SearchDaimon has its own core technology for searching large quantities of data. They will be launching a product for company-internal searches and are focusing on the medium-sized company market internationally. The development work is taking place at the Norwegian University of Science and Technology (NTNU) in Trondheim.
setred	25.3%	Setred has a patented 3D monitor that produces full 3D quality without the use of glasses. The company targets advanced customers within the medical, offshore and entertainment industries. Product development takes place in cooperation with, among others, Rikshospitalet University Hospital.
siRNAsense	7.9%	siRNAsense is a biotechnology company focusing on the first critical steps in developing drug candidates based on RNA interference technology. The company's goal is to develop a new class of RNAi-based medicaments focusing on cancer, neurology and heart disease.
Syntavit	50.0%	Syntavit develops and commercialises new substances for food products, dietary supplements and medicaments. The first product that is being developed is a synthesised vitamin. The company is a spin-out from Synthetica AS, an established player within biotechnology/organic chemistry.
xtsoftware	33.9%	XT Software develops and sells a PC music composition program. The company has established itself as a well-known name in the international market via the Internet and the international trade literature. Over the course of several years, the company will become a significant player in the international market.

Other businesses

- Springfondet
- EQT
- Kistefos Public Service Fellowship Fund
- The Kistefos Museum 2007

www.eqt.se

Headquartered in Stockholm, EQT is the leading private equity company in Scandinavia. Kistefos has invested in the EQT funds since 1998.

Svenske Investor AB, a company controlled by the Wallenberg family, is the originator and largest participant in the EQT funds. EQT was founded in 1994 and has invested a total of EUR 6.2 billion in more than 60 companies. EQT manages in excess of EUR 11.5 billion and as at 30 June 2007, EQT had realised a total of EUR 9.0 billion with a gross realised IRR of 76%, corresponding to 4.0x the invested capital.

In addition to active ownership and a very broad network, EQT contributes capital and industrial and financial competence to the development of its portfolio companies. The key focus of the company's investments is on industrial restructuring. EQT's goal is to act as a solid industrial partner for developing companies and not just as a financial investor.

EQT has an extensive international network of contacts with broad industrial and financial expertise of which the company takes full advantage in identifying and evaluating promising investment opportunities. Before investing in a company, EQT expends extensive resources to gain insight into the company and its industry.

EQT focuses on critical business development factors: a focused strategy, operational improvement, an emphasis on core expertise and active participation in market restructuring. Once an investment decision is made, EQT will consult with the management of the company on drawing up a plan for the investment and future business development. EQT invites individuals in its contact network to serve as board members of the companies in which it invests.

Kistefos has invested in the EQT funds since 1998 when Kistefos made its first investment in EQT II.

At the beginning of 2008, Kistefos invested in EQT Infrastructure, with a committed capital of EUR 10 million. With this, Kistefos has invested in the funds EQT II, EQT III, EQT IV, EQT V and EQT Infrastructure. Kistefos has committed a total of EUR 12.7 million to EQT II (including the expansion fund), EUR 5 million to EQT III, EUR 10 million to EQT IV and EUR 10 million to EQT V, all in addition to the EUR 10 million in EQT Infrastructure.

Over the course of 2007 several gains were realised in the EQT funds. The largest single realisation in 2007 occurred in EQT IV and was connected with the listing of Tognum on the Frankfurt Stock Exchange in July of 2007. Tognum is one of the world's leading producers of diesel engines and gas turbines. The company has 7,500 employees and had sales of EUR 2.55 billion in 2006. In connection with this investment, Kistefos was paid a total of NOK 42.6 million, of which NOK 41.3 million were profits and NOK 1.3 million a repayment.

In 2007 Kistefos received payments totalling NOK 88.7 mill. Realised gains and repayments were, respectively, for EQT II NOK 23.4 million and NOK 10.2 million; for EQT III the figures were NOK 4.7 million and NOK 4.4 million; for EQT IV they were NOK 41.4 million and NOK 3.1 million, respectively; and for EQT V, NOK 0 million in gains and NOK 1.5 million in repayments. Total gains realised in 2007 were NOK 69.5 million and NOK 19.2 million in repayments.

EQT is the leading Scandinavian private equity player.

As at the end of 2007, Kistefos' remaining committed capital was, respectively, EUR 1.9 million in EQT II, EUR 0.6 million in EQT III, EUR 2.6 million in EQT IV, EUR 6.7 million in EQT V and EUR 10 million in EQT Infrastructure.

Since 1998, Kistefos has invested a total of NOK 241.3 million, received NOK 130.4 million in repayments and received NOK 163.4 million in realised gains. At the end of 2007, Kistefos had recognised assets related to its investments in the EQT funds of NOK 110.8 million and expects continued good returns on invested capital in the future.

Both Christen Sveaas and Åge Korsvold are senior advisors to the EQT funds.

Kistefos' investments in the EQT funds

MNOK	Total	2007	2006	2005	2004	2003	1998-2002
Invested	241.3	25.2	48.3	44.5	6.2	27.3	89.8
Repaid	130.4	19.2	33.1	35.2	25.3	17.6	0.0
Realised gains	163.4	69.5	17.3	20.6	44.4	11.6	0.0
Total paid out	293.8	88.7	50.4	55.8	69.7	29.2	0.0

Other businesses

- Springfondet
- EQT
- Kistefos Public Service Fellowship Fund
- The Kistefos Museum 2007

www.kistefos.no

In 2006, Kistefos AS established the Kistefos Public Service Fellowship Fund. The fund was created in order to support Norwegian students to pursue masters' degrees in public administration at the John F. Kennedy School of Government at Harvard University.

The fund will finance at least two students annually from 2007-2013 and will be financed by a donation of around NOK 8 million from Kistefos AS. Recipients of scholarships must sign a binding contract to work in the public sector in Norway for a period of at least three years after graduation.

The reason why the fund was established was that Christen Sveaas is on the Dean's Council at the school and the objective of the fund is to educate professional managers who will contribute to the improved and efficient management of the Norwegian public sector.

In order to apply to the Kistefos Public Service Fellowship Fund, an applicant must first be qualified for acceptance at the John F. Kennedy School of Government. The school's normal criteria for acceptance, such as leadership qualities, commitment to improved administration, academic qualities, work experience and leadership potential will be given special weight during the application process.

Candidates who are admitted to the John F. Kennedy School of Government simultaneously qualify for the Kistefos scholarship.

A committee consisting of Sonia Mykletun, Chair of the U.S.-Norway Fulbright Foundation for Educational Exchange, Rune Bjerke, CEO of DnBNOR, Teresita Alvarez Bjelland, Harvard Alumni, Eli Engløk, Principal of Oslo Handelsgymnasium, and Åge Korsvold, Managing Director of Kistefos AS decide which students shall be awarded the Kistefos scholarship once the John F. Kennedy School of Government has presented its recommendations.

Previous and future graduates of Oslo Handelsgymnasium are particularly encouraged to apply and will be given preferential treatment if candidates are otherwise equally qualified.

In the autumn of 2007, the first two students to receive the Kistefos scholarship, Bjørn Klouman Bekken and Ole W. Borge, began their studies at the J.F. Kennedy School of Government:

Bjørn Klouman Bekken and Ole W. Borge

I am very grateful for the Kistefos scholarship because it gives me the opportunity to study at the Harvard Kennedy School.

I am thriving at the school, both academically and socially. I am taking outstanding, challenging classes from world-class professors. At the same time I have also taught some political economy myself, which has been an enriching learning experience.

