Havila Shipping ASA's goal is to be a leading longterm supplier of quality assured supply services to offshore companies, both national and international

HAVILA SHIPPING ASA

ANNUAL REPORT GROUP COMPANY

2007

HAVILA

The company aims to be at the forefront of development and to be in a position to offer the market the most advanced, environmentally friendly and effective vessels.

Njål Sævik, Managing director

DEAR SHAREHOLDER

The positive development in Havila Shipping ASA continued in 2007, which proved to be another excellent year for all types of offshore service vessels. Contract rates and the utilisation ratio for the company's fleet remained high throughout the year and ended with in a good financial result for the company. This has enabled the company to pay the shareholders both an ordinary and an extraordinary dividend. The company has a specific goal of rewarding its owners if justifiable in terms of the equity capital situation and contractual commitments. Since the 2007 results reflect profits from tonnage sales and an extremely good spot market, the company finds it only natural to pay a direct return on the essential risk capital provided by the owners.

Fleet renewal has been an important priority area. The company aims to be at the forefront of development and to be in a position to offer the market the most advanced, environmentally friendly and effective vessels. The new contracting that has taken place during the year has been necessary in order to satisfy the future demands of our client and the ever stricter requirements set by the authorities. This requires a high-level of competence throughout the organisation – both on land and at sea. We believe that this is one of Havila Shipping ASA's greatest strengths. Operational quality is absolutely essential in order to succeed and be a preferred partner for the operators in the oil industry in the long term.

Focus on safety is a prerequisite for success, and it is particularly important for the company to ensure that its employees are aware of this. In 2007, the Bourbon Dolphin tragedy was a siren message to us all, and had considerable consequences for requirements to maritime operations. We work with people and the way we interact is important in day-to-day activities with high tempo and squeezed deadlines. The overall objective is to avoid injury to personnel, damage to vessels and harm to the environment.

The annual report will provide owners and other business partners with useful information and offer a full description of scope of the business and activities in which the company is involved.

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HAVILA

KEY EVENTS IN 2007

- Acergy and Havila Shipping ASA sign a joint agreement for the construction and 10-year hire of the world's largest diving vessel. The vessel will be built by Havyard Leirvik for delivery in 2010.
- The company enters into contracts for the construction of two PSVs against long-term contracts for Mærsk.
- Enter into a 10-year contract for the new subsea vessel Havila Phoenix, which is scheduled for delivery from Havyard in autumn 2008.
- Sale of the AHTS vessel, Havila Force, resulting in a profit of NOK 147m.
- Sale and leaseback of Havila Mars and Havila Mercury. Decision to pay NOK 199m in dividends to the shareholders in connection with the transaction.
- Acquisition of 989,600 own shares at NOK 108 per share.

KEY FIGURES

NOK 1 000	2007	2006	2005
Total income and profit	675 264	720 592	500 597
Operating result before depreciation (EBITDA)	477 608	457 011	269 279
Profit/(loss) after tax	234 367	295 371	149 419
Cash and cash equivalents	524 669	668 465	526 614
Booked equity	879 477	989 430	646 352
Total booked assets	3 434 068	2 737 454	2 292 155
Total shares:	15 960	15 355	13 323
1- Earnings per share	14,7	19,2	11,2
2- Booked equity ratio	26 %	36 %	28 %
3- Operating margin before depreciation (EBITDA)	71 %	63 %	54 %
4- operating margin after depreciation (EBIT)	59 %	50 %	41 %

DEFINITIONS

1. *Profit/(loss) after tax/total number of shares*
2. *Booked equity/total booked assets*
3. *Operating result before depreciation/total revenues and earnings*
4. *Operating result after depreciation/total revenues and earnings*


HAVILA
HAVYARD 842
HAVILA NEPTUNE

THIS IS HAVILA SHIPPING ASA

By 2010, Havila Shipping ASA will own 22 offshore service vessels in anchor handling, subsea operations, platform supply and multi-field rescue services. The company has 7 vessels are under construction in Norway and 3 in China.

Havila Shipping ASA was listed on the Oslo Stock Exchange in May 2005. Through its main owner, Havila AS, the company has long traditions and high competence in maritime operations, and for the past 25 years has been a key player in the offshore supply sector.

The company has a stated objective to be a leading supplier of offshore vessel services to the oil industry. The company has proved this by entering into long-term contracts with major oil companies, and through the high operational quality of its services. Important priority areas are operational safety, acquiring and running a modern fleet, competence raising, and international expansion through the establishment of an office in Singapore.

CORPORATE GOVERNANCE

Corporate Governance revolves to a large extent around the interaction and business control principles between owners, the Board and management in Havila Shipping ASA.

For us, good business control is a prerequisite for gaining the investors' confidence and increasing the share value. This also affects the relationship between employees, creditors, the local community, clients and suppliers.

Havila Shipping ASA's core values are key business control principles:

- Transparency
- Sense of responsibility
- Equal opportunity

By applying these core values, the company will identify risk and business and ensure that the management, workforce and Board feel as though they stakeholders with common goals. Equal treatment will be ensured through the distribution of timely and relevant information to investors, employees and business partners.

Identifying and maintaining the company's policy are important means and reflects ethical guidelines for both the management and workforce.

Below is a summary of the management systems, channels and control mechanisms that ensure good business control and Corporate Governance in Havila Shipping ASA:

Business activity:
- The scope of the company's business activity is stated in the company's Articles of Association

The General Meeting:
- The General Meeting (GM) is Havila Shipping ASA's highest governing body. Invitations to attend the General Meeting and agenda documents are distributed together with the Annual Report 14 days before the meeting is held. In 2007, the GM was held on 14 May.
- All shareholders who are registered in the Norwegian securities system (VPS) are invited to attend the General Meeting and are entitled to submit proposals and cast votes either in person or by proxy.
- The General Meeting shall approve the accounts and vote on the disposal of profits and other key issues state in the company's Articles of Association.

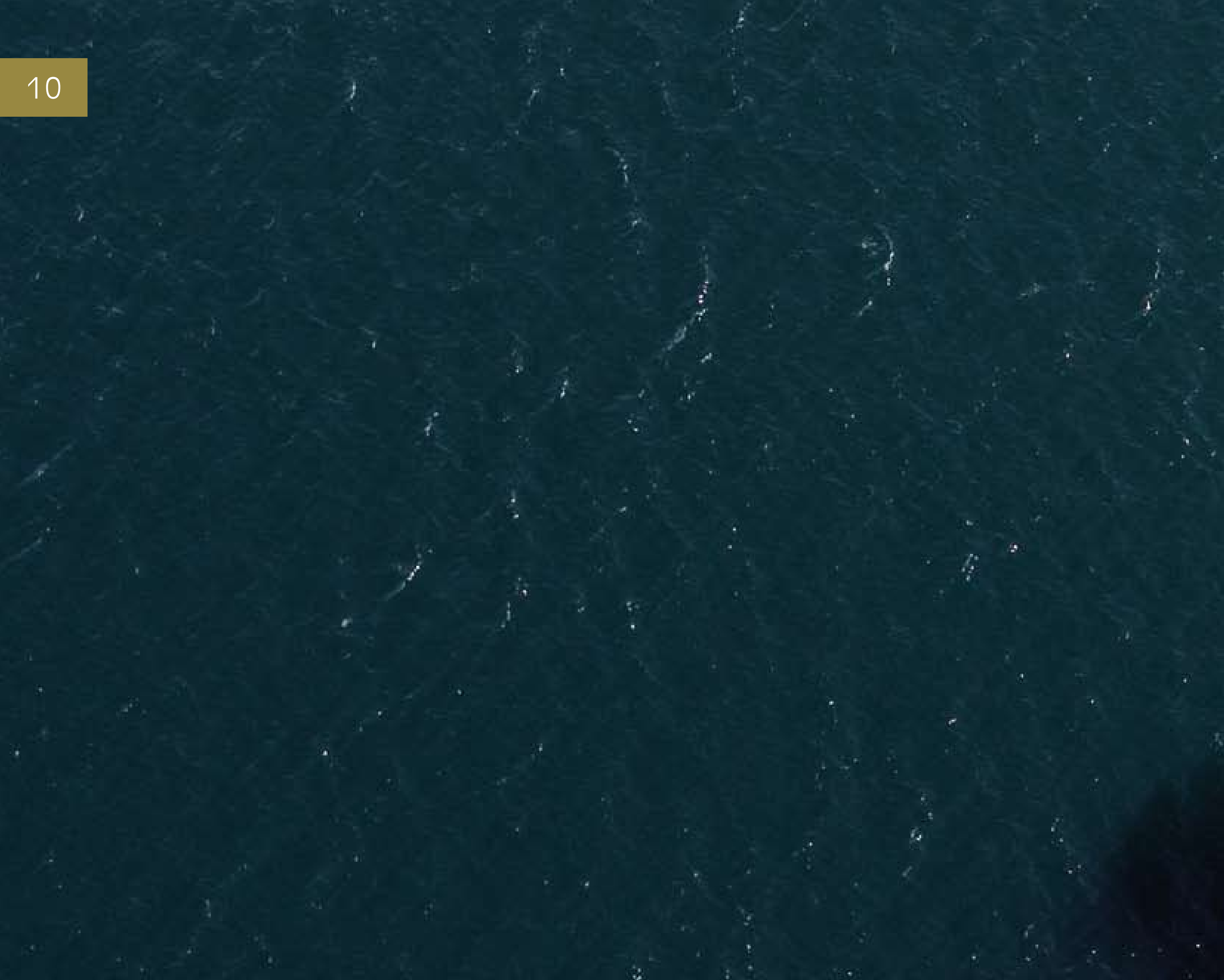
Company capital and payment of dividends:
- Havila Shipping ASA shall always maintain sufficient equity to match the risk profile and contractual commitments
- The General Meeting is granted the Board authority in 2007 (1 year) to implement a capital increase. The basis for this is the implementation of share issues in connection with further expansion of the company, or by increasing the share capital.
- The company has as a goal to pay its owners if this is justifiable in terms of the equity capital situation and contractual commitments.

The Board of Directors:
- The Board has overall responsibility for managing the company and supervising the management. See the Board of Director's Report.
- The Board is responsible for looking after all the shareholders' interests, inter alia through independent board representatives. In Havila Shipping AS, 3 out of 5 board members have no commercial or personal ties to the management or main shareholder.
- Director's fees are specified in the notes to the financial statements for 2007

Equal treatment:
- All share in Havila Shipping ASA are freely negotiable
- The company has one class of share
- The company does not operate a share option scheme for senior executives. Board members, senior executives and close relatives who wish to buy and sell shares must obtain company clearance beforehand
- Transactions between related parties are dealt with in the notes to the financial statement for 2007

Communication and information
- Publishing timely, accurate and clear information is the basis for correct pricing of the company. Havila Shipping ASA publishes material information and presentations via the Oslo Stock Exchange's mandatory notification system and the company's website at www.havilashipping.no.
- The company arranges frequent open meetings following the publishing of quarterly results, and actively participates in industry presentations
- The company promotes accessibility to Investor Relations managers. This function is the responsibility of the Managing Director and Finance Director

Audit
- The company's auditor is PWC. The General Meeting appoints the auditor and agrees the auditor's fees.
- The auditor does not carry out assignments for the company that could lead to conflicts of interest. The Board is responsible for safeguarding the auditor's independent role.
- The company commissions external tax advisers.



ARTICLES OF ASSOCIATION

ARTICLES OF ASSOCIATION HAVILA SHIPPING ASA
(last update 18.12.2007)

§ 1
The name of the Company is Havila Shipping ASA

§ 2
The Company's office is in Herøy municipality.

§ 3
The Company's business is: Ship Owning and related activities, hereunder owning of shares in companies with similar or allied business.

§ 4
The share capital og the company is NOK 199.500.000,- divided into 15.960.000 shares each with a nominal value of NOK 12,50 per share.

§ 5
The company's board shall consist of 3 – 7 members. The board is elected for 1 year at a time. The chairman of the board is to be elected by the general meeting. Board members may be re-elected. In the event of equal vote in the board, The chairman of the board has a double- vote.

§ 6
The power of signature for the company is exercised by the chairman of the board or the managing director alone. The board may grant power of attorney.

§ 7
The ordinary general meeting shall be held within the expiry of the month of June. The notice to the general meeting shall be sent two weeks before the meeting at the latest. The notice shall describe the issues to be resolved. Any suggestions from shareholders must, in order to be comprised by the general meeting, be notified in writing to the board in due time in order to be comprised by the general meeting. Any suggestions which are set forth later than two weeks before the general meeting date cannot be resolved unless each and all of the shareholders concur.

The general meeting is to be led by the chairman of the board in the event no other representative is elected.

Each share holds 1 vote at the general meeting. Shareholders may be represented by power at attorney with a written authorization.

§ 8

An ordinary general meeting shall deal with the following matters.

1. Adoption of the annual accounts and the annual report, hereunder distribution of dividends.
2. Adoption of the remuneration to the board and adoption of the remuneration to the auditor.
3. Election of chairman of the board, board members and auditor.
4. Other matters according to law or these articles of association which pertain to the general meeting.

§ 9

An extraordinary general meeting may be held at the discretion of the board. The board shall issue notice to hold an extraordinary general meeting in the event the auditor or shareholder which represents more than 5% of the share capital in a written demand to resolve a specific topic. The board shall provide that such general meeting is to be held within a month subsequent to such demand. The notice to the general meeting shall be sent two weeks before the meeting date at the latest. The extraordinary meeting shall only deal with the issues as mentioned in the notice, unless each and all shareholders agree otherwise.

QUALITY, HEALTH, ENVIRONMENT AND SAFETY

In 2007 the company continued to manage its activities in Health, Environment and Safety and Quality in accordance with an overall aim of zero injuries to personnel, zero damage to vessels and zero harm to the environment. To satisfy the requirements in accordance with the ISM and ISO standards, the company's quality and safety system has been certified by DNV.

Prioritised tasks designed to help the company achieve its objectives are improving the working environment onboard the company's vessels as well as focus on drawing attention to and control of identified environmental aspects. The company has prepared a separate plan of action that specifies future areas of priority. The company insists on total commitment to the action plan in order achieve the goals set for the various segments.

Sick leave

In 2007 the company saw an increase in the number of injuries resulting in lost time. From 01.01.2007 to 31.12.2007 the company had 4 lost time injuries (LTI) and 1 recordable case requiring medical treatment. The table below shows the development from 2004 to year-end 2007.

Period	*2004*	*2005*	*2006*	*2007*
LTI	1	4	1	4
LTIF*	0,83	2,22	0,47	3,22
TRCF**	0,83	2,77	1,41	4,00

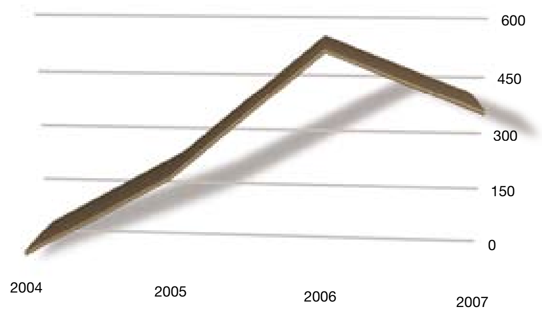
*LTIF: total lost time injuries per 1 000 000 working hours

*TRCF: injuries + medical treatment + restricted working capacity per 1 000 000 working hours

None of the events in 2007 was of a serious nature. Nevertheless, the company has in each case taken measures to ensure that similar events do not happen again in the future. Much attention is given to analysing the causes of accidents so that the lessons learned can be transferred to other vessels in the Havila fleet. Focus on working operations and maintaining the company's safety management system are important follow-up measures.

