

NORDIC HEAVY LIFT ASA
Enterprise no. 990 919 321

BOARD OF DIRECTORS' 3rd QUARTER 2008 REPORT

Background

Nordic Heavy Lift ASA ("NHL") was established in January 2007 with the purpose to order a state-of-the-art 5,000 tonne heavy lift crane construction vessel for future offshore installation and construction work. The order was placed with the Sembawang Shipyard in Singapore. Sembawang has sub-contracted the hull fabrication with the Nantong Yahua Shipyard in China. The order for the 5,000 tonne mast crane was placed with Huisman in the Netherlands. The scheduled delivery date of the Vessel is end of 1st Quarter 2010.



Among the unique features of the Vessel are DP3 class, significantly improved speed; 13-14 knots, compared to most existing crane vessels with about half that speed and the largest crane of its kind. The Huisman crane and associated equipment will be specifically designed for deepwater lowering activities, which also include active heave compensation. In the event that future use should require pipelaying capability, the Vessel can be modified for either S-lay and J-lay operation.

Finance

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

Pre-tax net result in the 3rd Quarter amounted to USD 0.0 million and USD -0.9 million 2008 YTD (3rd Quarter 2007 USD 0.9 million and USD 1.6 million 2007 YTD), representing predominantly pre-delivery SG&A expenses, interest income and results

from re-measurement of fair values of financial instruments in accordance with IFRS accounting guidelines.

The Company had no operating revenues in the 3rd Quarter 2008. The Company's operating result in the 3rd Quarter 2008 amounted to USD -2.5 million and USD -3.7 million YTD. (3rd Quarter 2007 USD -0.2 million and USD -0.2 million 2007 YTD).

The Company's 3rd Quarter 2008 Financial Statements are enclosed hereto.

The Company's long-term interest bearing borrowings per 30 September 2008, with a nominal value of USD 115 million and a balance sheet (amortized cost) value of USD 112.3 million, represents a bond loan which the Company raised in May 2007. The bond was raised shortly after the Company raised USD 108 million of equity. The combination of bond and equity is considered to be sufficient funding until the end of the 2nd Quarter 2009 from which time the Company expects that it will start drawing upon conventional debt including possible state credit facilities and/or other debt instruments.

In previous reports the Company stated the progress in securing its required conventional debt.

However given the current volatility in the world financial markets, the efforts to obtain a conventional debt facility have been temporized.

The Company now aims to secure a debt facility in the first half year of 2009 in combination with a level of additional equity reflecting then the prevailing financial markets' requirements.

Apart from the risk of a potential financial loss to banks in light of the Company's deposits held (as a function of the growing uncertainty in the financial strength of financial institutes globally), which risk is carefully monitored and mitigated if required, there were no material risk factors identified in addition to those that were disclosed in the Financial Statements 2007.

Related party transactions amounted to about USD 1.0 million in the first nine months of 2008.

Construction Project Development

Sembawang Shipyard is progressing with the detailed construction and outfitting engineering which is now just over 50% complete.

The Company had good reasons to be confident that Sembawang Shipyard would be able to recover on the hull construction schedule. The Company has recently noted production improvement of the hull construction. Still, it appears to be a challenge for Sembawang Shipyard and its subcontractor Nantong Yahua Shipyard to deliver the vessel hull in Singapore as per the agreed master contract schedule.

The keel-laying of the Vessel has been re-scheduled by Sembawang Shipyard and Nantong Yahua Shipyard to November 2008. In September 2008, senior Company representatives had top level meetings with Sembawang at Nantong Yahua Shipyard to discuss the remedial actions required at Nantong Yahua Shipyard.

The Company has been reassured by Sembawang that maximum focus will be given to recover time lost, and that Nantong Yahua Shipyard will be able to deliver the vessel hull according to its contractual obligations. In an effort to achieve this milestone, Sembawang is providing additional resources at Nantong Yahua Shipyard.



Block blasting and coating at Nantong Yahua Shipyard

Senior representatives of the Company and Dyvi, as the Company's technical construction manager, frequently visit the yards to attend progress meetings with the yards' management and the Company's site teams.

As to the 5,000 tonne Huisman crane, the engineering, procurement and steel cutting is progressing satisfactory and according to schedule.



Mid ship section blocks at Nantong Yahua Shipyard

Corporate structure and organization

The manning of the Company's wholly owned subsidiary Nordic Heavy Lift Management BV in Rotterdam, The Netherlands is progressing as planned.

The management will be further strengthened with an Asset Manager and a Manager SHEQ (safety, health, environment, quality): Mr. Mike Houdijk (53) will join as Asset Manager as of early November 2008. He has previously worked with MPC Shipping and Allseas. Mr. Frank de Groot (50) will join as Manager SHEQ as of 1 December 2008. He has previously worked with Reliant Energy Europe and Heerema Marine Contractors.

The Company's wholly owned subsidiary Nordic Heavy Lift Shipowning Ltd. in Cyprus will manage and control the operations of the Vessel, the maritime and technical management of the Vessel will be subcontracted to Dyvi. Staffing of the Cyprus subsidiary is also in progress.

Market Conditions

Despite the recent fall in oil prices, the Company has not seen a corresponding drop in planned projects suitable for the Vessel. Utilization levels of major offshore construction equipment for 2010 and onwards are expected to remain high. The market conditions in the sector in which NHL will be active are expected to remain favourable. In light of this expectation, the Company is well positioned to secure work for the Vessel. This is underlined by the fact that the Company is discussing an increasing number of opportunities for the Vessel.

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Oslo, 29 October 2008
The Board of Directors of Nordic Heavy Lift ASA