Kistefos is sponsoring masters' degree studies in public administration at Harvard University's John F. Kennedy School of Government.

However, the Kennedy School is also an extremely exciting place outside the classroom. There is a constant stream of interesting speakers coming through the school. There is also an intense social life with interesting co-students from around the world.

The tuition at the Kennedy School at Harvard is extremely high. Thanks to Christen Sveaas and the Kistefos scholarship, more Norwegians wishing to pursue a career in policy and administration will study here. Ole and I are the first of what will be a series of Norwegians who are extremely thankful for this fantastic opportunity.

Bjørn Klouman Bekken

The Kistefos scholarship has given me a unique opportunity – to take a master's degree in Public Administration at the Kennedy School of Government. Not only is it interesting to be able to immerse yourself professionally in administration and management studies. It is also extremely rewarding to be able to take part in an international environment with people who have a desire to contribute something positive to society.

Studying at top universities in the United States is expensive, and that can make it a challenge to combine studies there with a career within the public sector. It is extremely positive that Christen Sveaas and Kistefos are giving people who have the desire to contribute to a better public sector this kind of an opportunity to study though their scholarship. I am very grateful to them.

Ole W. Borge

Together with Fred. Olsen & Co, Kistefos AS supported the research foundation Explico in 2007 and contributed to generating important and groundbreaking knowledge about our ancestors. Explico is using DNA analyses in its research of history to make new discoveries about our own history.

The support has first and foremost been used to find a historical link between the light, cave-dwelling indigenous population on the Canary Islands and in Scandinavia, but also to research the origins of Christopher Columbus and research on old Scandinavian settlements near the Black Sea. For more information on the foundation, see: *www.eplico.no*

Other businesses

- Springfondet
- EQT
- Kistefos Public Service Fellowship Fund
- The Kistefos Museum 2007

www.kistefos.museum.no

The Kistefos Museum Foundation was established in 1996 through gifts from the Jevnaker municipality and Christen Sveaas. The purpose of the foundation is to operate the museum and conduct research connected with the industrial enterprise of A/S Kistefos Træsliberi. The museum grounds hold one of the very few sculpture parks in Norway. It is constantly under development, and has gradually become one of the largest collections in the Nordic countries.

The Kistefos Museum is a calm environment: visitors can experience the meandering river, the sometimes thundering rapids, art and sculptures; however the museum primarily communicates a central chapter in Norwegian industrial history.

The wood pulp factory, A/S Kistefos Træsliberi, was founded in 1889 by Consul Anders Sveaas (1840-1917). The factory was founded on the banks of the Randselven River in just one year and its proximity to the hydropower resources was crucial. The power stations at Kistefoss originally powered the factory, but later also supplied neighbouring regions with electricity. Up until 1955, A/S Kistefos Træsliberi processed wood pulp for the Norwegian and European paper industries.

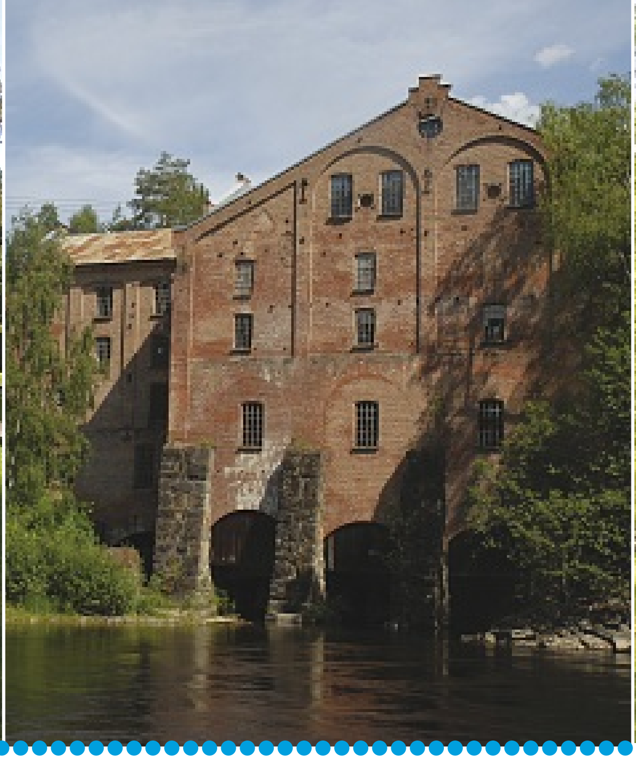
In 1900, there were over 70 wood pulp factories in Norway; today the only preserved plant left is at the Kistefos Museum. The factory is on the Norwegian Directorate for Cultural Heritage List of technical-industrial cultural monuments worth preserving, and the Kistefos Museum receives significant annual support from the Norwegian Directorate of Cultural Heritage via the Ministry of the Environment's budget.

As part of the Museum's development, research is being conducted into the history of wood pulp factories in Norway by, among other endeavours, systemising and cataloguing the extensive historical archive of A/S Kistefos Træsliberi and other companies in the region.

Kistefos AS is the Kistefos Museum's main sponsor and donated NOK 6.8 million in 2007. In addition, the Kistefos Museum received funds for research into the museum's fields of expertise from A/S Kistefos Træsliberi and an operating subsidy from Anders Sveaas' Almennyttige Fond. Other contributors to operating the museum in 2007 have been the Jevnaker municipality in the county of Oppland where the museum is located, and Sparebank 1 Ringerike and Sparebank 1 Jevnaker Lunner. The UNI Foundation made a commitment in 2007 to give a substantial amount to support various safety measures at the Kistefos Museum. All the contributors are important supporters and crucial to the museum's ability to develop and to attract new visitors.

The Kistefos Museum opened its 2007 season on May 13 with a varied programme. Two beautiful new sculptures by the British artist Tony Cragg (b. 1949) were unveiled: *I'm Alive* (2004) and Bent of Mind (2005). Petroc Sesti's work *Energy/Matter/Space/Time* (2006), with its rotating vortex, became an instant favourite with visitors.

On Nybruket's first floor Audun Tron, the chairman of the county council, opened the year's primary exhibition *Behind the Window – Norwegian Interiors from Tidemand to Tandberg.* As the title suggests, the theme of the exhibition was a broad spectrum of older and newer art within the interior motive. In addition to the artists who were referred to in the title, there were also artists such as



The sculpture park at the Kistefos Museum was expanded with three new sculptures during 2007. On the left is *Energy/Matter/Space/Time* (2006) by Petroc Sesti, in the middle is the old wood pulp factory building and on the right is *Bent of Mind* (2005) by Tony Cragg.

Harriet Backer and Christian Krogh as well as contemporary artists such as Ida Lorentzen and Mikkel McAlinden. On Nybruket's second floor, the public could view the exhibition Pulp 11, which was opened by the British artist Malcolm McLaren. The exhibition contained samples of the work of 11 Norwegian and international artists within the newspaper and magazine media.

In addition, installation work by the Swedish contemporary artist Magnus Wallin and the young Norwegian artist Heidi Marie Wien were on display.

The main season for 2007 ended on September 30 and contained a comprehensive concert and lecture programme that was well attended. On November 4, a new exhibition opened on Nybruket's first floor, with the title *The Dance through the Home of the Dead – Aksel Waldemar Johannessen – Painter of the Working Class*. This broad exhibition of "the forgotten artist" Johannessen (1880-1922) was open every weekend up until December 16.