Non-conformance reporting

Our reporting system will pick up accidents and cases of non-conformance, as well as identify developments and trends within specific operations and work tasks. This information is used for improving areas of work or implementing measures that will make our activities even safer for employees at sea. In 2007, a total of 427 incidents were reported.



The reduction from 2006 was due to sale of the British stand-by fleet, but reported incidents per vessel throughout the year showed a positive development.

The quality of our services has as a goal to exceed our customers' expectations. Our operation- and chartering department is continuously doing market research within the area of customer satisfaction. We have established a database, where all feed-back from customers are being logged and handled, either negative or positive ones. Specific quality requirements are defined, and for 2007 the shipping company met all of its quality requirements.

Environment

The shipping company has established a system for measuring of emissions into the environment. The Environmental accounting gives the shipping company an overview of the amount of generated waste, and how it is being disposed of.

The shipping company has its focus on measures that will improve upon our influence on the environment. Our new vessels are being equipped with catalysts, in order to reduce the emission of Nox. Environmentally sound waste incinerators have further been installed on board the ships. Designs of new ships have been developed, with a view to a minimal drag from the water, in order to reduce the burning of fuels. The shipping company has in addition carried out measures in the use of more environmentally sound chemicals, where it is possible. The land-based organization has during 2007 had great focus on measures that will reduce the consumption of paper, and we reached the goals, with a 5 % reduction compared to the previous year.

ENVIRONMENTAL ACCOUNT 2007

The table below shows an overwiew of the vessels usage/discharge in 2007:

CATEGORY	*Diesel*	*CO2*	*Nox*	*Lub.Oil*
Vessel	(m3)	(tons)	(tons)	(litres)
RRV				
HAVILA RUNDE	1 783	4 886	78	16 876
HAVILA TROLL	2 217	6 076	19	7 048
PSV				
HAVILA FAME	1 995	5 467	87	39 147
HAVILA FAITH	3 017	8 268	131	13 135
HAVILA FAVOUR	2 370	6 495	103	19 862
HAVILA FORTRESS	2 750	7 536	120	17 401
HAVILA PRINCESS	2 865	7 852	125	16 896
AHTS				
HAVILA FORCE	2 658	7 284	116	11 166
HAVILA MARS	2 476	6 785	22	18 441
HAVILA MERCURY	600	1 644	5	12 846
SUBSEA				
HAVILA HARMONY	2 865	7 852	125	16 273
TOTAL	*25 596*	*70 146*	*929*	*189 091*

BOARD OF DIRECTOR'S REPORT 2007

Havila Shipping ASA achieved a pre-tax profit of NOK 340.0m in 2007 (NOK 347.6m in 2006). Total operating income and profit from the sale of ships amounted to NOK 675.3m (NOK 720.6m). The operating profit before depreciation (EBITDA) ended at NOK 477.6 m in 2007, compared to NOK 457m in 2006. The company had 10 modern vessels in operation in 2007, against 18 the year before. Based on the year's result, the Board will propose to the ordinary general meeting a dividend to the shareholders of NOK 4 per share.

On 18.12.2007, the AGM agreed a reduction in share capital of NOK 12.50 per share, with payment after expiry of the creditor deadline in February 2008.

2007 was a record year measured in contract rates in the North Sea. Stricter requirements to tonnage in the form of more cost-effective vessels, reduced climate gas emissions, and greater demands on operator competence will affect business in the time ahead.

Following the sale of older tonnage, Havila Shipping ASA had 10 modern vessels in operation in 2007, compared with 18 vessels the year before. The company has 12 vessels under construction for delivery by 2010. The value of the fleet, including new buildings, is around NOK 7bn. The company aims to be a leading supplier of quality-assured offshore supply services to national and international companies. The company's goals will be achieved by maintaining focus on safe operations and human resources.

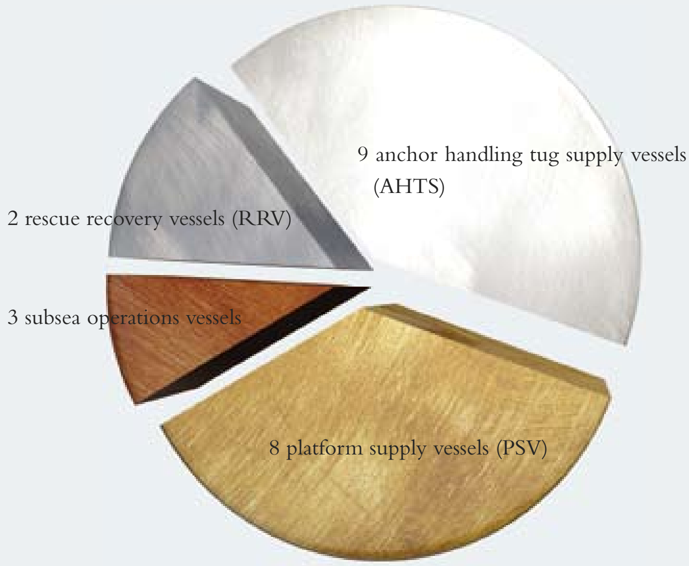
The Board believes that the annual report provides an accurate overview of Havila Shipping ASA's assets and liabilities, financial situation and result.

The Company

Havila Shipping ASA and its subsidiaries operate and manage a fleet of offshore service vessels from the company's main offices at Mjølstadneset in the municipality of Herøy in Norway. The company's vessels operate primarily in the North Sea. The office in Fosnavåg has 17 staff and is responsible for operating part of the fleet and the management of the company. At year-end the company had a total of 250 employees both on land and at sea. The business is organised through the 100% ship-owning companies Havila Offshore AS and Havila Ships AS. In addition, the company is currently setting up an office in Singapore through its wholly owned subsidiary Havila Shipping Pte Ltd. All seamen and shore-based staff are employed by the parent company Havila Shipping ASA.

The company owns 10 offshore service vessels and has a further 12 under construction for delivery by 2010.

THE FLEET, INCLUDING VESSELS ON ORDER, COMPRISES:



Three of the vessels are scheduled for delivery from China in 2008. These will be operated by the recently established joint venture company Havila PACC Pte in Singapore.

In 2007, Havila Shipping ASA signed new building contracts valued at NOK 1.6bn and sold 9 vessels for NOK 650m. The market value of the operational fleet at year-end 2007 was NOK 3.0bn. The company has 5 long-term contracts with StatoilHydro worth a total of NOK 1.14bn. The average age of the fleet is 4.3 years.

Corporate Governance

Havila Shipping ASA has established a set of principles or code of practice to govern the interaction between the company's owners, Board and executive management. This is a prerequisite for gaining the confidence and trust of shareholders, employees and business partners, and is expressed through the company's core values:

- TRANSPARENCY
- SENSE OF RESPONSIBILITY
- EQUAL OPPORTUNITY

Important channels for Corporate Governance are:

- the general meeting is the company's highest governing body and gives shareholders the right to vote on key issues
- the scope of the business is stated in the company's Articles of Association
- the Board of Directors has overall responsibility for administering the company and supervising the management
- all the shares in Havila Shipping ASA are freely transferable
- timely, correct and clear information is published via the Oslo Stock Exchanges mandatory notification system and the company's website at www.havilashipping.no

The company has prepared a detailed report for Corporate Governance in accordance with the Norwegian Code of Practice for Corporate Governance of 28 November 2006.

Going concern

The group is in a healthy economic and financial position. In accordance with the Norwegian Accounting Act § 3-3a, it is hereby confirmed that the company fulfils all the prerequisites to continue as a going concern. This assumption is based on the group's financial prognoses for 2008 and the group's long-term strategic prognoses for the years ahead.

Environmental report

The company was ISO 14001:2004 certified in August 2007 by Norsk Akkreditering (Norwegian Accreditation). This commits the company to defining important environmental aspects that form the basis of an environmental action programme. The company's environmental action programme was established in 2007 and will be reviewed in April 2008. The company's environmental profile is communicated to our business partners and suppliers when signing contracts. For employees, it is described in the company's Policy & Objective document.

The company keeps an environmental account that includes all types of chemicals, surface coatings, fuel consumption and destroyed waste. In 2007, the fleet consumed 25,596 cubic metres of MDO grade bunker fuel. In general, the company has little influence over the consumption of bunker fuel as the volume of operational activity is subject to the charterers. The company has implemented measures to reduce the emission of pollutants from diesel and other combustibles. This includes the installation of catalytic converters on new buildings.

Continuous focus on the environment and solutions that limit or prevent emissions of gases and other material will be the company's core aim in future. Solutions will include catalytic converters on machinery, hybrid machine configurations, optimal hull designs, incinerators for waste and sludge and use of environmental-friendly chemicals.

Remuneration to senior executives

Guidelines for remunerations to senior executives are distributed at the general meeting for information only. The Managing Director's salary and other remunerations paid to him are determined by the Board of Directors. The Board has delegated the responsibility for fixing the salaries of other senior executives to the Managing Director. The company does not operate a share option programme or provide senior executives with loans or guarantees for loans. The group's main principle for fixing salaries is based on the market principle. Further information about payments and remunerations is provided in the notes to the accounts.

Working environment and human resources

Havila Shipping ASA aims to satisfy and exceed our clients' expectations and requirements for the standard of health, environment and safety (HES) work.

The company prioritises providing its seamen with opportunities for professional development and internal promotion. The fleet renewal programme makes Havila Shipping an attractive employer for seaman by providing modern, environmentally friendly ships that are maintained to a high standard.

Absence due to illness in 2007 was 3.7%. The corresponding figures for 2005 and 2006 were 2.6% and 3.4% respectively. The change is mainly due to an increase in long-term sick leave. In 2007, the company had 4 injuries that resulted in lost time. This is an increase in relation to only 1 Lost Time Injury in 2006. The accidents were investigated and measures implemented to avoid similar events occurring in the future.
The Crew Management department has been strengthened in order to improve the following up of our ship's crews. We have established

BOARD OF DIRECTOR´S REPORT 2007

good crew communication and information systems on board all our vessels.

Equal opportunities

At year-end 2007, the company had 4 women working on board its vessels, compared to only one female crew member the year before. The company is working to increase the ratio of women employees and female applicants are treated on the same footing with regard to education and qualifications.

The Board of Havila Shipping ASA comprises 2 women and 3 men and therefore satisfies the requirements of the Incorporated Companies Act § 6-11a.

Market and future development

2007 was a record year measured in contract rates in the North Sea. The demand for shipping services in all segments remained high as a result of a growing oil service industry. The company expects the high level of demand for shipping services to continue. Stricter requirements to tonnage in the form of more cost-effective vessels, reduced climate gas emissions, and greater demands on operator competence will have an impact on the industry.

Strong growth in the number of vessels will periodically affect contract rates in the period ahead. The company is exposed to fluctuations in rates as part of the fleet operates in the spot market. Continuous renewal of the fleet will nonetheless help to reduce this risk, and contribute to Havila Shipping being a preferred partner for the supply of offshore service vessels. The prospect of high oil prices long-term is positive for the industry, and will help maintain demand for our type of services.

Per today, Havila Shipping ASA's fleet operates in the Norwegian, British and Danish sectors of the North Sea, in addition to one Subsea vessel in Asiatic waters. Through the establishment of Havila Shipping Pte Ltd in Singapore, the company will sharpen its focus on the Asiatic market for offshore service vessels.

Financial results 2007

Total income and earnings were NOK 675.3m for 2007 (NOK 720.6m in 2006). Profit from the sale of ships is recognised at NOK 147.4m (NOK 52.2m in 2006). Operating costs for the year amounted to NOK 197.6m, compared with NOK 263.8m in 2006. The operating result (EBIT) ended at NOK 397.1m after deducting depreciation of NOK 80.5m (EBIT NOK 363.3m in 2006).

Net financial costs for 2007 amounted to NOK 56.7m (NOK 37.7m for 2006). Unrealised profits linked to USD loan and other standing currency returns are recognised at NOK 45.4m (NOK 18.2m for 2006). Other financial costs comprise among other things current loss on foreign exchange and future interest contracts.

Profit before tax amounted to NOK 340.0m in 2007, compared with NOK 347.8m the year before. The company had 10 modern vessels in operation in 2007, against 18 in 2006.

Taxes

The company recognised in the accounts a total of NOK 105.6m in taxes for 2007, whereof NOK 83.3m is connected with the introduction of a new tax regime for Norwegian shipping companies. Other taxes are linked to the sale of vessels and taxes payable on activities abroad. With the transition to a new shipping company tax regime, the company has calculated its entry amount in line with the agreed proposal. Previously worked up untaxed equity is now subject to tax and payable over 10 years. The full effect is recognised in profit and loss and classified as a future obligation at 31.12.2007. One-tenth will be re-classified annually as tax payable. For 2007 this amounts to NOK 5.6m. The company has a possibility to reduce this obligation by up to one-third of the total amount if investments in approved environmental schemes can be verified. The company's environment reserve is classified as a long-term liability at NOK 27.5m. The company has major new building commitments in the years ahead and based on today's regulations, this commitment will be set off in its entirety.

The Board is currently evaluating the legality of the latest legislative amendment to the shipping tax.

Assets, liabilities and liquidity

The book value of vessels at 31.12.2007, including vessels kept for sale, was NOK 2 028.0m. Based on the estimates of three independent brokers dated 31.12.2007, the fleet is valued at NOK 3 024.0m. This gives an adjusted equity of NOK 1 879.0m after appropriating NOK 199.5m for a reduction in share capital. Havila Mars and Havila Mercury are classified as vessels for sale as the company in December signed a Letter of Intent for their sale and leaseback. The agreement was concluded in January 2008. Total payments on non-delivered new buildings of NOK 729.2m are activated in the Balance Sheet. The increase in Q4 is related to payments on new and existing contracts.

Total interest-bearing debt amounted to NOK 1 990.4m at year-end, including bond loans of NOK 450.0m. The bond loans fall due in 2010 and 2011. Next year's loan instalment is classified in accordance with IFRS as short term, and amounts to NOK 91.7m. The total mortgage debt is 7% USD and 93% NOK.

The company's total holding of liquid assets was NOK 524.6m at 31.12.2007 (NOK 668.4m at 31.12.2006). The net cash flow from operational activities throughout the year amounted to NOK 477.0m. A net invested amount of NOK 945.7m is primarily related to the purchase and sale of vessels and advance payments on new building projects of NOK 385.0m. The net addition from financial activities is NOK 325.6m and relates to net loans, a payment to shareholders of NOK 56.0m, and the purchase of own shares amounting to NOK 107.0m

Financial risk

Market risk

The company operates vessels internationally and is exposed to fluctuations in the USD and GBP exchange rates. The currency risk arises when future income or balance sheet assets or liabilities are nominated in a currency that is not the item's functional currency. In order to manage the currency risk from future business transactions and balance sheet assets and liabilities, the group's management use foreign exchange contracts and future interest contracts.

