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KISTEFOS AS

Annual Report 2005

Kistefos Private Equity
Kistefos Venture Capital
Kistefos Offshore
Kistefos Shipping

Contents

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This is Kistefos

Kistefos is a privately owned investment company headquartered at Aker Brygge in Oslo. The company is owned by Christen Sveaas and is under the leadership of Managing Director Åge Korsvold. The name Kistefos refers to Kistefossen in the river Randselven near Jevnaker, where Christen Sveaas' grandfather, Consul Anders Sveaas, established the wood-processing company A/S Kistefos Træsliberi in 1889.

The Kistefos Group consists of fully and partially owned industrial enterprises in the offshore, shipping and property development sectors, as well as strategic investment interests in various listed and unlisted companies, primarily in the fields of IT and telecommunications.

The Kistefos investment philosophy is based on long-term value creation through active ownership. By supplying a combination of capital, industrial and financial skills and professional business management, Kistefos seeks to lay the foundations for profitable growth in the companies. In most cases this principally involves a combination of strategic repositioning, an implementation of efficiency measures, a streamlining of financial structures and sector consolidation. Active ownership means that Kistefos on its own, or in a formalised collaborative effort with other shareholders, manages a controlling share in close collaboration with the companies' management and other shareholders.

Consul Anders Sveaas

Kistefos is organised into the following divisions:

Offshore & Shipping

Kistefos' offshore business is run through the wholly-owned subsidiary Viking Supply Ships AS, which owns the stand-by company Viking Offshore Services (Holdings) Ltd. (100%), the combined anchor handling and ice breaker company Trans Viking Offshore & Icebreaking AS (50%) and the barge company Viking Barge (97.5%). Kistefos also owns 19.5% of Trico Marine Services Inc., which is listed on the NASDAQ Stock Exchange. In shipping, the principal undertakings are the products tanker company Waterfront Shipping AS (100%) and the bulk shipper Western Bulk ASA (47.6%). As of March 2006, the Group's stake in Western Bulk ASA increased to 96.6%. Offshore & Shipping is Kistefos' industrial arm, actively working to promote growth in existing investments by renewal and development of fleets, sector consolidation through mergers and/or purchase of complimentary businesses.

Private Equity

The Private Equity division covers strategic proprietary positions in listed and unlisted companies, which have an established position in their respective markets. Kistefos makes a point of playing an active role in developing the potential of the companies in which it invests, particularly in the area of implementing strategic measures that can create new growth and increase profitability, such as operational or financial restructuring and/or sector consolidation. The company's principal investments are in the Norwegian IT company Ementor (16.9%), the global software company Atex Group Ltd. (53.9%), the Swedish software company Trio AB (28.0%) and the recently founded company Advanzia Bank S.A. (50.5%).

Industrial transactions have been made after the New Year both in Ementor and Trio, which will change and improve the companies' strategic positions and reduce our relative ownership share.

Venture Capital

Kistefos Venture Capital AS was established as a fully-owned subsidiary of Kistefos in 1997, while Christen Sveaas and his companies have been active partners for venture companies for more than 20 years.

The Venture Capital division focuses on early stage companies with technology and/or products with potential to obtain a leading position within their defined market segments. The portfolio today consists primarily of companies that have the commercial foundation for a stock market listing and/or industrial sale and companies that are in the process of establishing an attractive market position on the basis of a unique technology or commercial model. Kistefos seeks to apply its efforts and expertise as a professional and long-term owner and in partnership with the founders or other joint shareholders to play an active role in the operative, strategic and financial development of the companies.

Kistefos Venture Capital Fond I's portfolio has now largely been liquidated, and a decision has been made to invest NOK 300 million to establish a new fund, Fond II. This new fund will follow the same investment guidelines as those used in Fond I.

Other Businesses

For many years, Kistefos has been involved in the property development market through the company Borg Eiendomsselskap AS. Current investments involve two commercial properties and four residential housing development projects. This division also covers Kistefos' investments in various funds run by EQT, which is Scandinavia's leading private equity enterprise.