There were over 22,600 visitors at the Kistefos Museum in 2007, an increase of over 60% from the previous year, and the highest number of visitors ever in the history of the museum.

The 2008 season will open on Sunday, May 25. The main exhibition for the year will show the breadth and quality of the painter Thore Heramb's art through a very long and colourful life. Heramb's (b. 1916) art extends from works inspired by Cubism in the 1940s and early 1950s to more intense brush strokes and more daring, but tamed colour combinations from the end of the 1950s until today. The exhibition is entitled *Thore Heramb – the Colour Composer*. We hope that the public will enjoy Heramb's depictions of nature, his musical infatuation with colour and the many nudes he has never stopped delighting in conjuring up with the help of his rich palette and the many hues of its colours.

Tony Cragg and Christen Sveaas walking through the third newly arrived sculpture *I'm alive* (2004) by Tony Cragg. The picture was taken at the opening of the Kistefos Museum on 13 May 2007

Profit and loss statement

Parent company				Group		
2006	**2007**	*(Amounts in NOK 1,000)*	**Note**	**2007**	**2006**	**2005**
		OPERATING INCOME				
0	0	Freight revenues ships and barges	1	5,839,967	4,729,133	1,229,884
0	0	Gain on disposal of fixed assets	1	941	35,146	233,249
336	545	Other operating income	1	105,887	13,517	139,143
336	**545**	**Total operating income**		**5,946,795**	**4,777,796**	**1,602,276**
		OPERATING EXPENSES				
33,021	45,749	Wages and salaries	4,5	174,171	109,840	74,679
0	0	Operating expenses, ships and barges	2	4,961,733	4,074,380	734,655
0	0	Operating expenses, real estate		1,165	4,272	3,908
1,985	2,087	Depreciation of fixed and intangible assets	6	124,952	146,528	119,542
38,052	46,391	Other operating expenses		147,925	153,933	183,585
73,059	**94,227**	**Total operating expenses**		**5,409,947**	**4,488,953**	**1,116,370**
(72,723)	**(93,682)**	**OPERATING RESULT**		**536,849**	**288,843**	**485,906**
		FINANCIAL INCOME AND EXPENSES				
141,522	284,704	Income from investments in subsidiaries and associated companies	7	342	302	154
12,020	26,277	Interest received from group companies		0	0	0
8,491	17,155	Other interest received		51,178	22,627	21,793
21,012	162,935	Gain on shares and other financial instruments		165,626	25,558	313,584
7,478	76,454	Other financial income	3	127,794	38,916	56,552
79,214	(1,103)	Change in value of shares and other financial instruments		(452)	49,279	(118,666)
(70,220)	(55,649)	Interest paid to group companies		0	0	0
(57,163)	(90,220)	Other interest expenses		(148,380)	(128,196)	(87,812)
(1,630)	(1,982)	Loss on shares and other financial instruments		(1,982)	(8,221)	(16,917)
(29,781)	(17,162)	Other financial expenses	3	(55,767)	(37,066)	(30,929)
110,944	**401,409**	**Net financial income / (expenses)**		**138,359**	**(36,801)**	**137,760**
38,221	**307,728**	**Operating result before taxes**		**675,208**	**252,042**	**623,665**
14,769	196,298	Taxes	12	(158,898)	(93,238)	(36,480)
52,990	**504,025**	**NET INCOME**		**516,310**	**158,804**	**587,186**
		Minority's share of net income	13	12,285	4,288	19,062
		Majority's share of net income		504,025	154,516	568,124
		INFORMATION REGARDING				
	(468,690)	Group contributions				

Balance sheet per 31.12.

Parent company				Group		
2006	**2007**	*(Amounts in NOK 1,000)*	**Note**	**2007**	**2006**	**2005**
		ASSETS				
		FIXED ASSETS				
0	68,356	Deferred tax assets	12	0	7,948	37,676
0	0	Goodwill	6	42,287	57,438	0
0	**68,356**	**Total intangible assets**		**42,287**	**65,386**	**37,676**
0	0	Real estate	6	103,195	43,804	165,748
0	0	Ships, standby	6	0	560,713	441,555
0	0	Ships, supply	6	996,371	930,714	622,998
0	0	Ships, others	6	36,576	37,769	52,126
0	0	Barges	6	82,759	88,906	96,986
7,093	5,005	Operating equipment, FF&E, machines, etc.	6	11,408	16,097	8,869
7,093	**5,005**	**Total tangible fixed assets**		**1,230,309**	**1,678,003**	**1,388,282**
1,643,966	2,088,215	Investments in subsidiaries	7	0	0	0
343,763	595,775	Loans to group companies		0	0	0
0	0	Investments in associated companies		1,811	308	167
518	554	Restricted bank deposits	10	289,150	117,777	5,465
1,153	1,210	Other long-term receivables		27,667	32,393	70,551
1,989,400	**2,685,754**	**Total financial fixed assets**		**318,628**	**150,478**	**76,183**
1,996,492	**2,759,115**	**Total fixed assets**		**1,591,224**	**1,893,867**	**1,502,141**
		CURRENT ASSETS				
0	0	Construction projects		376,549	128,415	10,994
38	9	Accounts receivable		482,518	270,144	178,886
111,245	191,696	Loans to group companies		0	0	0
110,756	49,448	Other receivables	9	237,338	273,804	147,578
222,039	**241,153**	**Total receivables/construction projects**		**1,096,405**	**672,363**	**337,458**
634,362	662,887	Shares and other financial instruments	8	1,178,284	980,024	1,075,688
105,596	348,811	Cash and cash equivalents	10	1,028,461	491,350	561,688
961,997	**1,252,850**	**Total current assets**		**3,303,149**	**2,143,738**	**1,974,834**
2,958,489	**4,011,965**	**TOTAL ASSETS**		**4,894,374**	**4,037,605**	**3,476,975**

Balance sheet per 31.12.

Parent company				Group		
2006	2007	*(Amounts in NOK 1,000)*	Note	2007	2006	2005
		EQUITY AND LIABILITIES				
		EQUITY				
		Restricted equity				
310,828	310,828	Share capital		310,828	310,828	310,828
		Retained earnings				
771,183	955,596	Other equity		955,597	771,182	644,534
		Minority interests	13	174,766	24,071	59,140
1,082,010	**1,266,424**	**Total equity**	13	**1,441,191**	**1,106,081**	**1,014,502**
		LIABILITIES				
		PROVISIONS FOR LONG-TERM OBLIGATIONS				
0	0	Deferred taxes	12	81,697	0	0
280,200	132,120	Subordinated loans	11,14	132,120	280,200	440,000
800,000	1,000,000	Liabilities to financial institutions	11,14	2,090,455	1,983,940	1,379,352
723,561	1,185,232	Liabilities to group companies		0	0	0
55,119	59,249	Other long-term liabilities	12	181,662	117,187	379,221
1,858,880	**2,376,601**	**Total long-term liabilities**		**2,485,934**	**2,381,327**	**2,198,573**
0	189,385	Liabilities to financial institutions		189,385	5,386	0
736	835	Creditors		111,909	204,556	28,090
0	0	Taxes payable	12	6,304	62,145	0
2,852	1,649	Government taxes, vacation allowances, tax deductions		3,679	4,861	15,855
0	146,986	Debt to other group companies		0	0	0
14,010	30,085	Other short-term liabilities		655,972	273,248	219,957
17,598	**368,940**	**Total short-term liabilities**		**967,249**	**550,196**	**263,901**
1,876,478	**2,745,541**	**Total liabilities**		**3,453,182**	**2,931,524**	**2,462,474**
2,958,489	**4,011,965**	**TOTAL EQUITY AND LIABILITIES**		**4,894,374**	**4,037,605**	**3,476,975**