Credit risk

Credit risk materialise in transactions with derivatives, deposits in banks and finance institutions, and in trade transactions with clients and suppliers. Continuous credit risk is managed by the management and administration. The company's clientele are primarily oil and oil service companies with high credit ratings and minimal loss potential.

Interest rate risk

The group's interest rate risk is connected with long-term loans secured in vessels and bond loans. Loans with floating interest rates entail a risk for the group's cash flow. The group normally takes out loans with floating interest rates, i.e. interest rate agreements that expire by year-end. The management continually assesses the risk of changes in credit market conditions that affect interest rate development, and how this might affect the company's results. Particular focus is given to fixed charter party revenues on vessels with duration of more than 5 years based on current guidelines supplied and updated by the Board.

Liquidity risk

The group has major commitments in the new building programme in the years ahead. The executive management and Board are focused on managing the liquidity risk. This involves maintaining adequate holdings of liquid capital and negotiable securities. In addition, this will also enable the company to secure flexible financial opportunities on future investments. The group's management is responsible for continuously monitoring and reporting on the group's liquidity position.

Profit for the Year and allocation of profit

The Board proposes the following allocation of profit:

NOK 1000

Allocation of profit:	*Parent*	*Group*
Transferred to Other equity	63 261	234 938
Dividend		
Minority interests		-571
Total allocated	*127 101*	*234 367*

The parent company's distributable reserve amounts to TNOK 16 410.

The proposal is based on the owners' wish to strengthen the capital structure of the company.

The Board will propose to the general meeting on 14 May 2008 paying a dividend to shareholders corresponding to NOK 4 per share.

Fosnavåg, 31.March 2008

Per Sævik Chairman of the Board of Directors	Anders Talleraas Deputy Chairman	Janicke Driveklepp Board member
Hege S. Rabben Board member	Njål Sævik Managing Director	Helge Aarseth Board member

PROFIT AND LOSS ACCOUNTS

		IFRS	IFRS	IFRS
NOK 1000	*note*	*2007*	*2006*	*2005*
Freight income	5,29	526 637	666 012	472 115
Other income	24	1 230	2 426	1 128
Total operating income		*527 867*	*668 439*	*473 243*
Profit on sale of fixed assets	5	147 397	*52 153*	*27 354*
Total income and profit		*675 264*	*720 592*	*500 597*
Crewing expenses	5,26	122 299	170 964	152 724
Vessel expenses	5,25	47 988	65 471	58 248
other payroll expenses	5,26	13 904	14 704	10 548
Other operating expenses	5,25	13 465	12 443	9 798
Total operating expenses		*197 656*	*263 581*	*231 318*
Operating result before depreciation		*477 608*	*457 011*	*269 279*
Depreciation	6	80 535	93 550	65 444
Operating result		*397 073*	*363 461*	*203 835*
Financial income	27,29	76 741	42 920	5 771
Financial costs	27,29	133 488	80 630	57 671
Net financial items	*5,27*	*-56 747*	*-37 711*	*-51 900*
Result from associate companies	8	-322	22 030	3 701
Profit before tax	*32*	*340 004*	*347 781*	*155 636*
Taxes	28	105 637	52 409	6 217
Profit for the year	16	*234 367*	*295 371*	*149 419*
Majorities share of the profit		234 938	295 371	149 419
Minorities share of the profit	18,34	-571	–	–
Total		*234 367*	*295 371*	*149 419*
Earning per share	30	14,72	19,24	11,22
Earning per share diluted	30	14,72	19,24	11,22

BALANCE SHEET

NOK 1000	note	IFRS 2007	IFRS 2006
ASSETS			
Fixed assets			
Tangible fixed assets	6	1 320 802	1 426 696
New building contracts	7	729 234	325 385
Investments in associated companies	8	1 246	28 288
Derivatives	9,12	10 065	-
Shares and other long term investments	9,10	150	150
Long term receivables	23	12 747	729
Total fixed assets		*2 074 242*	*1 781 248*
Current assets			
Accounts receivables and other receivables	9,13	115 833	282 061
Assets available-for-sale	9,11	707 230	-
Derivatives	9,12	12 093	5 679
Cash and cash equivalents	9,14	524 669	668 465
Total current assets		*1 359 825*	*956 205*
TOTAL ASSETS		*3 434 068*	*2 737 454*
EQUITY			
Share capital	15	399 000	399 000
Agreed reduction of share capital	15	-199 500	-
Share premium fund	15	40 975	96 835
Retained earnings	16,17	622 143	493 596
Total		*862 618*	*989 430*
Minority interests	18	16 859	-
Total equity		*879 477*	*989 430*
LIABILITIES			
Loans	9,20	1 990 401	1 501 857
Other non- current liabilities	21	84 122	-
Deferred tax	22	95 981	74 133
Total non- current liabilities		*2 170 505*	*1 575 990*
Current liabilities			
Trade payables		62 245	58 331
Tax payables		7 753	628
Other current liabilities	19,31	314 087	113 076
Total current liabilities		*384 086*	*172 034*
Total liabilities		*2 554 591*	*1 748 024*
TOTAL EQUITY AND LIABILITIES		*3 434 068*	*2 737 454*

Fosnavåg, 31.March 2008

Per Sævik
Chairman of the Board
of Directors

Anders Talleraas
Deputy Chairman

Janicke Driveklepp
Board member

Hege S. Rabben
Board member

Njål Sævik
Managing Director

Helge Aarseth
Board member

EQUITY STATEMENT

EQUITY STATEMENT

NOK 1000

2007	*note*	*Share capital*	*Share premium reserve*	*Other equity*	*Minority*	*Total*
Equity at 01.01.07		399 000	96 834	493 596		989 430
Minority equity	18				17 430	17 430
Other equity not recognised in profit and loss	18			702		702
Own shares	15,16			-107 091		-107 091
Agreed capital reduction	15	-199 500				-199 500
Repayment to the shareholders	15		-55 860			-55 860
Profit after tax				234 938	-571	234 367
Currency translation differences				-2		-1
Equity at 31.12.07		*199 500*	*40 974*	*622 143*	*16 859*	*879 477*

2006	*note*	*Share capital*	*Share premium reserve*	*Other equity*	*Total*
Equity at 01.01.06		362 750	85 372	198 230	646 352
Net share issue		36 250	43 382		79 632
Dividend payment to the shareholders	15		-31 920		-31 920
Profit after tax	16			295 372	295 372
Currency translation differences				-6	-6
Equity at 31.12.06		*399 000*	*96 834*	*493 596*	*989 430*

CASH FLOW STATEMENT

NOK 1000	*Note*	*2007*	*2006*	*2005*
Cash flow from operating activity:				
Operating cash flow	32	561 823	393 168	211 300
Paid interests	27,29	-112 346	-73 308	-39 283
Paid taxes	28	-628	-2 405	
Net cash flow from operating activity		*448 849*	*317 455*	*172 017*
Cash flow from investment activity:				
Investments	6,7	-1 242 082	-501 913	-1 051 116
Sale of fixed assets		303 643		89 100
Investments in associates	8		-24 431	-34 019
Issue of none-current loan	13	-12 264		-5 000
Repayment of loans from associates	8	2 386	45 109	
Interests income	27	30 695	15 780	2 859
Net cash flow from investment activity		*-917 622*	*-465 455*	*-998 176*
Cash flow from finance activity:				
Issue of shares			47 712	254 122
Purchase of own shares	16	-107 091		
New long- term loans	20	947 000	325 000	1 156 994
Repayment on loans	20	-458 456	-82 862	-113 390
Repayment to shareholders	15	-55 860		
Net cash flow from finance activity		*325 593*	*289 850*	*1 297 726*
Net changes in cash and cash equivalents		-143 180	141 850	471 567
Cash and cash equivalents 01.01		668 465	526 615	55 047
Net currency exchange differences		-616		
Cash and cash equivalents 31.12		*524 669*	*668 465*	*526 614*


HAVILA
HAVYARD 842
NEPTUNE


DREGGEN

GROUP NOTES - ACCOUNTING PRINCIPLES

Group notes (NOK 1000)

1 General information

Havila Shipping ASA with subsidiaries operates an offshore service vessel business from registered offices in Mjølstadneset in the municipality of Herøy, Norway. The company's vessels operate primarily in the North Sea. The company is listed on the Oslo Stock Exchange.

The consolidated accounts were approved by the Board of Directors on 31.03.2008

2 Significant accounting principles

2.1 Main principle

Havila Shipping ASA's consolidated financial statements for the 2007 financial year are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations set by the International Accounting Standards Board and EU.

An evaluation of differences between the group's accounting principles in relation to Norwegian accounting principles and accounting principles applied in conformity with IFRS is undertaken and implemented in the financial statements, cf. consolidated statement of changes in equity.

Changes in published standards effective in 2007
IFRS 7 'Financial instruments: Disclosures' and related changes in IAS 1 (Amendments), 'Presentation of financial statements – Capital disclosures' introduces new supplementary information relating to financial instruments. The standard does not affect classification and value assessment of the group's financial instruments or supplementary information relating to taxation and other obligations.

IFRIC 8 'Scope of IFRS 2'. In accordance with IFRIC 8, transactions in connection with the issue of equity instruments, where the recoverable amount is lower than the fair value of the issued equity instrument, shall be assessed in accordance with whether they are covered by IFRS 2. The standard does not affect the group's consolidated financial statements.

IFRIC 10 'Interim Financial Reporting and Impairment'. The standard does not allow impairment losses concerning goodwill, equity instruments and financial instruments recognised at the acquisition cost embedded in interim reporting to be reversed at a later balance sheet date. The standard does not affect the group's consolidated financial statements.

The following interpretations of existing standards are published and will be mandatory for the group in the financial year commencing 1 January 2008 or later, but without the group opting for early application:

- IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009). The supplement to this standard is currently for approval by the EU. IAS 23 (Amendment) requires that all borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (an asset that takes a substantial period of time to get ready for its intended use or sale) form part of the cost of that asset and, therefore, should be capitalised. The current option for immediate expensing of such borrowing costs disappears. The group will apply IAS 23 (Amended) with effect from 1 January 2009.

- IFRS 8 'Operating segments' (effective from 1 January 2009). IFRS 8 replaces IAS 14 and co-ordinates segment reporting with the requirements in the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires operating segments to be identified on the basis of internal reports about components of the entity that are regularly reviewed by the management. The group will apply IFRS 8 with effect from 1 January 2009. The group management is currently evaluating what impact this standard is likely to have, but it is assumed that the number of segments and how they are reported will change in order to reflect consistency with internal reporting by the chief operating decision maker in the group.

- IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction' (effective from 1 January 2008). IFRIC 14 provides general guidance on how to assess the limit in IAS 19 Employee Benefits on the amount of the surplus that can be recognised as an asset when the net pension obligation is negative. The interpretation also explains how the pensions asset or liability may be affected when there is a statutory or contractual minimum funding requirement. The group will apply IFRIC 14 with effect from 1 January 2008, but the standard is not expected to affect the consolidated financial statements

2.2 Functional currency and presentation currency

The consolidated financial statements are presented in Norwegian kroner and figures are in NOK thousands. This is also the functional currency of the parent company. For consolidation purposes, the balance sheet figures for a subsidiary with a different functional currency are translated at the exchange rate at the time of balance, and the profit and loss statement is translated at the average rate for the period. Translation differences are recognised in the income statement. With the realisation of investments in foreign subsidiaries, accumulated translation differences relating to the subsidiary are recognised in the income statement.

2.3 Consolidation principles

The consolidated accounts comprise Havila Shipping ASA and companies in which Havila Shipping ASA has a controlling interest. Controlling interest is normally achieved when Havila Shipping ASA has more than 50% of the voting shares in the company through ownership or agreements. Minority interests are included in the group's equity.

Business mergers are recognised in the income statement according to the acquisition method. Companies that are bought or sold during the year are consolidated from the date control over the entity is achieved until the date control ends.
Associates are entities in which Havila Shipping ASA exercises considerable influence, though not control, over financial and operational steering (normally with ownership of between 20% and 50% of the company's equity). The consolidated accounts include the group's share of the results from associates accounted according to the equity method from the date considerable influence is achieved to the date such influence ceases.
When the group's share of the loss exceeds the investment value in an associate, the group's book value is reduced to zero and no further loss is recognised unless the group is obliged to cover this loss.

The consolidated financial statements are prepared on the basis of unified accounting principles for like transactions and other events under similar circumstances.

Intragroup transactions and intercompany balance, including intragroup earnings and unrealised profit and loss, are eliminated. Unrealised profit from transactions with associates and jointly controlled entities is eliminated with the Group's share in the company/business. Unrealised losses are similarly eliminated, but only when there are no indications of a fall in value of the asset sold within the group.

2.4 Cash and cash equivalents

Cash includes cash on hand and demand deposits. Cash and cash equivalents are short-term liquid investments that can be converted to a known amount of cash within 3 months, and which involve an insignificant risk.

2.5 Derivatives and hedging

Derivates are reported at fair value in the balance sheet at the time the derivative contract is signed, and thereafter at current fair value. The accounting of gains/losses depends on whether the derivative is selected as a hedging instrument. The group makes use of derivates that are included in cash flow hedging or fair value hedging. Gains and losses relating to interest rate agreements are entered under unrealised gains/losses in financial items.

The group classifies currency hedging on future income from vessels as cash flow hedging. A change in fair value of the derivative is recognised as income or expense in the period up to settlement of the currency transactions. The relationship between hedging instruments and hedging objects is described in note 12.

2.6 Accounts receivables

Accounts receivables are reported at amortised cost. The interest component is ignored if deemed insignificant. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit and loss statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of future estimated cash flows discounted by the effective interest rate computed at initial recognition.

2.7 Tangible fixed assets

Tangible fixed assets are measured at acquisition cost less accumulated depreciation and impairment losses. When assets are disposed or realised, the cost and accumulated depreciation are re-allocated in the accounts and any loss or profit from the disposal is recognised. The company has reclassified assets available for sale when a business agreement for transfer of the asset exists at 31.12.2007.

The acquisition cost of tangible fixed assets is the purchase price, including charges/taxes and direct costs connected with preparing the asset for use. Costs accrued after the asset is taken into use, such as repair and maintenance costs, are charged to income, while other expenses that can be expected to give future financial benefits are reported in the balance sheet.

Depreciation is calculated on a straight-line basis over the following periods of useful life:

Buildings 20-30 years
Vessels 10-14 years
Machinery and equipment 10-15 years
Inventory and vehicles 3-10 years

The depreciation period and method is assessed annually. The same applies to residual value at the end of useful life.

Vessels under construction are recognised at cost price at the time of delivery. Vessels under construction are not depreciated until the asset is taken into use.
The company has a continuous programme for

the maintenance and classification of machinery, equipment and hulls.
Dry-docking costs are capitalised and charged to income over the period through to the next scheduled maintenance/dry-docking, normally every thirtieth month. Capitalisation occurs by activating the asset in the balance sheet under ships, and is covered in note 6. With the delivery of a new building, part of the cost price is entered in the balance sheet as scheduled maintenance. With the sale of a vessel, the vessel's book maintenance costs are entered directly against profit/loss from sale of vessels.