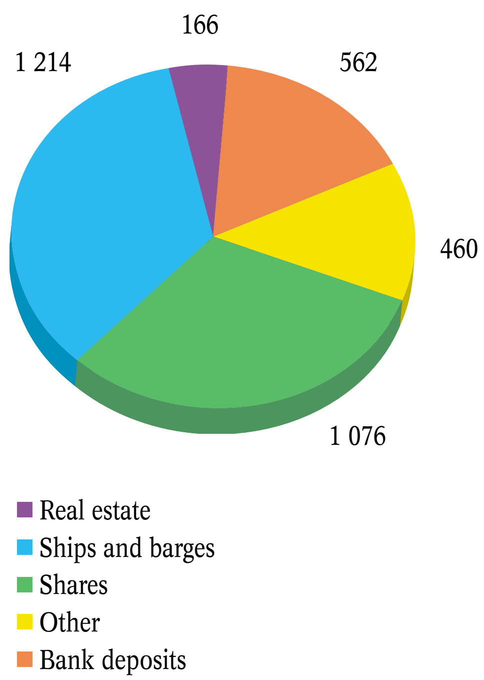
In December 2005, Kistefos entered into a 50/50 joint venture project with Forskningsparken in Oslo named SPRINGfondet, which is a seed capital fund that aims to contribute to developing promising new ideas and projects based on research carried out at Forskningsparken and associated environments in Norway. Kistefos AS has committed to invest NOK 25 million in SPRINGfondet.

Key Figures Group

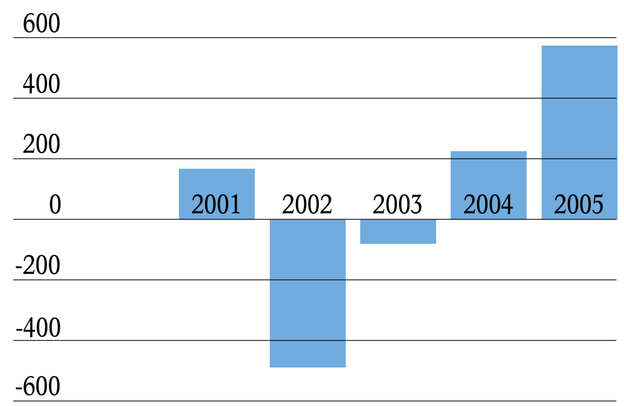
(MNOK)	2005	2004	2003	2002	2001
Profit and Loss Statement					
Operating income	1 602	1 267	913	821	1 302
Operating profit	486	320	146	108	502
Profit after taxes	587	238	(43)	(522)	174
Balance Sheet					
Fixed assets	1 502	2 286	1 996	2 837	3 625
Current assets	1 975	1 547	1 525	1 556	1 951
Equity	1 015	1 160	1 173	1 277	1 739
Long-term liabilities	2 199	2 500	2 249	2 815	3 631
Short-term liabilities	264	173	98	301	206
Total assets	3 477	3 833	3 521	4 393	5 576
Solvency					
Equity ratio (%)	29 %	30 %	33 %	29 %	31 %

Assets and book assets

MNOK



Annual profit the past 5 years



Main Events in 2005

The year 2005 has been a good year for Kistefos, with favourable markets supporting our principal segments Shipping and Offshore. Our bottom line has also benefited significantly from sales of activities in our investment portfolio, which has developed successfully over the past few years.

- Kistefos sold all four of its Panamax OBO vessels in March and July 2005. The sale of the vessels, which have provided great profits for Kistefos for many years, generated a gain totalling NOK 231 million.

- In March 2005, Kistefos announced its interest in the publicly listed American supply and offshore company Trico Marine Services Inc. During the year, Kistefos has increased its stake in the company to 19.5%.

- In August 2005, Viking Offshore Services (Holdings) Ltd. contracted for six standby vessels, and signed an option for an additional three. Delivery of the first vessel is expected in the fourth quarter of 2006. The total cost of the new building contracts is approximately NOK 400 million.

AHTS/Icebreaker Vidar Viking

- In April 2005, Kistefos Venture Capital rounded off a successful investment venture in Bankia Bank ASA by selling the entire bank to Santander Consumer Finance SA. The gain on the overall investment was NOK 50 million.

- I September 2005, Kistefos Venture Capital AS sold all of its shares in Catch Communications ASA for NOK 29 per share, which earned the company a total profit of NOK 228 million.

- Kistefos sold all of its shares in SecuriNet AS in September 2005. The investment was originally made in July 2004, and profit from the sale totalled NOK 55 mill.

- Kistefos concluded the housing project at Borghaven in 2005. Overall profit on the project at Borghaven was a total of NOK 24.8 million for the two years 2004 and 2005.

- The housing development project Mølletoppen at Sagveien consists of 108 apartments. As of 31 December 2005, all of the apartments in the first three phases (65 apartments) have been sold, and 3 apartments (out of a total of 43) in phase 4 have already been sold. The start of construction is planned for April 2006 and the hand-over will begin in June/July 2007.