Oslo, 31 March 2008
Board of Kistefos AS

Christen Sveaas
Executive Chairman

Erik Wahlstrøm

Erik Jebsen

Christian H. Thommessen

Åge Korsvold
Managing Director

Cashflow Statement

Parent company			Group		
2006	**2007**	*(Amounts in NOK 1,000)*	**2007**	**2006**	**2005**
		CASH FLOW FROM OPERATING ACTIVITIES			
38,221	307,728	Profit before tax	675,208	252,042	623,665
0	0	Taxes paid during the year	(62,145)	0	0
1,985	2,087	Depreciations and amortisations	124,952	146,528	119,542
0	0	Gain on disposal of fixed assets	(941)	(35,146)	(233,249)
0	(162,935)	Net gain on sale of shares and other financial instruments	(165,626)	(17,337)	(296,667)
108	29	Change in accounts receivables	(212,373)	(91,258)	(6,355)
84	100	Change in trade creditors	(92,647)	176,466	7,320
(141,522)	(284,704)	Income from use of equity method	0	0	0
(79,214)	1,103	Change in value of shares and other financial instruments	452	(49,279)	118,666
(66,966)	76,120	Change in other receivables and other debt	423,676	(126,424)	222,348
(247,304)	**(60,472)**	**A = Net cash flow from operating activities**	**690,556**	**255,592**	**555,271**
		CASH FLOW FROM INVESTMENT ACTIVITIES			
(872)	(0)	Reduction/(increase), operating equipment, FF&E, machinery, etc,	(493)	(13,621)	(410)
0	0	Reduction/(increase), ships	401,007	(501,499)	467,677
0	0	Reduction/(increase), goodwill	91	(74,266)	0
0	0	Reduction/(increase), barges	(3,157)	(1,577)	(1,197)
0	0	Reduction/(increase), buildings, land and other real estate	(59,561)	119,644	(4,461)
1,276,377	(159,544)	Reduction/(increase), investments in subsidiaries/ associated companies	(1,503)	(141)	(152)
194,610	133,308	Reduction/(increase) shares and other financial instruments	(33,086)	162,279	(266,792)
(518)	(36)	Change in restricted bank deposits	(171,373)	(112,312)	288,319
0	(148,080)	Change in subordinated loans	(148,080)	0	127,127
(23)	0	Change in other investments	(284,134)	38,158	(8,649)
1,469,574	**(174,352)**	**B = Net cash flow from investment activities**	**(264,288)**	**(383,335)**	**601,462**
		CASH FLOW FROM FINANCIAL ACTIVITIES			
0	0	Capital write-downs	0	0	(444,000)
200,000	389,385	Increase/(reduction), liabilities to financial institutions	290,514	609,974	(617,755)
(1,508,700)	276,194	Increase/(reduction), liabilities and loans to group companies	0	0	0
(168,240)	4,130	Increase/(reduction), other long-term liabilities	64,475	(421,834)	316,140
0	(250,000)	Distribution of dividends	(250,000)	0	(320,000)
(1,476,940)	**419,709**	**C = Net cash flow from financial activities**	**104,989**	**188,140**	**(1,065,615)**
		OTHER CHANGES			
0	0	Change in minority interests	138,409	(39,357)	(26,746)
14,769	127,941	Change in income tax against capitalised tax	(62,949)	(63,510)	(7,126)
73,295	(69,611)	Other changes, accounting principles, currency fluctuations	(69,609)	(27,867)	58,242
88,065	**58,330**	**D = Net other changes**	**5,851**	**(130,734)**	**24,370**
(166,605)	243,215	A + B + C + D = Net change bank deposit and cash	537,110	(70,337)	115,487
272,201	105,596	Bank deposits, cash on January 1	491,351	561,688	446,201
105,596	**348,811**	**Bank deposits and cash on December 31**	**1,028,461**	**491,351**	**561,688**

Accounting principles

These financial statements are presented in accordance with the Norwegian Accounting Act and Generally Accepted Accounting Practices in Norway.

Consolidation principles
The consolidated financial statements include the parent company Kistefos AS and companies in which the Company holds a controlling interest, directly or indirectly, regardless of how they are incorporated. The present consolidated financial statements have been prepared pursuant to uniform principles as they apply for the entire Group. Intercompany transactions, profits, receivables and payables have been eliminated. The cost of shares and units in subsidiaries has been eliminated in the consolidated financial statements against the shareholders' equity in the subsidiary companies at the time of establishment or purchase (the acquisition method). Excess values are distributed across the assets to which the excess values refer and are depreciated or amortised over the assumed life of the assets. Excess values that cannot be attributed to tangible assets are classified as goodwill and amortised.

For consolidations of foreign subsidiaries, balance sheet items are translated into the exchange rate of the balance sheet date. Profit/loss items are translated into the average exchange rate for the year. Translation differences are entered against The Group's equity.

Subsidiaries, associated companies and joint ventures
Subsidiaries and associated companies are included in the parent company according to the equity method of accounting. The equity method of accounting means that the value of the investment in the balance sheet is equal to the company's share of reported equity, less remaining excess values. At the time of purchase, the value is the acquisition cost. The profit minus dividend is added to the investment entry in the balance sheet. When calculating the profit, account must be taken of added values/shortfall amounts at time of purchase, as well as internal gains.

The equity method is applied to associated companies. Associates are companies in which Kistefos AS holds a significant but not a controlling interest.

Investments in companies in which the participants exercise joint control pursuant to agreement are recognised using proportionate consolidation. According to proportionate consolidation, assets, payables, income and expenses are recognised with the company's percentage share, adjusted for intragroup gains and excess/less value at the time of acquisition.

Minority interests are recognised as a separate item in the profit/loss statement and the balance sheet.

The minority's share of the profit is calculated on the basis of the subsidiary's profit after tax. On the balance sheet, minority interests are calculated as a share of the subsidiary's equity before intragroup eliminations.

Valuation and classification of assets and liabilities
Assets intended for permanent ownership or use are classified as fixed assets. Other assets are classified as current assets. Receivables due within one year are classified as current assets. The same criteria have been used in the classification of short-term and long-term liabilities. Currents assets are valuated at whichever is the lowest of the assumed fair value and cost. The first annual instalment on non-current liabilities is included under long-term liabilities.

Financial instruments
The recognition of financial instruments in the financial statements follows the intention behind the execution of the agreements.

At execution, agreements are either defined as hedging transactions or as trades.

Assets and liabilities in foreign currencies
Balance sheet entries in foreign currencies that are not hedged against currency rate fluctuations are valued at the closing rate. Balance sheet entries in foreign currencies hedged against currency rate fluctuations with financial instruments as valued at the hedged exchange rate.

Intangible assets
Intangible assets are recognised in the balance sheet to the extent that the criteria for recognizing them on the balance sheet are met. Goodwill is an intangible excess value from purchase transactions and is amortised on a straight-line basis over 5 years.

Tangible fixed assets
Tangible fixed assets are recognised in the balance sheet at their acquisition cost, less accumulated depreciations. The depreciations are allocated on a straight-line basis and established on the basis of an assessment of the individual equipment's assumed remaining economic life. Fittings in leased premises are depreciated over the term of the lease agreement.