2.8 Financial assets
The group classifies its financial assets in the following categories: Financial assets at fair value through profit or loss, Loans and receivables and Financial assets available-for-sale. Classification depends on the purpose.

Financial assets designated at fair value through profit or loss:
A financial asset is classified in this category if it is acquired primarily for the purpose of profiting from short-term price fluctuations. The company's derivatives connected to cash flows in 2008 are classified as a current item. These are assessed at fair value. Gains and losses are entered against profit or loss and are included in financial items.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or stipulated payments that are not traded in an active market. They are classified as current assets, unless they fall due more than 12 months after the balance sheet date whence they are classified as fixed assets. Loans and receivables are classified as "Accounts receivables and other receivables", as well as cash and cash equivalents in the balance sheet.

Financial assets available-for-sale:
Financial assets available-for-sale are non-derivative financial assets that one chooses to place in this category or which are not classified in any other category. They are classified as fixed assets so long as there is no intent to sell them within 12 months after the balance sheet date.

2.9 Provisions
A provision is recognised in the balance sheet when the group has a present legal or constructive obligation as a result of a past event, and it can be shown (more probable than not) that a financial settlement will occur as a result of this obligation and that the amount can be reliably measured. If the effect is significant, the provision is calculated by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.10 Equity
Liabilities and equity
Financial instruments are classified as liabilities or equity in accordance with the underlying financial reality.

Interest, dividends, profit and loss related to a financial instrument classified as a liability, will be presented as an expense or income. Distribution to owners of financial instruments that are classified as equity will be recognised direct against equity. When rights and obligations relating to how distributions from financial instruments are implemented depend on certain types of unsecured future events and are beyond both the issuer's and owner's control, the financial instrument will be classified as a liability unless the probability that the issuer must pay in cash or other financial assets is remote at the time of issue. In that case, the financial instrument is classified as equity.

Own shares
With the repurchase of own shares, the acquisition cost including direct assignable costs is reported as a change in equity. Own shares are presented as a reduction in equity. Losses or gains on transactions involving own shares are not recognised in the profit and loss statement.

Costs relating to equity capital transactions
Transaction costs directly related to an equity capital transaction are recognised direct against equity after deduction for tax.

2.11 Minority interests
Minority interests include the minority's share of the book value of subsidiaries including apportionment of identified added value at the time of acquisition.

Transactions between majority and minority interests have occurred at market value. With consolidation, added values are calculated at the time of acquisition. The minority's apportionment of the result before acquisition is entered against equity.

Loss in a consolidated subsidiary that can be assigned to the minority interest cannot exceed the minority's share of equity in the consolidated subsidiary. Excess loss is recognised against the majority interest's share in the subsidiary so that the minority is not bound and can take his share of the loss. If the subsidiary begins to make a profit, the majority's share of the subsidiary's equity shall be adjusted until the minority interest's apportionment of past loss is covered.

2.12 Loans and loan expenses
Loans are reported at fair value when payment of the loan takes place, minus transaction costs. In subsequent periods, loans are reported at amortised cost calculated using an effective interest rate. The difference between the loan paid (minus transaction costs) and redemption value is recognised in profit and loss over the period of the loan.

Loan expenses are report as an expense in the period in which they are accrued. Loan expenses are reconciled in the balance sheet to the extent they are directly related to the acquisition/production of a fixed asset. Loan expenses are reconciled when interest costs accrue during the construction period of the fixed asset. The loan expenses are reconciled up to the time the fixed asset is ready for use. If the cost price exceeds the asset's fair value, depreciation is implemented.

Loans are classified as current liabilities unless there is an unconditional right to defer payment of the debt more than 12 months from the balance sheet date.

2.13 Trade payables
Trade payables are measured at fair value when first recognised in the balance sheet. With later measurements, trade payables are assessed at amortised cost determined using the effective interest rate method.

2.14 Taxes payable and deferred income tax
Tax expense in the profit and loss statement is calculated in accordance with prevailing tax laws and regulations, or primarily those passed by the tax authorities at the balance sheet date. Taxable income is calculated in accordance with the tax regulations in the countries in which Havila Shipping ASA's subsidiaries or associates operate and generate taxable income. The management evaluates the tax positions in the group periodically, with focus on situations where prevailing tax laws are subject to interpretation. Based on these evaluations, provisions are made for anticipated taxes payments.

Deferred tax is calculated on all temporary differences that exist between taxable and consolidated taxable carrying amounts of the company's assets and liabilities in the financial statements using the liability method. If deferred tax arises with the first-time balancing of a liability or asset in a transaction that is not a business integration and which at the time of transaction affects neither the accounting result nor the taxable result, the deferred tax liability is not recorded in the balance sheet. Deferred tax is calculated using tax rates and tax laws that are passed or for all practical purposes passed by the authorities at balance sheet date, and which are assumed to apply when the deferred tax is realised or settled.

Deferred tax advantage is entered in the balance sheet to the extent it is probable that future taxable income will exist, and that the temporary differences can be deducted from this income.

Deferred tax is calculated on temporary differences from investment in subsidiaries and associates, except when the company has control over the time for reversing the temporary differences, or it is probable that they will not be reversed in the foreseeable future.

2.15 Retirement benefit liabilities
The companies in the group have different retirement benefit schemes. These are generally financed through payments to insurance companies or pension funds, based on periodic actuarial calculations. The group has both defined contribution schemes and defined benefit schemes. A defined contribution scheme is a pension scheme in which the company pays a fixed contribution to a separate legal entity. The company has no legal or other obligation to pay further contributions if the entity has insufficient funds to pay pension entitlements earned in the current and previous periods.

A defined benefit schemes is a pension scheme that is not a contribution scheme. Typically, a defined benefit scheme is a pension scheme that defines how much an employee will receive on retirement, and normally depends on one or more factors such as age, length of pensionable service and wage level at retirement age.

The balance sheet obligation related to defined benefit schemes is the current value of the defined payments at balance sheet date minus fair value of the pension funds, adjusted for estimate differences and costs not recognised in profit and loss that are linked to previous periods' pension earnings. The pension obligation is calculated annually by an independent actuary using the straight-line earnings method. The current value of the defined payments is determined by discounting estimated future payments by the interest on a bond issued by a company with a high credit rating in the same currency in which the payments will be paid and with a term to maturity that is almost the same as the term to maturity of the related pension obligation.

2.16 Principles for recognising income
Income is recognised when it is probable that transactions will generate future financial benefits that will accrue to the company and the amount can be reliably estimated. The majority of contracts are long-term, but some have also been entered as timecharter charter-parties. Income and expenses related to a charter-party are accrued based on the number of days the contract lasts prior to and

GROUP NOTES

after the end of the accounting period. Sales income is presented minus VAT and discounts. In the event of off-hire periods, the vessel owner carries the risk beyond any worked up dry-dock days which in some instances are specified in the contract. The group has taken out off-hire insurance to cover major operational interruptions such as repairing collision damage or other serious unforeseen repair work.

Income from the sale of capital equipment is recognised when delivery takes place and most significant of risk and return is transferred.

Income from interest is taken to income based on effective interest rate method as it is earned.

Dividends are taken to income when the shareholders' right to receive a dividend is agreed by the general meeting.

2.17 Foreign currency transactions

Transactions in foreign currency are translated at the exchange rate at the time of transaction. Monetary items in foreign currency are translated to Norwegian kroner at the exchange rate on balance day. Non-monetary items measured at the historic exchange rate expressed in foreign currency are translated to Norwegian kroner at the exchange rate at the time of transaction. Non-monetary items measured at fair value expressed in foreign currency are translated at the exchange rate on balance day. Exchange rate fluctuations are recognised in the profit and loss statement continuously during the accounting period.
With the consolidation of subsidiaries and associates abroad, the exchange rate on balance day is used for balance sheet items and average exchange rate for profit and loss items. A change in exchange rate from the start of the period is entered as a translation difference against Other equity.

2.18 State contributions

Contributions relating to net wage and rebate arrangements for seamen are recognised as a cost reduction in the same year as the corresponding payroll cost.

2.19 Taxes

Tax expense in the profit and loss statement comprises tax payable and changes in deferred tax. Deferred tax/tax advantage calculated on all differences between the book and tax value of the company's assets and liabilities with the exception of:
• temporary differences in connection with goodwill that are not tax deductible
• temporary differences related to investments in subsidiaries, associates or jointly controlled enterprise when the company controls when the temporary differences shall be reversed and presumably not in the foreseeable future.

The measurement of deferred tax and deferred tax advantage is based on expected future tax rates for group companies in which temporary differences exist.

Deferred tax and deferred tax advantage are reported at nominal value and classified as financial assets (non-current liability) in the balance sheet.

Note 4 covers the Norwegian tax regime for shipping companies and note 21 explains what effect it has on the company.

2.20 Segments

For management purposes the company is organised in three segments according to type of vessel, and each of these segments forms the basis for segment reporting. Financial information relating to the segments and geographical distribution is presented in note 5. In segment reporting, internal profit from intrasegment sales is eliminated.

2.21 Events after the balance sheet date

New information after the balance sheet date regarding the company's financial position on the balance sheet date has been taken into consideration in the consolidated financial statements. Information after the balance sheet date that will have no influence on the company's financial position on the balance sheet date but which is expected to have influence on the company's future financial position is reported if deemed material.

3 Financial risk management

The group's activities are exposed to various types of financial risk:

- Market risk (including currency risk, fair value interest rate risk, floating interest rate risk)
- Credit risk
- Liquidity risk. The group's executive risk management plan focuses on the unpredictability of the capital markets and attempts to minimise the potential negative effects on the group's financial results. The group uses financial derivatives to hedge against certain risks.

Risk management for the group is taken care of by the Finance Director and Managing Director (the management) in consultation with the Chairman of the Board and the limits set by the Board of Havila Shipping ASA. Financial risk is continuously evaluated against the types of activity the company's vessels are involved in and the currency situation – and the credit markets. Major transactions that affect cash flows over a year are clarified with the Board of Directors.

Fair value

The fair value of financial instruments that trade in active markets (such as securities that are available for sale or held for trading purposes) is based on the market rate at the balance sheet date. The market rate used for financial assets is the current purchase price; for financial obligations, the current sales price is used.

3.1 Market risk

Foreign exchange

The group's vessels operate internationally and are exposed to foreign exchange rate risk in relation to USD and GBP. Currency risk arises when future income or balance sheet assets or liabilities are nominated in a currency that is not the entity's functional currency.
In order to manage the currency risk from future trade transactions and balance sheet assets and liabilities, the executive management uses foreign exchange and interest rate futures contracts.

The management continuously evaluates risk management policy within the limits set by the Board. The limits in the hedging strategy promise a hedged volume of the company's foreign currency positions from 90 to 30% within 1-12 months, and that 20% of the currency cash flows are hedged. The company's limits are formed on the basis that a substantial portion of the group's forex positions are connected with vessels operating in the spot/short-term market (1-12 months).

The company has investments in foreign subsidiaries where net assets are exposed to foreign exchange risk upon translation. This share is regarded as being insignificant through the limited activity in Havila Supply UK (property) and PACCHavila Ltd (start-up in a joint venture company).

The group's foreign exchange income is related to short-term and long-term contracts where the settlement currency on short-term/spot revenues varies. The company has implemented continuous currency hedging in 2007.

Foreign exchange income for 2007:	*USD*	*GBP*	*EUR*	*NOK*	*SUM*
NOK	103 517	199 726	22 173	202 452	*527 867*
Currency	17 964	17 200	2 807		
Average exchange rate	5,76	11,61	7,90		
Income sensitivity in 2007:					
+10%	10 352	19 973	2 217		*32 542*
-10 %	(10 352)	(19 973)	(2 217)		*(32 542)*
* Sensitivity elimination		2,34			
		-2,34			

*) 90% of Havila Fame and Havila Fortress' operating expenses are in GBP

The following summary shows the result sensitivity given 10% variations in exchange rates on balance sheet figures in 2007:

Currency exchange sensitivity at 31.12.2007

Balance sheet items	*USD*	*GBP*	*EUR*
Bank deposit	5 411	5 855	1 895
Receivables	2 374	3 382	295
Long-term loans	- 25 000		
Total	*-17 215*	*9 237*	*2 190*
Exchange rates vs. NOK			
at balance date:	5,41	10,81	7,96
Result sensitivity - NOK			
Rate fluctuation +10%	9 313	9 985	1 743
Rate fluctuation -10%	-9 313	-9 985	-1 743

Floating and fixed interest rate risk

The group's interest rate risk is linked to long-term loans secured in vessels as well as unsecured bond loans. Loans with floating interest rates result in an interest rate risk for the group's cash flow. Loans with fixed interest rates expose the group to fair value interest risk.

Long-term loans are normally taken up with floating interest rates. By floating interest rates is meant interest agreements that terminate within the current year. The management continuously evaluates changes in the credit market that affect interest rates, and what affect such changes would have on the company's results. Particular focus is placed on fixed charter-party income on vessels with duration more than 5 years. The management implements short-term interest rate hedging (within 12 months). Interest rate hedging longer than this is undertaken in consultation with the Chairman based on current guidelines provided and continuously updated by the Board.

As at 31.12.2007, the group had entered one interest rate swap agreement in 2007. This runs from January 2008 and as at 31.12.2007 includes 12% of the company's long-term loans (notes 12 and 20).

The company had an average interest cost on loans in 2007 of 6.4% (notes 20, 27). A swing in interest rates of +/- 0.5% would give a maximum result improvement/ reduction of TNOK 8 725. The management's short-term steering parameters through the year are based on a budgeted interest rate track for the following year.

3.2 Credit risk

Credit risk arises in transactions with derivatives, deposits in banks and financial institutions, as well as transactions with clients and suppliers. Credit risk is dealt with continuously by the management and administration. Risk management aimed at clients is primarily based on checking a client's payment history and independent credit assessments. The company's clientele comprise oil and oil service companies with high credit ratings and minimal loss potential.
The specification and quantifying of receivables is presented in notes 9B and 13.

Counterparts related to derivative contracts and financial investments are limited to DnBNOR and Glitnir.

Routines have been implemented to ensure that critical components are supplied by contractors with satisfactory credit ratings. If no independent credit assessments of a supplier exist, then assessment is based on an individual risk evaluation undertaken by the entity that is responsible for the purchase.

The group has routines for use of credit limits and these are reviewed on a regular basis.

3.3 Liquidity risk

The group has major commitments in the new building programme in the years ahead. The executive management and Board are focused on managing the liquidity risk. This involves maintaining adequate holdings of liquid capital and negotiable securities. In addition, this will also enable the company to secure flexible financial opportunities on future investments. The group's management is responsible for continuously monitoring and reporting on the group's liquidity position.