- In December 2005, Kistefos AS and Forskningsparken AS in Oslo entered into a 50/50 joint venture project in which Kistefos will invest NOK 25 million in the venture capital fund SPRINGfondet.

Activities April 2006

Venture Capital	Private Equity	Offshore	Shipping	Other Businesses
Carrot Communications ASA	Atex Group Ltd.	Trans Viking Offshore & Icebreaking AS	Waterfront Shipping AS Product Tankers	Property
Global IP Sound AB	Trio/Teligent AB	Viking Offshore Services Ltd.	Western Bulk ASA Handymax bulk	EQT
Infront AS	Ementor ASA	Viking Barge KS Barge		SPRINGfondet
	Advanzia Bank S.A.	Trico Marine Services Inc.		

Comments from the Managing Director

Kistefos has maintained a successful pace in 2005 and can once again report a solid bottom line. The professional work carried out in our organisation and affiliated companies is having the desired effect, and market conditions for our industry have been quite favourable during the past year. Throughout 2005 we focussed on consolidating our investment portfolio, and a number of successful transactions were conducted.

In the shipping sector, Wabo's OBO fleet was sold, while Waterfront continues to control six Panamax product tankers through 2008 as a consequence of a sale/leaseback agreement entered into in 2003. In all, these two transactions represent a reduction in the amount of equity exposed to market fluctuations in the shipping industry.

As of March 2006, the ownership share in Western Bulk increased to 96.6%. Our plan is for this investment to serve as a platform for a renewed commitment to the shipping sector. In the offshore sector, very favourable market conditions continued throughout the year. It has become increasingly important to simplify and clearly define our organisation, and we are now carrying out a number of structural changes at Viking Supply Ships designed to solidify the company's long traditions, solid reputation and market position.

Western Muse

Efforts to streamline the organisation and structure in Viking Offshore Services is having the desired positive effect, and has resulted in new contracts to build six standby vessels and an option for an additional three vessels. Kistefos is seriously committed to being involved in the offshore industry, and the challenge will be to put in place the optimal organisation and structure to capitalise on the opportunities offered in this sector in the years ahead.

The management at Kistefos is firmly behind our diversification policy that divides the company's portfolio into two areas: the shipping and offshore sector with its fluctuating cycles and financing methods on the one side, and the private equity and venture capital sector with its unique challenges on the other. This structure has worked well through various market cycles, and the dichotomy will therefore be maintained.

In the past year, several of our successful venture capital/private equity investments were sold. The time is now right to take advantage of new investment opportunities in these two asset classes.

On the one side we have sold holdings in companies such as SecuriNet, Bankia Bank and Catch Communications, while we early in 2006 took steps to reduce our shareholdings in companies such as Ementor and Trio. In both of these last-mentioned cases, Kistefos has contributed to creating a new industrial structure that should help create stronger companies, and is therefore in the best interests of employees, customers and shareholders. At the same time, we have worked actively to obtain a leading position in Advanzia Bank, which has been granted a bank license in Luxembourg and will offer free-of-charge credit cards in Germany. A total of NOK 300 million has also been committed to a new investment fund, Fond II, which will be run on the same investment principles as those used to manage Fond I.

Another important decision has been to join together with the research facility Forskningsparken, based at the University of Oslo, to invest in the investment fund SPRINGfondet. The two last-mentioned initiatives will bring Kistefos into various early-phase projects with strong technological platforms. Although the investments are high-risk, they are the type of investments that yield attractive returns if successful, and Kistefos has an excellent track record in working with precisely this type of high-return investments. Instead of focusing on more traditional projects where we have to compete with other private equity-oriented investors on price, and where the competition is quite fierce, we believe that the time is right to make dynamic changes to the portfolio.

Last, but not least, we still have a major ownership role in Atex and GIPS, which have been part of Kistefos' portfolio the past 10 years (Atex) and 7 years (GIPS), and that we still believe have strong growth potential. Atex has been through a classic turn-around operation during the past years, but is now proving itself as a profitable and competitive company with a promising future. The company supplies systems to the newspaper industry, where many companies are making new software investments as a result of the major structural changes taking place in the market in the wake of the Internet revolution. At GIPS, one is beginning to see the results of many years' dedicated and competent efforts. The company develops software solutions that improve the sound quality of speech and telephony via the Internet and other computer networks (VoIP), which is a rapidly expanding market. The agreements the company has entered into with leading net portals such as Google, AOL and Yahoo in 2005 are evidence of GIPS' role as a market leader in this high-tech field. We therefore expect that the company has significant growth potential, even though a number of commercial challenges may remain.