Writing down fixed assets
In cases in which a recoverable amount (whichever of the use value and sales value is higher) of the fixed asset is lower than the recognised value, a write-down is performed to a recoverable amount. The write-down is reversed if the basis for the write-down is no longer present.

New-builds
Shipyard instalments for new-builds are entered as tangible assets as and when payment is made. New ships are included in the balance sheet when the ship is delivered from the yard. Book value is the sum of yard instalments paid based on the exchange rate at time of payment with the addition of costs during the building period.

Shares and other financial instruments
Financially motivated investments in shares and other financial instruments are classified as current assets and are valuated by applying the portfolio principle. The portfolio is valued in total and is value adjusted if the total holding has a value that is lower that the acquisition cost. Shares with a material and permanent loss of value are written down to their fair value. Financial instruments are valued at their market value.

Financial contracts classified as trades are recognised if there is a net unrealized loss (portfolio principle) on the balance sheet date.

Short-term investments in companies in which the Group holds more than a 50% stake are not consolidated if the objective of the investments is to dispose all or parts of the individual investment after restructuring and development has been completed as planned. This is in accordance with generally accepted accounting principles on the basis that such investments, by their nature, are of a temporary nature and therefore should be recognised under current assets.

Received dividends and other profit distributions from the companies are recognised as financial income.

Receivables
Receivables are recognised at their nominal value, less estimated losses.

Bunkers and other holdings
Bunkers and other holdings are recognised on the balance sheet under other current assets. The holdings are valued at whichever is lower of their cost and their fair value.

Income and cost recognition principles
Income contingent upon travelling and expenses from offshore and shipping activities are accrued based on the number of days of the travel before and after the turn of the year. Freight revenue on a bareboat basis is treated as freight revenue.

Maintenance and classification expenses
Periodic maintenance and docking of ships are recognised in the balance sheet over the period until the next periodic maintenance. For deliveries of new built ships, a share of the cost price is recognised as periodic maintenance in the balance sheet. Actual expenses for ongoing maintenance are charged against the operating income when maintenance takes place.

Pensions
Pension expenses and pension liabilities are computed using straight-line earning based on assumptions about the discount rate, future adjustments of wages and salaries, pensions and benefits from the National Insurance Scheme, future returns on pension funds as well as actuarial assumptions about mortality, voluntary retirements, etc. Pension funds are valued at their fair value less net pension liabilities on the balance sheet. Changes in the liabilities caused by changes to pension plans are distributed across the presumed remaining earnings period. This also applies to estimated changes if the deviation exceeds 10% of whichever is bigger of the gross pension liabilities and pension funds.

Taxes
Tax expenses in the profit and loss account comprise both tax payable for the accounting period and changes in deferred tax. Deferred tax in the balance sheet is calculated on the basis of existing temporary differences between accounting and taxable profit. Net deferred tax assets are recorded in the balance sheet to the extent it is more likely than not that the assets will be utilized.

The going concern assumption
The annual financial statements are prepared on the basis of the going concern assumption.

Cash Flow Statement
The Company is using the indirect method for its cash flow statement.

Transaction between related parties
Kistefos AS performs some administrative services for other companies within the Group. The services are priced and invoiced based on the arm's length principle for transactions between related parties.

Notes to the accounts

(Amounts i NOK 1 000)

NOTE 1 - OPERATING INCOME

	Group		
	2007	**2006**	**2005**
Freight revenues - offshore			
Standby ships	200,067	561,845	494,720
Supply ships	443,271	337,157	211,473
Barges	49,088	41,377	24,741
Total offshore (incl. Trans Viking Offshore & Icebreaking AS - 50% basis)	**692,426**	**940,379**	**730,934**
Freight revenues - shipping			
Product tank and Panamax OBO	269,073	368,148	498,951
Freight revenues on T/C basis (Western Bulk)	4,878,468	3,420,606	0
Total freight revenues ships and barges	**5,839,967**	**4,729,133**	**1,229,884**
Gains			
Gains from the disposal of fixed assets	941	35,146	233,249
Total gains from the disposal of fixed assets	**941**	**35,146**	**233,249**
Other operating income			
Lease income from real estate	2,123	10,313	15,269
Construction projects	939	330	122,060
Other operating income (*)	102,825	2,874	1,814
Total other operating income	**105,887**	**13,517**	**139,143**
Total operating income	**5,946,795**	**4,777,796**	**1,602,275**

(*) Gains from the sale of Viking Offshore Services have been included in the amount with MNOK 82.3.

NOTE 2 - OPERATING EXPENSES, SHIPS AND BARGES

	Group		
	2007	**2006**	**2005**
Operating expenses - offshore			
Crew expenses, ships and barges	120,905	289,984	242,686
Chartering of standby ships	0	1,854	5,311
Other operating and maintenance expenses, ships and barges	178,864	156,326	147,956
Total operating expenses, offshore (incl. Trans Viking Offshore & Icebreaking AS - 50% basis)	**299,769**	**448,165**	**395,954**
Operating expenses - shipping			
Crew expenses, ships	189,115	34,624	38,856
T/C expenses and voyage-dependent expenses	4,419,909	3,352,452	0
Other operations and maintenance expenses for ships	52,940	239,139	299,845
Total operating expenses - shipping	**4,661,964**	**3,626,215**	**338,702**
Total operating expenses, ships and barges	**4,961,733**	**4,074,380**	**734,655**

NOTE 3 - COMBINED ITEMS

	Parent Company		Group		
	2007	2006	2007	2006	2005
Share dividends	362	322	362	1,092	37,014
Gain on foreign exchange	41,026	1,009	92,121	23,955	9,019
Other financial income	35,066	6,147	35,311	13,869	10,520
Total other financial income	**76,454**	**7,478**	**127,794**	**38,916**	**56,552**
Loss on foreign exchange	(17,162)	(20,867)	(50,905)	(20,866)	(26,216)
Other financial expenses	0	(8,913)	(4,863)	(16,198)	(4,710)
Total other financial expenses	**(17,162)**	**(29,781)**	**(55,767)**	**(37,066)**	**(30,929)**

NOTE 4 - PAYROLL EXPENSES, NUMBER OF MAN-LABOUR YEARS, REMUNERATIONS ETC.

	Parent Company		Group		
	2007	2006	2007	2006	2005
Wages and salaries, vacation pay, fees, etc.	37,091	26,988	148,848	88,844	59,555
National insurance contribution	5,508	3,961	11,863	10,043	10,021
Pension expenses	1,490	1,152	7,190	6,048	2,825
Other staff expenses	1,660	920	6,272	4,905	2,278
Total payroll expenses	**45,749**	**33,021**	**174,171**	**109,840**	**74,679**
Number of man-labour years	15	20	99	97	68
Number of man-labour years, incl. crews	15	20	445	1278	1004

Payroll expenses for crews are recognised under operating expenses, ships and barges.

Remuneration to Management and the Managing Director.
Chairman of the Board of Directors, NOK 0, other fees to the Board of Directors, NOK 750.

Wages and salaries and other remuneration to the Managing Director totalled NOK 4,500.
The Board of Directors adopted a resolution to pay NOK 5,000 in bonus to the Managing Director in 2008 for the year 2007.

The Managing Director has a bonus agreement based on performance components, value creation, etc. in addition to a 12-month salary guarantee in the event of termination of the employment contract. Beyond the above-mentioned benefits to Managind Director and the members of the Board of Directors, there are no other agreements relating to bonuses, pensions, post-employment benefits, subscription rights or options.