The table below specifies the major financial commitments classified according to the payment structure of existing loans and advanced payments on new building contracts as at 31.12.07. The amounts are undiscounted cash flows:

Liquidity risk		*2006*	*2007*	*2008*	*2009*	*2010*
Advance (new buildings)		279 307	527 396	116 241	27 823	
Bank loans (existing)		74 400	73 818	73 818	73 818	73 818
Bank loans accepted			15 250	57 853	57 853	57 853
Currency futures due						
	USD			8 371		
	GPB		5 679	3 722		
Interest rate swap				11 068	10 501	9 933
Total		*353 707*	*622 143*	*271 073*	*169 995*	*141 604*

GROUP NOTES

3.5 Risk connected with asset management

The company's aim in terms of asset management is to ensure that the company is able to continue as a going concern in order to ensure dividends for the owners as well as fulfil its obligations to the banks, employees and other interested parties. The capital structure is affected by the level of dividends paid to the shareholders, the repayment of capital to the shareholders, the issue of new shares or sale of assets to repay loans.

Based on the current capital structure, the group's strategy is to achieve the highest possible level of external financing for its new buildings. Paid-in equity in a new building project is normally 20-30% of the project price.

Covenants in loan agreements contain important measurement indicators of the risk in the asset management. These are monitored inter alia with a point of departure in the level of gearing in the company that banks emphasise. The gearing is calculated by dividing the net debt by total capital. The ratio can be measured by total capital based on both book equity and adjusted equity. An adjusted equity takes its point of departure in a fair value of the assets at the time of measurement. The company is in breach of the covenants when adjusted equity is less than 25% of total equity. Net debt is calculated by taking the total liabilities (including loans, trade payables and other liabilities, as shown in the balance sheet) minus cash and cash equivalents. The total capital is the total equity shown in the balance sheet plus net liabilities.

	note	2007	2006
Total liabilities	19-22	2 554 591	1 748 024
Cash and cash equivalents	14	-524 669	-668 465
Net loan		*2 029 922*	*1 079 559*
Total book equity		879 477	989 430
* Adjusted shareholders equity		1 875 446	1 463 734
Total capital		3 434 068	2 737 454
Total adjusted capital		*4 430 037*	*3 211 758*

Book value gearing	*59 %*	*39 %*
Adjusted gearing	*46 %*	*34 %*
Adjusted shareholders equity	*42 %*	*46 %*
*)		
Book value ships	2 028 031	1 426 696
Estimated market value ships	3 024 000	1 901 000
Fair value ships	*995 969*	*474 304*

Note 4 Significant accounting estimates

4.1 Maritime tax regime

Originally, the maritime tax regime meant that companies covered by the arrangement were exempt from tax on profits as long as shipping assets stayed in Norway. With the transition to new shipping tax rules, the company has in line with the agreed proposal calculated its entry to the new regime. Previously worked up untaxed equity is now liable for tax with payment over 10 years. The entire effect will be shown through the profit and loss statement and classified as a future obligation as at 31.12.2007. One-tenth will be reclassified annually as tax payable. The company has the opportunity to reduce the obligation by up to one-third if approved "environmental investments" can be verified. On this basis, the group has calculated the effect of introduction as follows:

Taxable income from previous years		297 483
Allocation for tax liability	28 %	83 295
whereof:		
Environment reserve	33 %	27 512
Tax payable (short-term)	7 %	5 578
Deferred tax payable (long-term)	60 %	50 205

4.2 Depreciation of tangible fixed assets – fair values

The company has evaluated whether there is any change in depreciation indicators at 31.12.07, and in this connection has obtained three independent estimates from brokers which log the market value of our vessels at TNOK 3 024 million. There is no change in any of the depreciation indicators (see 3.5).

Depreciation of financial assets

Financial assets assessed at amortised cost are depreciated when there is objective evidence of the probability that the instrument's cash flows have been negatively affected by one or more events that have occurred after initial recognition of the instrument. The depreciation amount is recognised in the profit and loss statement. If the reason for the depreciation falls away in a later period, and the reason for this can be objectively linked to an event that occurred after recognising the fall in value, the previous depreciation is reversed. Reversal should not result in the balance sheet value of the financial asset exceeding the amount of what the amortised cost would have been if the fall in value had not been recognised at the time the depreciation is reversed. The reversal of past depreciation is presented as income.

4.3 Exchange rates on balance day

Applied exchange rates vs. NOK at balance date:

	2007	2006
GBP	10,81	12,32
USD	5,41	6,27
Euro	7,96	8,26

4.4 Use of estimation in preparation of the financial statements

The management has made judgements, estimates and assumptions that affect the application of accounting principles and reported amounts for assets and liabilities, revenue and expenses and information about potential obligations. Future events can result in the estimates changing. Estimates and the underlying assumptions are assessed continuously. Changes in accounting estimates are recognised in the period the changes take place. If the changes also apply to future periods the effect is distributed over current and future periods.

The company's main accounting estimates are connected to the following items:

Anticipated useful life of the company's vessels can change according to environmental requirements, wear and tear, corporate strategy, etc. At present, it appears as though the vessels might have a longer useful life than what we anticipated a couple of years ago. This is related to the fact that capacities in the industry are generally scarce, and it therefore takes a longer time before tonnage is scrapped. The current period for depreciation is 10-14 years and this is the best estimate we have today. This, together with residual value, could change with the market, environmental requirements and total capacity.

The retirement benefit liability is calculated by an actuary according to various assumptions, see note 23. By changing the assumptions, this estimate can deviate considerably from today's estimate. On the other hand, the retirement benefit liability has been assessed according to the best available information we have today.

GROUP NOTES

5 Segment information

Segment information is presented according to vessel type as the primary segment, and geographical area as the secondary segment. The group has one vessel operating in Australian waters and the other vessels in the North Sea. The North Sea is defined as one geographical area, and the group therefore reports all its sales in two geographical areas.

The types of vessels are reported in accordance with:

a) PSV - Platform Supply Vessel
b) RRV- Rapid Response Vessel
c) AHTS - Anchor Handling Tug Service
d) Subsea operations vessels
e) Non-allocated (including management costs)

Intrasegment transactions and transfers are conducted on ordinary business terms. The same terms would also apply for non-close standing parties. Transactions within the individual segment are eliminated.

Segment results for 2007:

	AHTS	*PSV*	*RRV*	*Subsea*	*Non-allocated*	*TOTAL*
Business segment	*2007*	*2007*	*2007*	*2007*	*2007*	*2007*
Freight income/other operating income	102 142	286 981	73 497	66 257	-1 009	*527 868*
Profit from sale of vessels	149 545	-2 149				*147 396*
Crew costs	-24 750	-60 515	-27 512	-10 299	777	*-122 299*
Vessel operating costs	-8 204	-23 840	-10 400	-6 004	460	*-47 988*
Other payroll costs	-340	-88	-12	-61	-13 404	*-13 905*
Other operating costs	-4 583	-15 772	-5 639	-2 984	15 513	*-13 465*
EBITDA	*213 810*	*184 617*	*29 934*	*46 909*	*2 337*	*477 607*
Depreciation	-13 286	-46 565	-15 358	-4 715	-611	*-80 535*
EBIT	*200 524*	*138 052*	*14 576*	*42 194*	*1 726*	*397 073*
Net financial costs	-15 712	-43 336	-15 621	-19 949	37 871	*-56 747*
Income from associates					-322	*-322*
Taxes					-105 637	*-105 637*
Result for the Year	*184 812*	*94 716*	*-1 045*	*22 245*	*-66 362*	*234 367*

Segment results for 2006:

	AHTS	*PSV*	*RRV*	*Non-allocated*	*TOTAL*
Business segment	*2006*	*2006*	*2006*	*2006*	*2006*
Freight income/other operating income	118 973	306 767	239 192	3 507	*668 439*
Profit from sale of vessels			52 153		*52 153*
Crew costs	-12 246	-66 283	-92 802	1 263	*-170 068*
Vessel operating costs	-4 164	-20 938	-39 390	-979	*-65 471*
Other payroll costs	-13	-206	-296	-27 527	*-28 042*
Other operating costs					
EBITDA	*102 550*	*219 340*	*158 857*	*-23 736*	*457 011*
Depreciation	-12 237	-49 034	-31 542	-737	*-93 550*
EBIT	*90 313*	*170 306*	*127 315*	*-24 473*	*363 461*
Net financial costs	-6 740	-31 269	-15 148	15 447	*-37 710*
Income from associates		22 030			*22 030*
Taxes		-17 003	-31 407	-3 999	*-52 409*
Result for the Year	*83 573*	*144 064*	*80 760*	*-13 025*	*295 371*

Segment results for 2005:

Business segment	*AHTS 2005*	*PSV 2005*	*RRV 2005*	*Non-allocated 2005*	*TOTAL 2005*
Freight income/other operating income	39 696	198 419	234 354	774	473 243
Profit from sale of vessels		27 354			27 354
Crew costs	-11 647	-41 705	-97 057	-2 315	-152 724
Vessel operating costs	-4 998	-14 316	-37 907	-1 027	-58 248
Other payroll costs				-10 548	-10 548
Other operating costs	-193	-907	-687	-8 012	-9 799
EBITDA	*22 858*	*168 845*	*98 703*	*-21 128*	*269 278*
Depreciation	-8 842	-27 786	-28 261	-554	-65 443
EBIT	*14 016*	*141 059*	*70 442*	*-21 682*	*203 835*
Net financial costs	-4 585	-19 380	-23 939	-3 996	-51 900
Income from associates		3 701			3 701
Taxes			-9 281	3 064	-6 217
Result for the Year	*9 431*	*125 380*	*37 222*	*-22 614*	*149 419*
Segment assets	220 850	757 186	653 100	2 845	1 633 981
Investment in associates		31 249			31 249
Non-allocated assets				626 925	626 925
Total assets	*220 850*	*788 435*	*653 100*	*2 845*	*2 292 155*
Segment liabilities	154 146	601 664	565 687	170 401	1 491 898
Non-allocated liabilities				153 906	153 906
Total liabilities	*154 146*	*601 664*	*565 687*	*324 307*	*1 645 804*

Segment assets and liabilities at 31 December 2007 and investment costs for the year:

Business segment	*AHTS 2007*	*PSV 2007*	*RRV 2007*	*Subsea 2007*	*Non-allocated 2007*	*TOTAL 2007*
Segment assets	1 052 967	802 881	343 707	528 383	29 327	2 757 265
Investment in associates				1 246		1 246
Joint assets					675 557	675 557
Total assets	*1 052 967*	*802 881*	*343 707*	*529 629*	*704 884*	*3 434 068*
Segment liabilities	539 500	532 590	267 373	282 532		1 621 995
Joint liabilities					932 596	932 596
Sum liabilities	*539 500*	*532 590*	*267 373*	*282 532*	*932 596*	*2 554 591*
Advance payment on new buildings 2007	341 545	138 664		216 094	32 931	729 234
Tangible fixed assets	711 422	21 714	7 004	98 005	39	838 234
Total investment costs	*1 052 967*	*160 378*	*7 004*	*314 099*	*32 970*	*1 567 468*

Segment assets comprise vessels, balance sheet maintenance, new building contracts and shares in associates. Non-allocated assets include assets available for sale, financial assets at fair value over the result, and derivatives held for trading purposes or selected as security for loans and cash flows.

Segment liabilities consist of obligations that are included in the financing of segmented assets. Non-allocated assets include unsecured bond loans and short-term debt.

Investment costs comprise increases in tangible fixed assets (note 6) and new building contracts (note 7), including increase through the acquisition of business enterprises.

GROUP NOTES

Segment assets and liabilities at 31 December 2007 are reconciled against the company's assets and liabilities as follows:

	Assets	*Liabilities*
Segment assets and liabilities	2 758 511	1 621 995
Joint:		
Deferred tax advantage and deferred tax		95 981
Tax payable		91 875
Trade payables		62 245
Repayment to shareholders		199 500
Other current liabilities		32 995
Long-term loans		450 000
Financial assets	150	
Long-term receivables	12 747	
Derivatives	22 252	
Accounts receivables and other receivables	115 739	
Cash and cash equivalents	524 669	
Total	*3 434 068*	*2 554 591*

Segment assets and liabilities at 31 December 2006 and investment costs for the year:

	AHTS	*PSV*	*Subsea*	*RRV*	*Administration*	*TOTAL*
Business segment	*2006*	*2006*		*2006*	*2006*	*2006*
Segment assets	371 646	1 108 932		419 340	5 320	1 905 237
Investment in associates	24 039	2 602			1 797	28 438
Non-allocated assets					803 779	803 779
Total assets	*395 685*	*1 111 534*		*419 340*	*7 117*	*2 737 454*
Segment liabilities	143 693	744 636		349 918		1 238 247
Non-allocated liabilities					509 777	509 777
Total liabilities	*143 693*	*744 636*		*349 918*	*486 104*	*1 748 024*
Tangible fixed assets		210 776	10 250	742	837	222 605
Advance payment on new buildings in 2006	179 157	53 106	93 122			325 385
Total investment costs	*179 157*	*263 882*	*103 372*	*742*	*837*	*547 990*

Segment assets and liabilities at 31 December 2006 are reconciled against the company's assets and liabilities as follows:

	Assets	*Liabilities*
Segment assets and liabilities	1 752 081	1 238 247
Joint:		
Deferred tax advantage and deferred tax		74 133
Tax payable		628
Trade payables		58 331
Repayment to shareholders		
Other current liabilities		37 897
Long-term loans		338 788
Financial assets	28 439	
Long-term receivables	729	
Derivatives	5 679	
Accounts receivables and other receivables	282 060	
Cash and cash equivalents	668 465	
Total	*2 737 453*	*1 748 024*

Geographical segments:

The group's five business segments operate in two geographical areas:
- The Norwegian and British sectors of the North Sea
- Australia

The parent company and the group's main offices are registered in Norway. The company is engaged in the management and operation of offshore service vessels. The group's income stems from operations in Norway, UK and Australia.

Income	*2007*	*2006*
Norway	330 536	256 112
UK	88 740	331 330
Denmark	42 335	56 113
UK		24 884
Australia	66 256	
Total	*527 867*	*668 439*

Segment income is allocated based on where the vessel is operating.

Assets	*2007*	*2006*
Norway	3 413 430	2 707 672
UK	1 725	1 493
Singapore	17 667	
Total	*3 432 822*	*2 709 165*
Associates (note 8)	1 246	28 438
Total	*3 434 068*	*2 737 453*

Assets are allocated based on where the assets are located.

Investment costs

	2007	*2006*
Norway	1 469 463	547 990
Singapore	98 005	
Total	*1 567 468*	*547 990*

Investment costs are allocated based on where the assets are located.

Analysis of segment income per category

	2007	*2006*
Freight income	526 637	666 012
Charter income	243	
Administration	987	2 426
Total	*527 867*	*668 439*

GROUP NOTES

6 Tangible fixed assets

	Land and buildings	Vessels	Fixtures and fittings	Total
As at 1 January 2005				
Purchase cost or revaluated value	1 385	685 229	1 076	687 690
Accumulated depreciation	-184	-28 118	-209	-28 511
Balance sheet value 01.01.06	*1 201*	*657 111*	*867*	*659 179*
Financial year 2005				
Balance sheet value 01.01.06	1 201	657 111	867	659 179
Translation differences				
Increase		1 046 892	711	1 047 603
Decrease		-53 976		-53 976
Depreciation for the year	-28	-64 968	-447	-65 443
Balance sheet value 31.12.06	*1 173*	*1 585 059*	*1 131*	*1 587 363*
As at 31. December 2005				
Purchase cost or revaluated value	1 385	1 678 145	1 787	1 681 317
Accumulated depreciation	-212	-93 086	-656	-93 954
Balance sheet value 31.12.06	*1 173*	*1 585 059*	*1 131*	*1 587 363*

	Land and buildings	Vessels	Fixtures and fittings	Total
As at 1 January 2006				
Purchase cost or revaluated value	1 385	1 678 145	1 787	1 681 317
Accumulated depreciation	-212	-93 086	-656	-93 954
Balance sheet value 01.01.06	*1 173*	*1 585 059*	*1 131*	*1 587 363*
Financial year 2006				
Balance sheet value 01.01.06	1 173	1 585 059	1 131	1 587 363
Translation differences			4	4
Increase		221 768	837	222 605
Decrease		-289 725		-289 725
Depreciation for the year	-28	-92 811	-712	-93 551
Balance sheet value 31.12.06	*1 145*	*1 424 291*	*1 260*	*1 426 696*
As at 31 December 2006				
Purchase cost or revaluated value	1 385	1 576 124	2 624	1 580 133
Accumulated depreciation	-240	-151 833	-1 364	-153 437
Balance sheet value 31.12.06	*1 145*	*1 424 291*	*1 260*	*1 426 696*
Financial year 2007				
Balance sheet value 01.01.07	*1 145*	*1 424 291*	*1 260*	*1 426 696*
Translation differences	-158		-6	-164
Increase		838 194	39	838 233
Decrease		-156 077	-92	-156 169
Assets for sale	-958	-706 272		-707 230
Depreciation for the year	-29	-79 923	-583	-80 535
Balance sheet value 31.12.07	*0*	*1 320 213*	*618*	*1 320 831*

As at 31. December 2007			
Purchase cost or revaluated value	2 230 195	2 571	2 232 766
Accumulated depreciation	-909 982	-1 982	-911 964
Balance sheet value 31.12.07	*1 320 213*	*589*	*1 320 802*

"Vessels" column includes maintenance recognised in the balance sheet with the following amounts:

Total	*2007*	*2006*
Recognised in balance sheet at 01.01	25 823	28 508
Increase by mergers during the year	0	14 506
Increase this year	32 762	33 779
Decrease with the sale of vessels	-1 741	-22 352
Taken to expenses this year as Vessel operating costs	-22 542	-28 619
Recognised in balance sheet at 31.12	*34 302*	*25 823*

Assets pledged as security against loans are shown under note 20.

7 New building contracts

2007:

Contract no.	*Delivery date*	*Balance sheet value at 1.1*	*Invested in the year*	*Delivered in the year*	*Balance sheet value 31.12*	*Remaining obligation **
ATHS						
*KS Havila Neptune	4/2008		139 353		139 353	206 100
*KS Havila Saturn	2/2008		63 131		63 131	199 000
Havila Mars	6/2007	61 503		61 503		
Havila Mercury	11/2007	62 044		62 044		
Building 99	4/2009	27 805	55 628		83 433	472 667
Building 100	10/2009	27 805	27 823		55 628	500 472
Total		*179 157*	*285 935*	*123 547*	*341 545*	*973 139*
PSV						
Havila Foresight	1/2008	53 106	4 099		57 205	217 795
Havila Solstrand	8/2009		26 594		26 594	216 406
Havila Fjellstrand	11/2009		54 865		54 865	208 135
Total		*53 106*	*85 558*		*138 664*	*642 336*
Design			32 931		32 931	
SubSea						
Havila Acergy building contract			85 051		85 051	599 949
Havila Phoenix	9/2008	93 122	37 921		131 043	498 957
Total		*93 122*	*155 903*		*249 025*	*1 098 906*
Total		*325 385*	*527 396*	*123 547*	*729 234*	*3 119 481*

GROUP NOTES

2006:

Contract no.	Delivery date	Balance sheet value at 1.1	Invested in the year	Delivered in the year	Balance sheet value 1.1	Remaining obligation
ATHS						
Havila Mars	6/2007	46 064	15 439		61 503	306 008
Havila Mercury	11/2007	14	62 030		62 044	353 336
Building 99	4/2009		27 805		27 805	556 100
Building 100	10/2009		27 805		27 805	556 100
Total		*46 078*	*133 079*		*179 157*	*1 771 544*
PSV						
Havila Foresigt	1/2008		53 106		53 106	275 000
Total			*53 106*		*53 106*	*275 000*
SubSea						
Havila Phoenix	9/2008		93 122		93 122	630 000
Total			*93 122*		*93 122*	*630 000*
Total		*46 078*	*279 307*		*325 385*	*2 676 544*

*) Remaining obligation means the remaining payment obligation with regard to the contract amount.

8 Investments in associates

	2007	*2006*
Balance sheet value at 01.01	28 288	26 249
Acquisition of subsidiary (note 34)	-24 039	
Share of the result before tax	-322	22 030
Acquisitions in the year		24 871
Repaid from associates	-2 386	-45 109
Currency translation differences	-295	247
Balance sheet value at 31.12	*1 246*	*28 288*

The group's share of the result, assets and liabilities in the most important associates, of which none is listed on the stock market, is:

2005 financial information for each entity	*Registered in*	*Assets*	*Liabilities*	*Equity*	*Income*	*Result for the Year*	*Ownership in %*
Havila Fortune KS (under liquidation)	Norway	32 776	23 466	9 309	3 836	1 210	30,0 %
Havila Saturn KS	Norway	3 252	46	3 206			20,0 %
Havila Fortress KS	Norway	54 151	32 682	21 469	11 890	5 179	30,0 %
Result of Havila Faith, Favour and Fortress pool						-2 967	
Profit from sale KS share						279	
Total		*90 179*	*56 194*	*33 984*	*15 726*	*3 701*	

2006 financial information for each entity	*Registered in*	*Assets*	*Liabilities*	*Equity*	*Income*	*Result for the Year*	*Ownership in %*
Havila Fortune KS (under liquidation)	Norway	2 638	36	2 602	5 872	19 415	30,0 %
Havila Saturn KS	Norway	20 542	237	20 305		-1 824	45,5 %
Havila Fortress KS (under liquidation)	Norway	1 911	1 911	0	560	5 040	30,0 %
Havila Neptune KS	Norway	3 816	82	3 734		-601	15,0 %
Pacc Havila Ltd	Singapore	1 647		1 647			50,0 %
Total		*28 907*	*2 266*	*28 288*	*6 469*	*22 030*	

2007 financial information for each entity	*Registered in*	*Assets*	*Liabilities*	*Equity*	*Income*	*Result for the Year*	*Ownership in %*
Pacc Havila Ltd	Singapore	1 259	13	1 246		-104	50 %
Havila Fortune KS (under liquidation)	Norway					-218	30 %
Total		*1 259*	*13*	*1 246*	*0*	*-322*	

KS Havila Neptun and KS Havila Saturn are consolidated according to the straight line method for the whole of 2007. The companies have not been active in 2007 apart from building supervision and management costs. The cost for the year is TNOK 1 128 (note 17).
In 2007, the company has increases its total ownership in KS Havila Saturn from 45.5% to 69.5%, while the share in KS Havila Neptun increased from 15% to 100%. These interests are consolidated according to the straight line method in 2007. The balance sheet value at 31.12.07 constitutes the share of equity in 50%-owned Pacc Havila in Singapore.

The consolidated accounts include the following subsidiaries:

Company	*Ownership %*	*Voting share*	*Registered in*	*Business activity*
Havila Offshore AS	100 %	100 %	Norway	Ship
Havila Supply (UK) Ltd	100 %	100 %	UK	Management
Havila Marine Cyprus Ltd (shares owned by Havila Supply UK Ltd)	100 %	100 %	Cyprus	Management
Havila Subcon AS	100 %	100 %	Norway	Ship
Havila Saturn AS	100 %	100 %	Norway	Ship / partner in KS
Havila Saturn KS (10% owned by Havila Saturn AS)	69,5 %	69,5 %	Norway	Ship
Havila Fortune AS	100 %	100 %	Norway	Ship / partner in KS
Havila Fortress AS	100 %	100 %	Norway	Ship
Havila Ships AS	100 %	100 %	Norway	Ship / partner in KS
Havila Neptune AS	100 %	100 %	Norway	Ship / partner in KS
Havila Neptun KS (10% owned by Havila Neptun AS)	100 %	100 %	Norway	Ship
Havila Shipping Pte Ltd	100,0 %	100,0 %	Singapore	Ship

9 a Financial instruments by category

The following principles for the successive quantifying of financial instruments have been used for financial instruments in the balance sheet. Liquid security investments in shares, interest and bond fund are classified under cash and cash equivalents – assets assessed at fair value over the result (note 14)

As at 31 December 2007

Assets	*Loans, receivables and cash*	*Assets assessed at fair value over the result*	*Derivatives used for hedging purposes*	*Long-term shareholdings*	*Total*
Long-term investments				150	150
Derivatives			22 158		22 158
Assets available for sale	707 230				707 230
Accounts receivables and other receivables	128 580				128 580
Cash and cash equivalents	471 006	53 663			524 669
Total	*1 306 816*	*53 663*	*22 158*	*150*	*1 382 787*

Liabilities	*Liabilities at fair value over the result*	*Derivatives used for hedging purposes*	*Other financial obligations*	*Total*
Long-term loans			1 990 401	1 990 401

As at 31 December 2006	*Loans, receivables and cash*	*Assets assessed at fair value over the result*	*Derivatives used for hedging purposes*	*Long-term shareholdings*	*Total*
Assets					
Long-term investments				150	150
Derivatives			5 679		5 679
Assets available for sale	282 789				282 789
Cash and cash equivalents	615 418	53 047			668 465
Total	*898 207*	*53 047*	*5 679*	*150*	*957 083*

GROUP NOTES

	Liabilities at fair value over the result	Derivatives used for hedging purposes	Other financial obligations	Total
Liabilities				
Long-term loans			1 501 857	1 501 857

9b Creditworthiness in financial assets

The company's outstanding receivables primarily involve oil and oil service companies which traditionally have a high credit rating. This assessment of creditworthiness is based on historical records showing minimal violation of credit terms:

	2007	*2006*
Accounts receivables – low credit risk	*96 727*	*123 936*

The company has not renegotiated any financial assets during 2007.

10 Shares and other long-term investments

No sales or depreciation of long-term investments were implemented during 2007 or 2006. The company has a supporting share in Sunnmøre Golfklubb AS

	2007	*2006*
Balance sheet value	150	150

11 Assets available-for-sale

An agreement was signed with Havila Ariel ASA on 29.12.2007 for the sale of Havila Mars and Havila Mercury. Negotiations relating to commercial terms were completed by 31.12.2007. Both vessels were built in 2007. The building in Aberdeen was sold when the management company vacated it and Havila Shipping ASA no longer required staff in Aberdeen.

	2007	*2006*
Havila Mercury	356 150	
Havila Mars	350 122	
Building in Aberdeen	958	
Total	*707 230*	
Agreed purchase price for vessels	*950 000*	
Agreed purchase price for building (GBP 217 750)	*2 350*	

The vessels in the AHTS segment were transferred to new ownership on 14.01.2008. Profit from the sale is recognised in the profit and loss statement for Q1 2008. A leaseback agreement has been signed for the vessels. The building in Aberdeen was conveyed on 18.01.2008.

12 Derivatives

	2007		*2006*	
	Assets	*Liabilities*	*Assets*	*Liabilities*
Interest rate swaps – fair value hedging	10 065			
Forward exchange contracts – held for trading purposes	12 093		5 679	
Total balance sheet value	*22 158*		*5 679*	
Whereof fixed assets:				
Interest rate swaps – fair value hedging	10 065			
Total	*10 065*			
Whereof current assets	12 093		5 679	

Derivates held for trading purposes are classified as current assets or liabilities. The entire fair value of hedging instruments is classified as a non-current asset or liability if the period remaining of the hedged object is greater than 12 months and as a current asset or liability if the period remaining is less than 12 months.

Forward exchange contracts
The nominal amount of outstanding forward exchange contracts at 31 December 2007 is TNOK 12 093 (2006: TNOK 5 679)

Foreign exchange contracts for USD 8 mill and GBP 3 mill will fall due during 2008, and settlement will, with a high level of probability, take place in this period. The agreements are linked to fixed contractual income flows on the company's vessels. Gains and losses included in the equity hedging reserve in the currency of the forward exchange contracts at 31 December 2007 are recognised in profit and loss in the same period and are continuously measured against fair value. With settlement of the contracts, gains/losses are linked to the respective vessel's freight income.

Interest rate swap
The nominal principal of outstanding interest rate swaps at 31 December 2007 was NOK 10 065.

The interest rate swap agreement has a 10-year fixed interest guarantee of 4.73% in connection with the financing of Havila Foresight, delivered in January 2008. The secured loan amounts to NOK 240 million. Change in value of interest rate swaps is measured and classified in the profit and loss statement continuously as unrealised finance gain/loss.

13 Accounts receivables and other receivables

	2007	*2006*
Accounts receivables	96 727	123 936
Seller's credit (non-current)	12 264	141 227
Loans to employees	134	165
Pension funds (non-current)	349	564
Other current liabilities	16 417	16 897
Total accounts receivables and other receivables	*125 891*	*282 789*
- whereof fixed assets (non-current)	12 747	729
Current assets	*115 833*	*282 060*

All non-current receivables fall due within five years of the balance sheet date.

The company has ceded a seller's credit on the sale of the British RRV fleet, which was completed in January 2007 with a gross cash flow effect of NOK 141m. The amount of NOK 15m must be repaid over 5 years at 5% interest.

Loans to employees amount to TNOK 186 and will be deducted from wages over 6 years.

Accounts receivables that have fallen due for payment are not deemed to have fallen in value. Accounts receivables have not been depreciated. Receivables are linked to oil and oil service companies that hire the company's vessels.

The company has not discounted accounts receivables and non-current receivables.

Age composition of accounts receivables:

	2007	*2006*
Up to 3 months	96 671	123 933
3-6 months	56	3
Total	*96 727*	*123 936*

Book value of the group's accounts receivables and other receivables in foreign currency:

	2007	*2006*
NOK	77 979	190 741
USD	12 726	
GBP	35 186	92 048
Total	*125 891*	*282 789*

14 Cash and cash equivalents

	2007	*2006*
Cash and bank deposits	471 006	615 418
Short-term securities invested with an agent	53 663	53 047
Sum	524 669	668 465

The company's bank deposits are in banks that are rated higher than A.

The securities are liquid and realisable as cash within 3 days.

15 Share capital and premium on shares

	Total shares (in 1000s)	Ordinary share capital	Premium	Total
As at 1 January 2006				
Repaid to the shareholders in 2006			-31 920	-31 920
– paid in with issue of shares	1 450	36 250	43 383	79 633
As at 31 December 2006	15 960	399 000	96 835	495 835
– agreed reduction of the share's nominal value		-199 500		-199 500
Repaid to the shareholders in 2007			-55 860	-55 860
As at 31 December 2007	*15 960*	199 500	*40 975*	*240 475*

The general meeting of 18.12.2007 agreed to reduce the share's nominal value by NOK 12.50 with repayment to shareholders.