Auditors' fee (excl. VAT)	**Parent Company**	**Group**
Statutory audit	361	1 902
Assistance with preparing the annual financial statements and tax returns as well as tax advisory services	194	923
Other advisory services	125	431

NOTE 5 - PENSION COSTS, FUNDS AND OBLIGATIONS

As of December 31, our pension scheme covers a total of 21 (18) employees in the parent company and 76 (82) employees in the Group as of December 31, of which 10 are retired. The scheme entitles beneficiaries to certain defined future benefits. These benefits mainly depend on the number of earnings years, the salary at the age of retirement and the size of the benefits received from the National Insurance Scheme. The collective pension agreement is financed by generating reserves structured in a life insurance company. Net pension expenses are categorized in their entirety as wage and salary expenses in the financial statements. Under the Norwegian Mandatory Occupational Pension Scheme Act, Kistefos is obligated to have an occupational pension scheme. The scheme of the parent company Kistefos AS and its subsidiary Kistefos Venture Capital AS complies with the provisions laid down in the Act.

	Parent Company		Group		
Composition of pension costs for the year:	**2007**	**2006**	**2007**	**2006**	**2005**
Present value of pension earnings for year	1,696	1,234	6,345	5,294	1,220
Interest expenses from accrued pension obligations	153	101	1,449	1,091	437
Anticipated return on pension funds	(200)	(163)	(1,610)	(1,327)	(559)
Amortisation	0	(2)	84	79	0
Pension expenses/(income) for year	**1,649**	**1,170**	**6,269**	**5,137**	**1,098**
Pension funds/(obligations):	**2007**	**2006**	**2007**	**2006**	**2005**
Calculated pension obligations	6,508	3,563	32,004	29,235	10,044
Pension funds (at market value)	4,435	3,283	27,645	26,481	10,016
Non-amortised deviation in estimate	1,329	54	5,302	2,791	(490)
Capitalized obligations over operations	(186)	(200)	(260)	(200)	0
Net pension funds/(obligations):	**(931)**	**(426)**	**(1 450)**	**(163)**	**(518)**
Estimate assumptions:					
Discount rate	4.35%	4.35%	4.35-4.75%	4.35-4.75%	5 - 6%
Anticipated returns	5.40%	5.40%	5.4-5.9%	5.4-5.9%	6 - 7%
Wage and salary adjustment rate	4.50%	4.50%	4.5-4.8%	4.5-4.8%	3.30%
National Insurance Scheme's basic pension adjustment rate	4.25%	4.25%	4.3-4.5%	4.3-4.5%	2.50%
Pension adjustment rate	1.60%	1.60%	0.5-1.6%	0.5-1.6%	2.50%

NOTE 6 - FIXED ASSETS

	Parent Company	Group			
	FF&E, machinery, etc.	FF&E, machinery, etc.	Real estate	Ships, standby offshore	Ships, supply offshore
Acquisition cost, as of January 1	19,223	54,232	74,977	1,001,070	1,081,987
Foreign exchange adjustments	0	(3,955)	0	0	(51,557)
Additions during the year	0	1,714	0	80,046	164,851
Reclassification	0	(5,014)	69,119	261	35
Disposals during the year		(53)	(39,965)	(1,081,377)	0
Acquisition cost, as of December 31	**19,223**	**46,924**	**104,131**	**0**	**1,195,316**
Accumulated depreciations as of December 31	14,218	40,294	31,402	467,573	198,945
Reclassification	0	(4,778)	0	0	0
Disposals during the year	0	0	(30,466)	(507,455)	0
Accumulated write-downs as of December 31	0	0	0	39,882	0
Net book value on December 31	**5,005**	**11,408**	**103,195**	**0**	**996,371**
Depreciations for the year	**2,087**	**5,181**	**170**	**19,909**	**47,672**
Economic lifetime	5-10 years	5-10 years	50 years	30 years	20-25 years
Depreciation plan	Straight-line	Straight-line	Straight-line	Straight-line	Straight-line

	Barges, offshore	Docking, leased ships	Goodwill	Total, Group
Acquisition cost, as of January 1	165,519	91,488	74,266	2,543,539
Foreign exchange adjustments	0	(12,484)	(91)	(68,087)
Additions during the year	3,157	29,138	0	278,906
Reclassification	0	0	0	64,401
Disposals during the year	0	0	0	(1,121,395)
Acquisition cost, as of December 31	**168,676**	**108,142**	**74,175**	**1,697,364**
Accumulated depreciations as of December 31	85,916	72,004	31,888	928,022
Reclassification	0	0	0	(4,778)
Disposals during the year	0	(438)	0	(538,359)
Accumulated write-downs as of December 31	0	0	0	39,882
Net book value on December 31	**82,759**	**36,576**	**42,287**	**1,272,597**
Depreciations for the year	**9,304**	**27,661**	**15,060**	**124,952**
Economic life	20 years	3 years	5 years	
Depreciation plan	Straight-line	Straight-line	Straight-line	

In October 2003, Waterfront Shipping AS sold the Group's 6 product tankers to the Greek shipping company Prime Marine Management Inc. for USD 108 million. At the same time, Waterfront Shipping leased the same 6 product tankers back from the buyer on a 5-year bareboat charter lasting until October 2008. The bareboat contract contains terms regarding profit distribution and specification of how sales gain at the end of the charter period should be divided. Goodwill was consolidated into the accounts following the acquisition of 95.5% of Western Bulk in February 2006.

Goodwill is recognised in the financial statements after February 2006 when Kistefos AS acquired an additional 46% of the shares in Western Bulk. Kistefos AS currently holds 95.5% of the company.

Lease agreements
The parent company leases office space at Aker Brygge. The agreement term is for 10 years from May 1, 1998 with an option for an additional 5 + 5 years.
The extension option was executed in November 2007.

NOTE 7 - INVESTMENTS IN SUBSIDIARIES

Company	Acquired in	Business office	Shareholding /voting rights
Aldebaran AS	1999	Oslo	100.00%
Kistefos Eiendom AS	1999	Oslo	100.00%
Kistefos International Equity AS	1999	Oslo	100.00%
Kistefos Venture Capital AS	1999	Oslo	100.00%
Oktant Invest AS	1993	Oslo	100.00%
Viking Supply Ships AS	1998	Kristiansand	100.00%
Waterfront Shipping AS	2000	Oslo	100.00%
Western Bulk AS (*)	1999/2006	Oslo	95.50%
Kistefos Rederi Holding AS	2007	Oslo	100.00%

(*) In February 2006, Kistefos AS purchased an additional 46% of the shares in Western Bulk and currently holds 95.5%. The company was consolidated with effect for 11 months in 2006.