The company acquired 989 600 of its own shares via the Oslo Stock Exchange on 7.12.2007. The acquisition cost of TNOK 10 7091 is deducted from equity (note 16). These shares are held as "own shares". The company is entitled to sell these shares at a later date. All shares issued by the company are fully paid-in.

16 Retained earnings

As at 1 January 2006	198 230
Result for the Year	295 371
Currency translation differences	-5
As at 31 December 2006	*493 596*

As at 1 January 2007	493 596
Result for the Year	234 938
Other equity not recognised in profit and loss	702
Acquisition of own shares	-107 091
Currency translation differences	-2
As at 31 December 2007	*622 143*

17 Other equity not recognised in profit and loss

	2007	2006
Currency translation differences subsidiaries	-132	-5
Currency translation differences associates	-294	
Correction of result KS Havila Neptun and Saturn before acquisition	1 128	
Total	*702*	*-5*

18 Minority interests

As at 1 January 2007	0
Result for the Year	-571
Increased capital Havila Saturn KS (note 34)	17 430
As at 31 December 2007	*16 859*

Minority interests constitute 30.5% of the ownership in KS Havila Saturn

19 Current liabilities

	2007	2006
Trade payables	62 245	58 331
Tax payable	7 753	628
Agreed capital reduction with repayment to the shareholders	199 500	
Social security, VAT and other taxation payable	11 622	7 975
Current portion of non-current liabilities	73 818	73 099
Accrued costs	28 746	29 921
Total	402	2080
Sum	*384 086*	*172 034*

Of the Tax payable amount, TNOK 5 550 relates to one-tenth of past untaxed income in connection with the introduction of a new maritime tax regime (2006:0) (see notes 4, 21 and 28).

20 Loans

NOK 1000	*Balloon/due date*		*USD/NOK Currency*		*Balance sheet value 2007*	*2006*
Bank loan	*2015-2020*	*floating NIBOR+margin**				*975 933*
Bank loan	2014	floating NIBOR+margin	USD	25 000	135 105	156 723
Bank loan	2014	floating NIBOR+margin	NOK		33 012	
Bank loan	2015	floating NIBOR+margin	NOK		381 750	
Bank loan	2019	floating NIBOR+margin	NOK		539 500	
Bank loan	2014	floating NIBOR+margin	NOK		424 590	
Bank loan	2015	floating NIBOR+margin	NOK		108 000	
Total loan mortgaged in vessels					*1 621 957*	*1 132 656*
Building mortgage					407	530
Total non-current debt					*1 622 364*	*1 133 186*
Activated loan establishment costs					-8 145	-8 230
Short-term portion of mortgaged debt					-73 818	-73 099
Total mortgaged loans	*Loan period*				*1 540 401*	*1 051 857*
Unsecured debt:						
Bond loan - floating interest	2005-2010	floating NIBOR+2.70%	NOK		250 000	250 000
Bond loan - floating interest	2006-2011	floating NIBOR+1.50%	NOK		200 000	200 000
TOTAL mortgaged and unsecured loans					*1 990 602*	*1 501 857*

The fair value of a loan is equal to the book value as the group's debt is subject to floating interest rates.
*) average lending margin on loans is 0.9%

The group is exposed to changes in interest rates based on the following re-pricing structure for loan obligations at 31.12.07:

	2007	*2006*
1-12 months	1 990 602	1 501 857

Guarantees for loans:

	due / balloon			*loan*	*security in vessels * fair value*	*book value*
Bank loan	2014	USD	25 000	135 105		
Bank loan	2014	NOK		33 012		
				168 117	343 000	214 112
Bank loan	2015	NOK		381 750	623 000	442 484
Bank loan	2019	NOK		539 500	982 000	707 230
Bank loan	2014	NOK		424 590	867 000	522 125
Bank loan	2015	NOK		108 000	209 000	142 094
Total loan mortgaged in vessels:				*1 621 957*	*3 024 000*	*2 028 044*

Bond loan - floating interest	2005-2010	NOK	250 000
Bond loan - floating interest	2006-2011	NOK	200 000
Total unsecured loan:			*450 000*

*) market value assessment 31.12.07

The book value of the group's loans in different currencies is as follows:

	2007	*2006*
NOK	1 815 914	1 345 134
USD	135 105	156 723
Total	*1 951 019*	*1 501 857*

The group may draw on the following unused loan facilities in 2008:

Tranch 1	235 000
Tranch 2	280 000
Tranch 3	465 000
Total	*980 000*

Unused loan facilities are based on accepted finance pledges on vessels scheduled for delivery in 2008.

The drawing of new loans and repayment/redemption of existing loans are present in the cash flow statement.

21 Other non-current liabilities

	2007	*2006*
Provision for tax liability RRV fleet	6 481	
Environment reserve	27 513	
Deferred taxes payable	50 128	
Total	*84 122*	*0*

Tax liability for the RRV fleet involves anticipated tax in the UK in connection with the sale of shares in Havila Rescue UK Ltd. Demand for payment of the amount is expected to come in 2009.

With changes in the maritime tax regime of 1.1.2007, past untaxed income became taxable. The amount due will be paid over 10 years in 10 equal portions. Tax that falls due for payment with one year is classified as a current liability (tax payable).
One-third of the tax payable may be invested in approved environmental schemes, and this obligation is included in the environment reserve.

Deferred tax payable includes 28% of untaxed income (the remaining two-thirds) and tax with the introduction of the new maritime tax regime for Havila Neptun KS.

22 Deferred tax

Deferred tax	*Tangible fixed assets and new building contracts*	*Participant-like company*	*Pension*	*Fair value of gain/loss*	*Deficit for conveyance*	*Total*
Balance sheet value at 1.1.2006	62 497	705	97	65	-41 010	22 354
Recognised in profit and loss in the period	27 091	1 891	-61	1 494	21 243	51 658
Balance sheet value 31.12.2006	89 588	2 596	158	1 559	-19 767	74 134
Recognised in profit and loss in the period	-21 439	-2 596	-60	18 533	19 324	13 762
Entered direct against balance sheet value	8 077					8 077
Translation differences	0			7		7
Balance sheet value at 31.12.2007	*76 226*	*0*	*98*	*20 100*	*-443*	*95 981*

Deferred tax on tangible fixed assets involves the company's vessels, which are assessed outside the maritime tax regime in accordance with ordinary tax rules. See also note 4

23 Retirement benefits and similar liabilities

Employees on the company's vessels are covered by a defined benefit pension scheme. The main terms are agreed through tariff negotiations with employee associations and constitute 60% of the employee's final salary with 30 years' pensionable service.

The obligation is calculated on a straight-line basis. Unrealised gains and losses resulting from actuarial assumptions are distributed over estimated remaining average pensionable service.

In connection with the introduction of Lov om Obligatorisk Tjenestepensjon (Mandatory Pensions Act, OTP) the Norwegian Ministry of Finance has determined that today's arrangement with payment from 60 years to 67 years is within the relevant statutory framework. OTP is therefore not relevant for the company's maritime employees. However, provision is made in the accounts for costs relating to a supplementary pension for seamen linked to premium exemption for disablement, and the company's supplementary pension for seamen that is increased by a minimum payment on retirement of 0.5G.
The company has annual insurance schemes for disability pensions. These are not subject to actuarial valuations.

Pension costs for the year are calculated as follows:

NOK 1000	*2007*	*2006*	*2005*
Current value of the year's pension scheme	1 612	860	554
Interest cost of pension obligation	153	66	30
Expected return on pension scheme capital	-168	-97	-66
Administration costs	136	130	66
Amortisation of difference in estimates loss / (gain)	75	31	31
Employer's contribution	244		
Net pension costs for the year	*2 052*	*990*	*615*

Pension obligation at 31.12	2 548	1 665	856
Calculated effect of future payroll adjustment	3 785	1 845	529
Calculated pension obligation at 31.12	6 333	3 510	1 384
Pension funds (at market value) at 31.12	- 5177	-2 340	-1 128
Non-expensed effect of difference in estimates (loss) / gain	-1 668	-1 734	-601
Employer's contributions			
Under/ (over) financed pension obligation	*-349*	*-564*	*-345*

Pension fund estimate			
Pension fund (fair value) 1.1	2 377	1 128	338
Total paid in assets	1 610	1 209	786
Pension payments	-4	-3	
Estimated return	128	65	4
Estimated return on assets	39	31	
Administration costs	-136	-129	
Best estimate 31.12	*4 014*	*2 301*	*1 128*
Fair value of pension funds used 31.12	*5 177*	*2 340*	*1 128*

The calculation of pension costs and net pension obligation is based on the following assumptions:

	2007	*2006*	*2005*
Discount rate	4,35 %	4.8 %	4,8 %
Return on pension fund	5,4 %	5,8 %	5.8 %
Wage adjustment	4,5 %	3.0 %	3,0 %
Pension adjustment	4,25 %	3.0 %	3,0 %
Adjustment of Nat. Ins. base amount	1,65 %	3,0 %	3,0 %
Employer's contribution	14,1 %	0,0 %	0,0 %

IAS19 deposit scheme:

Shore-based employees have a contribution pension scheme, for which the company has no obligation beyond the deposited assets.

The scheme covers full-time employees and amounts to between 5% (1-6G) and 8% (6-12G) of the salary. The average National Insurance base amount (G) for 2007 was NOK 65 505. As at 31.12.07, the scheme included 13 members, the same as the year before.

Expensed contributions amounted to NOK 451 000 in 2007, compared with NOK 309 000 in 2006.

24 Other income

Income from management services is connected with the supervision and following up of vessels under construction owned in limited partnership (KS). Property leasing income involves the offices in Aberdeen classified as Property for sale

Other income	*2007*	*2006*	*2005*
Income from management services	987	2 426	1 128
Property leasing income	243		
Other operating income	*1 230*	*2 426*	1 128

GROUP NOTES

25 Specification of operating costs by type

Vessel operating costs	*2007*	*2006*	*2005*
Bunkers and lubricating oil	9 996	14 579	16 718
Insurance	9 524	12 223	10 751
Maintenance and other costs	28 468	38 669	30 779
Total operating costs	*47 988*	*65 471*	*58 248*

Other operating costs		*2006*	*2005*
Subscriptions and bourse fees	1 437	1 237	2 065
* Auditor's fees		765	615
Consultant's and lawyer's fees	3 561	3 506	2 033
IT		1 231	648
Travelling expenses		1 394	1 101
Leasing costs		503	508
Corporate gifts and entertainment		1 905	1 323
Other expenses		1 902	1 505
Total other operating costs	*13 465*	*12 443*	*9 798*

*)Specification of auditor's fees	*2007*	*2006*	*2005*
Mandatory audit	618	593	559
Other qualified services	67	156	14
Tax advice	76	16	42
Total auditor's fees	*761*	*765*	*615*

26 Payroll costs

Crew costs	*2007*	*2006*	*2005*
Hire incl. holidays/free days	132 052	173 390	142 532
Refunded contribution to the net pay scheme	-34 263	-30 387	(15 684)
Travel expenses	11 441	14 004	12 184
Provisions	5 023	6 788	6 292
Pension costs	2 052	990	615
Insurance	2 105	1 550	1 667
Training/courses	2 298	1 958	2 422
Other social costs	1 591	2 671	2 695
Total crew costs	122 299	170 964	152 724
Total employees	290	241	393

Other payroll costs	*2007*	*2006*	*2005*
Wages incl. employer's contribution for office personnel (note 16)	16 387	14 020	10 463
Payments to the Board of Directors	745	799	738
Other pay-related costs	1 241	781	579
Activated pay to construction manager	-4 469	-896	(1 232)
Total payroll costs	13 904	14 704	10 548
Total admin. personnel in Norway and the UK at year-end	15	25	22

27 Financial income and costs

	2007	*2006*	*2005*
Interest on bank deposits	28 142	14 268	2 803
Interest on non-current receivables	2 553	1 512	56
Agio	23 779	11 732	2 912
Unrealised agio on USD loans	21 618	12 090	
Change in value of financial investments	616	3 047	
Other financial income	33	271	
Total financial income	*76 741*	*42 920*	*5 771*

	2007	*2006*	*2005*
Interest on loans	112 282	73 308	39 283
Disagio	14 674	5 588	12 621
Other financial costs	6 532	1 734	5 768
Total financial costs	*133 488*	*80 630*	*57 671*
Net financial items	*56 747*	*37 710*	*51 900*

Agio/disagio items include changes in foreign currency reserves in bank accounts, and thus reflect the group's currency exchange activity. Other financial costs include major items such as termination of a fixed-rate agreement in the same year, as well as the recognition of loan establishment costs.

28 Taxes

Tax on the group's pre-tax profit differs from the amount that would have shown if the group's weighted average tax rate had been used. The difference is clarified as follows:

	2007	*2006*	*2005*
Profit before tax		347 781	155 636
Non-taxable shipping income		-169 843	(124 938)
Taxable shipping income from previous year*)	297 483		
Non-taxable income/deductible costs	-332	9 238	(8 496)
Basic taxable income		*187 176*	*22 202*
28% tax		52 409	6 217
Tax on income abroad without credit deduction	3 305		
Tax in the profit and loss statement	*105 637*	*52 409*	*6 217*

*) Calculated initial income with transition to new maritime tax regime. Under the regime, past untaxed retained profits are taxable in 2007

29 Net foreign currency gains/(loss)

Foreign exchange differences (expensed) / taken to income in the profit and loss statement are as follows:

	2007	*2006*	*2005*
Included in freight income:			
Realised currency exchange gain/loss (note 12)	2 058		
Adjustment of payments of foreign currency accounts receivables	-2 412	4 274	-448
Change in value of derivatives (note 12)	16 867	5 385	
Other foreign currency gains (note 27)	28 530	6 347	2 912
Other foreign currency costs - disagio (note 27)	-14 674	-5 588	-12 621
Total	*30 369*	*10 418*	*- 10 157*

30 Earnings per share

Earnings per share is calculated by dividing the part of the annual profit allocated to the company's shareholders by a weighted average of total shares issued through the year, less own shares (note 16).

	2007	*2006*	*2005*
Profit allocated to the company's shareholders (without minorities)	234 938	295 371	149 419
Weighted average of total shares issued (in 1000s)	15 960	15 355	13 323
Earnings per share ordinary and diluted (NOK per share)	14,72	19,24	11,22

31 Dividend per share and repayment to the shareholders

In 2006, the share premium fund was decreased by TNOK 31 920 with a repayment to shareholders of NOK 2.00 per share.

In 2007, the share premium fund was decreased by TNOK 55 860 with a repayment to shareholders of NOK 3.50 per share.

At the general meeting of 18.12.2007 it was decided to decrease the nominal value of the shares by NOK 12.5 per share, with repayment to shareholders. The capital decrease is classified as Other current liabilities. Payment was implemented in February 2008.

The dividend payment proposed for 2007 is NOK 4 per share, totalling TNOK 63 840. A decision will be taken at the AGM on 14 May 2008. The proposed dividend is not reflected in the annual accounts.

32 Cash flow from operations

	note	*2007*	*2006*
Profit before tax		340 004	347 781
Adjustments for:			
– Depreciation	6	80 535	93 550
– (Profit)/loss with decrease in tangible fixed assets	5	-147 397	-52 153
– Net financial costs	27	56 747	37 710
– Share of result in associates	8	322	-22 030
– Foreign currency (gains)/loss from operations	28	9 105	6 144
		339 316	411 002
Changes in working capital			
– Accounts receivables and other receivables		166 227	-181 662
– Trade payables and other current liabilities		56 280	163 828
Cash flow from operations		*561 823*	*393 168*

33 Obligations

Investment obligations
Contracts entered into at balance sheet date for investments that are not included in the annual accounts are as follows:

	2007	*2006*
New building contracts (note 7)	3 119 481	2 676 544

As at 31.12.2007, 90% of new building contracts are signed with Havyard Leirvik (note 35) (2006: 6/6). The remaining 10% is with Solstrand verft AS and amounts to around TNOK 216 000 of the total remaining obligation on signed new building contracts (note 7).

34 Business integration

In 2007, the company increased its total ownership in KS Havila Saturn from 45.5% to 69.5%. In addition, the company increased its share in KS Havila Neptun from 15% to 100%. These interests are integrated according to the straight-line method in 2007. In 2006, these companies were classified as associates, see note 8.

Both companies have entered into contracts for ships under construction.

Acquired net assets and added values are clarified thus:

	Havila Neptune KS	*Havila Saturn KS*
Acquisition cost:		
Total cash payment	135 756	38 579
- share of equity at time of acquisition	21 942	18 531
Net added value from tonnage on order on ownership interest	*113 814*	*20 047*
Net added value from tonnage on order minority interest		8 798
Deferred tax on added value from tonnage on order		8 077
Gross added value from tonnage on order	*113 814*	*36 923*

Deferred tax is not calculated on added value in Havila Neptun KS as this company is exempt from tax (cf. the new maritime tax regime).

Assets and liabilities associated with the acquisition as at 1 March 2007 are as follows:

	Havila Neptune KS		*Havila Saturn KS*	
	Fair value	*Acquired entity's book value*	*Fair value*	*Acquired entity's book value*
Cash and cash equivalents	1 093	1 093	5 983	5 983
New buildings on order	136 714	22 900	58 923	22 000
Accounts receivables and other receivables			444	444
Trade payables and other current liabilities	-2 051	-2 051	-125	-125
Deferred tax (note 21)			-8 077	
Net assets	*135 756*	*21 942*	*57 148*	*28 302*
Minority interests (30.5%)			*17 430*	

35 Close associates

Havila Shipping ASA (Havila Shipping Group) has implemented several different transactions with close associates. Havila AS owns 50.32% of the shares in Havila Shipping ASA. All transactions are undertaken as part of the ordinary business and at arm's length prices. The most important transactions are as follows:

a) Acquisition of tonnage from Havyard Leirvik and Solstrand AS
b) Purchase of design from Havyard Group AS
c) Lease of premises from Siva Sunnmøre AS
d) Sale of Havila Mercury and Mars

a) Havyard Leirvik AS is a wholly owned subsidiary of Havila AS. Solstrand AS is an 80%-owned subsidiary of Havila AS. Havila AS owns 50.32 % of Havila Shipping ASA. Havila Shipping ASA has ordered tonnage from Havyard Leirvik AS and Solstrand AS. Several shipyards were invited to tender for the contracts, and Havyard Leirvik AS and Solstrand AS were selected after a total evaluation of price, delivery time and technical solutions.

b) Havyard Group AS is a wholly owned subsidiary of Havila AS. Havyard Group AS has developed its own design and this was chosen based on technical solutions and price.

c) Havila AS owns 30% of Siva Sunnmøre AS from which Havila Shipping ASA leases premises. This agreement expires in 2008, and is made on market terms. The company will move to new premises in summer 2008. A contract has been signed with Havila AS

d) An agreement has been signed for the sale of Havila Mars and Havila Mercury to Havila Ariel ASA. The agreed sales price is based on three independent valuations. Havila AS owns 57% of Havila Ariel ASA.

The group has been involved in transactions with the following close associates:

Overview of transactions	*Outstanding at 31.12.2007*	*Lease*	*New building contracts*	*Delivery of vessels*	*Value of design packages*
Havila AS	-11				
Siva Sunnmøre AS	-135	451			
Havyard Leirvik AS	-32 005		1 145 000	685 000	
Havyard Group AS					15 264
Solstrand AS	-959		243 000		

Remunerations to close associates

Payments to leading personnel in 2007:	*Man. Dir.*	*The Board*
Salary	1 323	
Other remunerations	61	
Fees		700
– whereof Chairman		250

The Managing Director has an agreement whereby termination of employment by the company will payment of salary for 9 months at the end of his period of notice. The Managing Director has an indirect ownership interest in Havila Shipping ASA through majority owner Havila AS in which he has a 30% share. The Chairman is the Managing Director of Havila AS, and has a 10% ownership interest in the company.

Remunerations to senior executives

Senior executives include the Managing Director, Finance Director and Operations Director

The company has no share option schemes for senior executives or other employees. No loans or loan guarantees have been granted to the senior executives.

Executive payroll:	*2007*	*2006*	*2005*
Managing Director	1 323	1 307	1 105
Operations Director	1 094	979	895
Finance Director	808	605	257
Other remunerations: (including company cars, telephone/Internet allowances, subsistence allowance, mileage allowance)			
Managing Director	149	175	36
Operations Director	59	42	4
Finance Director	20	22	2
Total	*3 453*	*3 130*	*2 299*
* Contribution to the executive management team's (deposit) pension scheme:			
5% of salary between: : 1-6 G	59	56	49
8% of salary between: : 6-12 G	94	90	58

*) Pension contributions are the same for all administrative personnel (note 23)

36 Events after the balance sheet date

a) Business integration
In 2008, the company has acquired a further 10.5% of the shares in Havila Saturn KS, bringing the total ownership share to 80%. The price per 1% share was TNOK 625 and based on a market value of the vessel of TNOK 375 000.

b) Sale of vessels
Completion of sale of Havila Mars and Havila Mercury 14.01.2008.

c) Sale of property
Sale of office building completed on 28 January 2008.

d) Payment after capital reduction
Payment implemented following agreed capital reduction of TNOK 199 500 in March 2008.

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To the Annual Shareholders' Meeting of Havila Shipping ASA

Auditor's report for 2007

We have audited the annual financial statements of Havila Shipping ASA as of December 31, 2007, showing a profit of NOK 127 101 000 for the parent company and a profit of NOK 234 367 000 for the group. We have also audited the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The annual financial statements comprise the financial statements of the parent company and the group. The financial statements of the parent company comprise the balance sheet, the statements of income and cash flows, and the accompanying notes. The financial statements of the group comprise the balance sheet, the statement of income and cash flows, the statement of changes in equity and the accompanying notes. The regulations of the Norwegian accounting act and accounting standards, principles and practices generally accepted in Norway have been applied in the preparation of the financial statements of the parent company. International Financial Reporting Standards as adopted by the EU have been applied in the preparation of the financial statements of the group. 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 other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with laws, regulations and auditing standards and practices generally accepted in Norway, including standards on auditing adopted by The Norwegian Institute of Public Accountants. 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 auditing standards 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 of the parent company have been prepared in accordance with the law and regulations and give a true and fair view of the financial position of the company as of December 31,2007 and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the financial statements of the group have been prepared in accordance with the law and regulations and give a true and fair view of the financial position of the group as of December 31, 2007, and the results of its operations and its cash flows and the changes in equity for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU
- 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 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.

Ulsteinvik, Mars 31, 2008
PricewaterhouseCoopers AS

Nils Robert Stokke
State Authorised Public Accountant (Norway)

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

VESSEL CATEGORIES

AHTS

AHTS – Anchor handling tug & supply vessel.
It is mainly being used for moving of rigs, putting out of anchors, as well as for supply services. They are normally larger and more expensive vessel, and equipped with winches and cranes. The North-Sea is being dominated by larger AHTS's, between 12.000-25.000 HP. Smaller share of vessel on firm contracts.

AHTS.

PSV

PSV – Platform supply vessel.
It carries goods, water, drilling mud, chemicals, etc. to and from the offshore installations. Larger share of vessel on longer, firm contracts.

PSV.

RRV

RRV – Rescue- and recovery vessel.
It covers security services, such as oil spill preparedness, fire protection and operation of rescue- and recovery vessels at the oil installations. Often specially built vessels, equipped with larger pickup boats, helipads and fire fighting equipment.

RRV.

SubSea

SubSea – vessels used for under water construction work, as well as for support for under water operations. Normally equipped with larger cranes, dynamic positioning system (DP), helipads and with a high degree of manning capacity. They are often being divided into the following categories:

- MPSV – Multi-purpose supply vessel. Larger PSV's, with extra equipment, adapted to different under water operations.
- OCV – Offshore construction vessel. Larger offshore construction vessels, normally equipped with large crane capacity and a larger deck area.
- DSV - Dive support vessel. A diving vessel, which, in addition to the crane capacity also has a diving system and a ROV (a remote controlled mini-submarine).

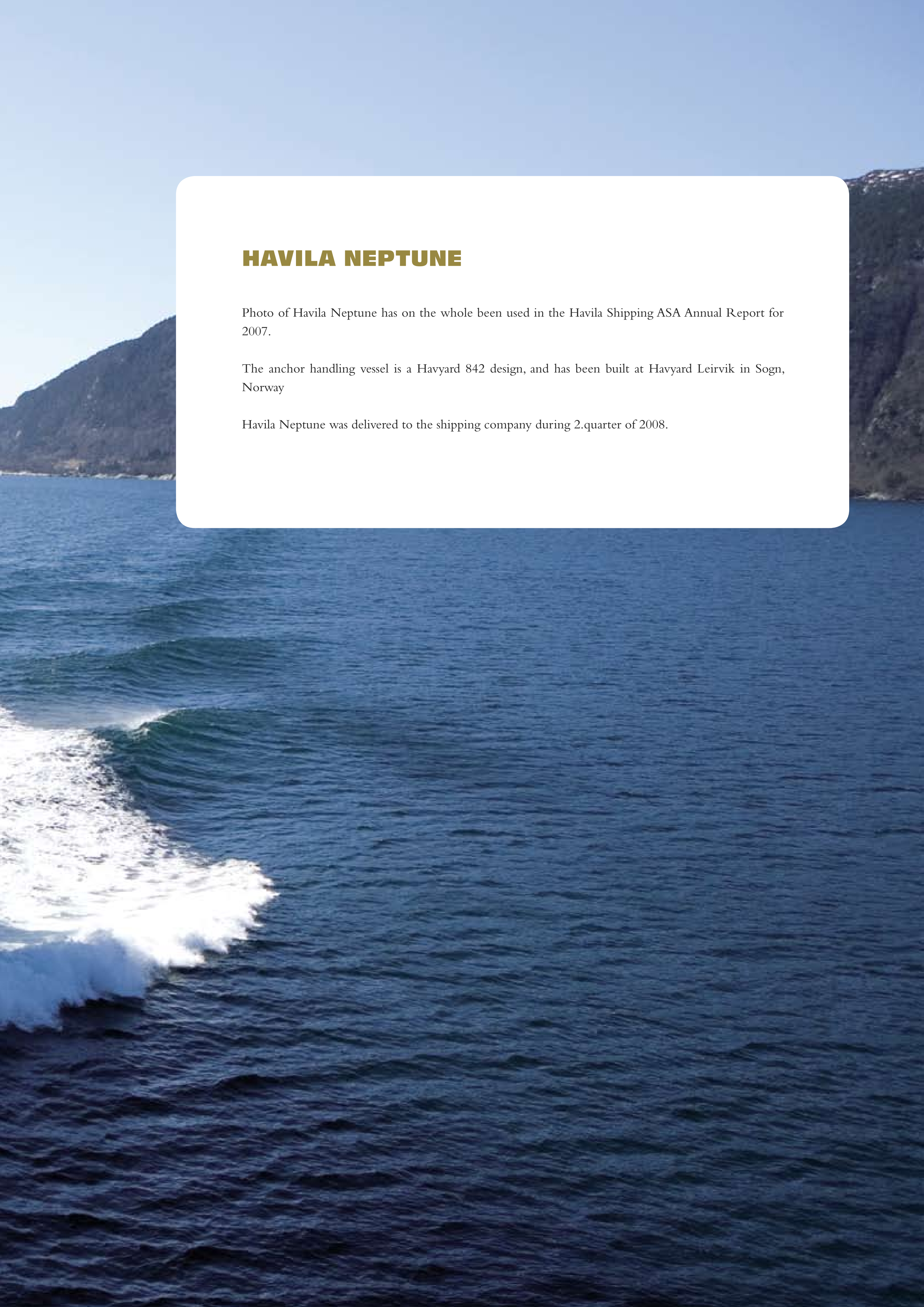
Subsea.

FLEET AND CONTRACT STATUS

	Building year	Design	2007 / 2008 / 2009 / 2010 -	Options
PSV				
Havila Foresight	2007	MT 6010	*Until July 2016*	*5x1 year*
Havila Favour	1999	VS 483		
Havila Faith	1998	VS 483		
Havila Fame	1995	LMG		
Havila Princess	2005	VS 470		*1 year*
Havila Fortress	1996	VS 483		*2x1 year*
Havila Herøy	2009	Havyard 832	*Delivery Q3 2009* / *Until Q3 2014*	*3x1 year*
Havila Fanø	2009	Havyard 832	*Delivery Q4 2009* / *Until Q4 2014*	*3x1 year*
RRV				
Havila Troll	2003	UT 527	*Until December 2013*	*3x2 years*
Havila Runde	1997	Kleven	*Until July 2011*	*2x1 year*
AHTS				
Havila Mars	2007	UT 786		*3x1 year*
Havila Mercury	2007	UT 786		*3x1 year*
Havila Saturn	2007	Havyard 842	Delivery Q1 2008	
Havila Neptune	2007	Havyard 842	Delivery Q1 2008	
Havila PACC TBN 1	2008	Focal Marine	Delivery Q2 2008	
Havila PACC TBN 2	2008	Focal Marine	Delivery Q3 2008	
Havila PACC TBN 3	2008	Focal Marine	Delivery Q1 2009	
Havila Venus	2009	Havyard 845	Delivery Q2 2009	
Havila Jupiter	2009	Havyard 845	Delivery Q4 2009	
SUBSEA				
Havila Harmony	2005/2007	MT 6010	*Until March 2012*	*2x1 year*
Havila Phoenix	2008	Havyard 858	Delivery Q3 2008 / Until 2018	*2x2 years*
Acergy Havila	2010	Havyard 858 DSV	Until 2020	*3x3+1 year*

Contract
Option
New building


IMO 9393400



HAVILA NEPTUNE

Photo of Havila Neptune has on the whole been used in the Havila Shipping ASA Annual Report for 2007.

The anchor handling vessel is a Havyard 842 design, and has been built at Havyard Leirvik in Sogn, Norway

Havila Neptune was delivered to the shipping company during 2.quarter of 2008.

Retur:

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Foto av Havila Neptune: Fuglefjellet. Trykk: Viketrykk

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