	Aldebaran AS	Kistefos Eiendom AS	Kistefos Int. Equity AS	Kistefos Venture Capital AS	Oktant Invest AS
Acquisition Cost	442,328	331,957	9,857	217,741	100
Book value of equity at time of purchase	442,328	198,409	9,857	217,741	0
Book value on January 1	372,399	111,306	91,493	82,870	88,269
Formation of new subsidiary	0	0	0	0	0
Share of profit for the year	26,234	5,705	15,402	78,958	4,357
Other changes over the course of the year – balance sheet	0	(201)	0	2	(0)
Transfers to/(from) the company	(27,028)	(199)	1	0	(4,301)
Book value on December 31	**371,605**	**116,611**	**106,896**	**161,830**	**88,324**

	Viking Suply Skips AS	Waterfront Shipping AS	Western Bulk AS	Kistefos Rederi Holding AS	Total
Acquisition cost	105,000	114,353	245,857	150,100	
Book value of equity at time of purchase	105,000	165,953	162,394	150,100	
Calculated added value at time of acquisition	0	0	68,570	0	
Book value on January 1	607,048	104,710	185,872	0	1,643,966
Formation of new subsidiary	0	0	0	150,100	150,100
Share of profit for the year	(142,109)	27,824	269,780	(1,447)	284,704
Other changes over the course of the year – balance sheet	(12,266)	(21,475)	(36,742)	0	(70,682)
Transfers to/(from) the company	87,063	0	24,590	0	80,126
Book value on December 31	**539,736**	**111,059**	**443,500**	**148,653**	**2,088,215**

NOTE 8 - SHARES AND OTHER FINANCIAL INSTRUMENTS

PARENT COMPANY	Number of shares owned	Shareholding (%)	Book value
EQT II, III, IV og V			110,792
Bryggen 2005 AS*	104,110	100.0%	51,221
Advanzia Bank SA	71,062	42.5%	113,807
Kistefos Partners AS	4,550	9.1%	456
Kistefos Venture Capital Management AS	250	25.0%	50
Springfondene			2,418
Trico Marine Services Inc.	2,885,958	19.5%	370,769
Other shares			13,374
Total shares and other financial instruments – parent company			**662,887**

KISTEFOS INTERNATIONAL EQUITY AS	Number of shares owned	Shareholding (%)	Balanseført verdi
Atex Media Group Limited – ordinary shares*	1,199,045	56.0%	100,851
Atex Media Group Limited – preferred shares*	8,133,853	73.8%	95,358
Teligent AB	23,856,087	13.1%	55,126
Total shares and other financial instruments - Kistefos International Equity AS			**251,335**

KISTEFOS VENTURE CAPITAL	Number of shares owned	Shareholding (%)	Book value
CatalystOne AS*	803,927,467	98.8%	8,657
Global IP Solutions AB	17,318,217	32.0%	65,852
Infront AS	579,369	27.3%	17,907
Online Services AS	140,992	38.3%	14,007
Paradial AS	50,264	27.9%	22,001
Stochasto ASA	1,924,466	8.7%	5,919
Teligent AB	938,610	0.5%	2,887
Habiol AS	24,101	30.9%	30,171
Telecom Holding AS*	13,191,399	97.7%	66,575
Other shares			7,573
Total shares and other financial instruments - Kistefos Venture Capital AS			**241,549**

OTHER GROUP COMPANIES	Number of shares owned	Shareholding (%)	Book value
Såkorn Invest AS (VSS)	946,400	5.5%	3,057
Imarex (Waterfront)	330,000	2.9%	16,960
Parships KS (Western Bulk)		3.00%	2,467
Other shares			29
Total shares and other financial instruments – other group companies			**22,513**
Total shares and other financial instruments – Group			**1,178,284**

* Not consolidated because ownership is temporary.

NOTE 9 - OTHER RECEIVABLES

	Parent Company		Group		
	2007	**2006**	**2007**	**2006**	**2005**
Short-term loans to employees	1,292	1,292	1,292	1,292	1,832
Miscellaneous other short-term receivables	48,156	109,464	236,046	272,512	145,746
Total other receivables	**49,448**	**110,756**	**237,338**	**273,804**	**147,578**

The parent company has issued loans to company executives' closely related companies in the amount of 1,512.

NOTE 10 - BANK DEPOSITS

	Parent Company		Group		
	2007	**2006**	**2007**	**2006**	**2005**
Bank deposits, unrestricted	347,865	103,846	1,024,687	487,898	472,846
Bank deposits, restricted as security for loans	0,	0	0	0	20,926
Tax withholdings, restricted	946	1,750	3,774	3,453	1,376
Other restricted bank deposits	554	518	289,150	117,776	72,005
Total bank deposits and cash	**349,365**	**106,115**	**1,317,611**	**609,127**	**567,153**

Restricted bank deposits classified as fixed assets	
Group	289,150
Parent company	554

NOTE 11 - LONG-TERM LIABILITIES / SUBORDINATED LOANS

Debt due for payment later than 5 years from the balance sheet date	**2007**	**2006**	**2005**
Group	530,561	441,292	289,330
Parent company	0	0	0

The subordinated loan of NOK 132,120 falls due no later than December 31, 2011. Interest is paid on the basis of 3-month NIBOR + margin of 1.25%. The loan has priority after all other lenders/creditors.

NOTE 12 - TAXES

Specification of basis for taxes	Parent company 2007	Parent company 2006	Group 2007	Group 2006	Group 2005
Change in deferred tax/deferred tax assets	(68,356)	0	89,645	29,728	29,353
Change in deferred tax due to group contributions received	(127,942)	(14,769)	0	0	0
Other changes	0	0	(3,605)	1,332	7,126
Taxes payable, present year	0	0	6,304	1,279	0
Taxes payable, earlier periods	0	0	0	60,899	0
Future payable taxes after transition to new ship-owner scheme	0	0	66,554	0	0
Tax expense/(income) for the year	**(196,298)**	**(14,769)**	**158,898**	**93,238**	**36,480**

Taxes payable in year's tax expense	2007	2006
Operating result before tax	307,728	38,221
Permanent differences	2,889	14,103
Gain on shares		(240)
Permanent differences, shares	(161,471)	(100,040)
Dividends	(362)	(322)
Change in temporary differences	38,560	98,812
Share of results from investments in subsidiaries	(284,704)	(141,522)
Received/(paid) group contributions	456,935	52,747
Use of losses for carry-forwards	(359,575)	0
Basis, tax payable	**0**	**(38,241)**
Taxes (28%)	0	0
Tax payable on year's result	**0**	**0**

Specification of the basis for deferred taxes

Offsetting differences	Parent company 2007	Parent company 2006	Group 2007	Group 2006	Group 2005
Temporary differences, receivables	0	(2,107)	(47,302)	(25,701)	50,774
Temporary differences, fixed assets	(1,287)	(1,385)	111,118	103,843	32,215
Temporary differences, gains account	161,786	202,232	1,267,687	270,532	259,981
Temporary differences, others	(745)	(426)	(3,367)	(3,494)	(23,909)
Total	**159,754**	**198,314**	**1,328,136**	**345,180**	**319,061**
Temporary differences, affiliated companies	0	0	(16,142)	(16,468)	(31,390)
Temporary differences, intragroup transfers	0	0	5,984	5,984	5,984
Temporary differences, unused compensation	(301,072)	(301,072)	(304,991)	(305,410)	(302,725)
Loss carry-forward for tax purposes	(102,810)	(462,161)	(770,755)	(1,186,598)	(1,244,736)
Temporary differences not included in base for deferred taxes (tax assets)	0	0	46,453	0	0
Change in deferred taxes / (deferred tax assets)	**(244,128)**	**(564,919)**	**288,685**	**(1,157,312)**	**(1,253,806)**
Deferred taxes / (deferred tax assets) (28%)	**(68,356)**	**(158,177)**	**80,832**	**(319,436)**	**(351,066)**
Deferred taxes / (tax assets) on book	**(68,356)**	**0**	**81,697**	**(7,948)**	**(37,676)**
Allocations for future tax liabilities and the Environmental Fund as a result of transitioning to the new ship-owners' scheme. The amount is classified as "Other long-term payables" in the balance sheet.			**66 554**		

Deferred tax benefits recognised on the balance sheet are based on probable future utilizations.

NOTE 13 - SHAREOWNERS' EQUITY

PARENT COMPANY	Share capital	Other equity	Total equity
As per January 1	310,828	771,182	1,082,010
Profit for the year	0	504,025	504,025
Dividends	0	(250,000)	(250,000)
Other changes – conversion differences	0	(69,611)	(69,611)
On December 31	**310,828**	**955,596**	**1,266,424**

The company's share capital is NOK 310,828 divided into 22,202,000 shares at NOK 14 each. All shares carry equal rights. The company's shares are owned by Kistefos Holding AS (63.2%), AS Holding (32.3%) and Portfolio Management AS (4.5%), all companies directly or indirectly owned by Christen Sveaas.

GROUP	Share capital	Other equity	Minority interest	Total equity
As per January 1	310,828	771,182	24,071	1,106,081
Profit for the year	0	504,025	12,285	516,310
Dividends	0	(250,000)	0	(250,000)
Other changes – conversion differences	0	(69,609)	138,409	68,800
On December 31	**310,828**	**955,597**	**174,766**	**1,441,191**

Minority interests are distributed as follows:	**Profit and loss 2007**	**Balance sheet 2007**
Subsidiary in Kistefos Eiendom AS	(1,063)	150,987
Subsidiary in Viking Supply Ships AS	806	920
Subsidiary in Kistefos Venture Capital AS	(878)	4,037
Subsidiary in Western Bulk AS	13,420	18,822
Total minority interests	**12,285**	**174,766**

NOTE 14 - MORTGAGES AND GUARANTEES

	Parent company		Group	
	Liabilities	Mortgaged assets, book value	Liabilities	Mortgaged assets, book value
Debt and mortgages, book value	1,189,385	1,717,598	2,277,984	3,880,924

Guarantees, etc.
Kistefos AS has provided a guarantee totalling NOK 5.7 million to the Swedish Maritime Authorities in connection with a 15-year ice-breaking contract for three anchor handlers owned by B&N Viking Icebreaking & Offshore AS. The agreement expires in 2015.

Securinet Holding AS sold Securinet AS in 2006. In connection with this sale, Kistefos AS provided a guarantee for any deficiency claims limited upwards to about NOK 18.9 million.

Kistefos has provided a guarantee for Atex' supplier obligations to customers limited upwards to approx. GBP 4.3 million.

Kistefos AS has provided a guarantee to the charterer totalling USD 10.0 million for any obligations Waterfront may have pursuant to charter parties. The guarantee expires in 2008.

Kistefos AS and Kistefos Eiendom AS have provided a guarantee – assuming joint and several liability – for building loans and bank guarantees totalling about NOK 193 million from the lending bank. The borrower is Sagveien Boligbygg KS.

NOTE 15 - DISPUTES

In 2004, the Oslo Taxation Board (now the Oslo Tax Office) decided that Kistefos AS's subsidiary Aldebaran AS for the financial year 1998 must recognise a correction income of NOK 235 million, which yielded a correction tax of NOK 60.8 million. The Tax Appeals Board upheld the decision of the Tax Assessment Office. Aldebaran has paid the claim, which totalled about NOK 75.5 million, incl. interest, etc. Aldebaran subsequently appealed the decision to the Oslo District Court. The Court's judgment was passed on November 20, 2007. The Court upheld the company's claim to reassess the taxes for the year in question. The Tax Office, through the Office of the Attorney General, has appealed the case to the Court of Assessors. The case will be heard during the latter half of 2008.

In December 2006, the Tax Office notified the subsidiary Kistefos Venture Capital AS that it disagreed in how the company had treated gains in connection with the realisation of shares in 2004, and that it therefore wishes to change its assessment for the year in question. A potential tax claim would constitute approximately NOK 66.3 million. This will otherwise not entail payable taxes but will reduce carryfoward losses with a corresponding amount. Kistefos's legal counsel is of the opinion that the Tax Assessment Office's preliminary evaluation is based on an incorrect set of facts. Provisions have not been made in the financial statements.

The subsidiary Western Bulk AS is involved in several legal disputes both as defendant and as plaintiff. The company is making accounting provisions based on the individual case. The provisions made in the financial statements are assessed to be sufficient.

In 1998 Waterfront Shipping AS received a claim from the bankruptcy estates Sollentuna Shipping AB and Tureberg Chartering AB associated with transactions made by Waterfront Shipping AS' legal predecessor Gyda Shipping AS. Waterfront Shipping AS has rejected liability and the claim throughout the whole process. The dispute was settled and concluded in the summer of 2007.

NOTE 16 - FOREIGN CURRENCY RISK

The Kistefos Group is exposed to currency risks both through its operations and through its translation of shareholdings in foreign companies.

(a) Operational exposure
The Group has significant operational activities abroad and requires ongoing exposure in foreign currencies in order to maintain its daily operations. The majority of the companies maintain both their income and costs in the same currency. In total, the currency risk related to cash items is therefore relatively modest and is not hedged through derivatives. The Group seeks to transfer long-term excess liquidity to the extent this is favourable.

(b) Currency risk related to the balance sheet
The Group's financial statements are submitted in Norwegian kroner (NOK). Balance sheet risk is created when the subsidiaries' balance sheets are translated from the respective local currencies into Norwegian kroner. The Group's liabilities are calculated based on the currency composition of assets in the Balance Sheet. The Group has significant equity exposures in USD through its shipping interests and foreign private equity investments.

NOTE 17 - MAJOR INDIVIDUAL TRANSACTIONS AND MERGERS

Over the course of 2007 Kistefos Eiendom AS (100%-owned subsidiary) acquired majority shares in the companies Sunrise Eiendom AS and Bergmoen AS. These companies were consolidated into the 2007 financial statements. Comparative figures for the profit/loss statement and balance sheet have not been prepared

Revisjonsberetning

KJELSTRUP & WIGGEN AS
Statsautoriserte revisorer
NEXIA INTERNATIONAL

To the Annual Shareholders' Meeting of Kistefos AS

Vidar Haugen
Eystein O. Hjelme
Ole F. Kjelstrup
Per-Henning Lie
Erik Olsen
Paul G. M. Thomassen
Cecilie Tronstad

AUDITOR'S REPORT FOR 2007

We have audited the annual financial statements[1] of the Kistefos AS as of 31 December 2007, showing a profit of NOK 504,025,000 for the parent company and a profit of NOK 516,310,000 for the group. We have also audited the information in the Board of Directors' report[2] concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The annual financial statements comprise the parent company's financial statements and the group accounts. The parent company's financial statements comprise the balance sheet, the statements of income and cash flows and the accompanying notes. The group accounts comprise the balance sheet, the statements of income and cash flows and the accompanying notes. The rules of the Norwegian accounting act and good accounting practice in Norway have been applied to produce the financial statements. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on the other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and good auditing practice in Norway, including standards on auditing adopted by Den Norske Revisorforening. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and good auditing practice an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Company and of the Group as of December 31, 2007, and the results of its operations and its cash flows for the year then ended, in accordance with good accounting practice in Norway
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information in accordance with the law and good bookkeeping practice in Norway
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit are consistent with the financial statements and comply with the law and regulations.

Oslo, 31 March 2008
Kjelstrup & Wiggen AS

Translation, not to be signed

Per-Henning Lie
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

[1] The annual financial statements are presented on pages 54 to 69 in the annual report
[2] The Board of Directors' report is presented on pages 10 to 14 in the annual report

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