Kistefos now has a well-balanced portfolio with a range of interesting investment prospects spanning across a wide range of areas, and that in sum represent a diversified and promising basis on which to further develop the company's potential.

The Group is involved in various markets, various technologies and various management groups, both in relation to new and exciting -- as well as proven and reliable -- business models. But most importantly, the portfolio companies now have highly professional and motivated leader groups. The common thread for all the companies in our portfolio is that they need active support from their main shareholder to realise their potential, and this is precisely the role that Kistefos intends to play in the years ahead.

Managing Director
Åge Korsvold

A solid year is behind us, in which the company's annual profits increased by NOK 349 million - from NOK 238 million in 2004 to NOK 587 million in 2005. Strong markets within the Group's main business segments - in combination with the strategic and well-timed sale of assets and shares – helped generate this favourable profit figure.

The activity in the Group has increased in recent years, thus the manning in Kistefos AS has increased in 2005 to handle this.

Profit and financial situation

The Kistefos Group increased operating income by NOK 335 million from NOK 1.267 million in 2004 to NOK 1.602 million in 2005. The increase is due to gains from the sale of vessels totalling NOK 233 million, compared to NOK 3 million in 2004, an increase in freight revenues from the shipping and offshore business totalling NOK 88 million and a net change in other operating income totalling NOK 17 million. Operating profit increased by NOK 166 million, from NOK 320 million in 2004 to NOK 486 million in 2005. In terms of finances, the final result improved by NOK 219 million from a loss of 81 million in 2004 to NOK 138 million in 2005. The change is due to writedowns on shares in 2005 compared to 2004 totalling NOK 282 million and gains from the sale of shares totalling NOK 2 million from NOK 295 million in 2004 to NOK 297 million in 2005. Other changes in financial items totalled NOK -65 million, which is primarily due to the net effect of currency gains/ losses and interest payments. The Kistefos Group's pre-tax profit increased from NOK 239 million in 2004 to NOK 624 million in 2005. The Group's taxes in 2005 totalled NOK 36 million, which is NOK 34 million higher compared to 2004.

Shareholder equity in the Kistefos Group was NOK 1.015 million, which corresponds to an equity ratio of 29% of total assets, and is at about the same level as in 2004. The share capital was written down by NOK 444 million in 2005, however, and of this amount NOK 440 million has been converted to a loan. The company paid NOK 320 million in dividends in 2005. The Group's cash holdings at the end of the year totalled NOK 562 million, which is an increase of NOK 116 compared to 2004. The Group's debt was reduced by NOK 211 million in 2005, and the company's solidity and cash position is sound.

Gains on investments

The Group posted gains from sale of vessels totalling NOK 233 million in 2005 and gains from sale of shares for a total of NOK 314 million, while losses from the sale of shares totalled NOK 17 million. Included in the sale of fixed assets is the sale of 4 Panamax OBOs in the subsidiary Waterfront Obo Carriers Inc. (Wabo Inc.). The ship sales took place in the first quarter 2005 (3 vessels) and third quarter 2005 (1 vessel), respectively. The gain from the sale of shares is primarily related to the sale of shares in Catch Communications ASA (23.9%), Bankia Bank ASA (16.4%) and SecuriNet AS (60%).

Investments

In 2005, Kistefos increased its shareholding in the supply and offshore company Trico Marine Services Inc. to 19.5%, for a total cost of NOK 356 million. The company is listed on the NASDAQ Stock Exchange. Kistefos also invested a total of NOK 86.5 million in a new bank concept oriented toward the German credit card market, Advanzia Bank S.A.

In May 2005, the Atex Group Ltd. held a targeted share issue in which Kistefos acquired shares totalling USD 7.5 million. Kistefos AS now owns 53.9% of the ordinary shares in Atex, and, with the options the company has, the actual ownership share is 57.8%. The book cost for the shares, including the preferred shares, totals NOK 106 million. In June the investment was followed up by further capital increase in Trio AB. Kistefos spent SEK 53 million in connection with a targeted share issue in the company, raising its shareholding to 28%. The book value for the shares in Trio is NOK 48 million.

Kistefos and Forskningsparken formed a 50/50 joint venture in 2005 designed to capitalise on new ideas and projects generated in the research environment at Forskningsparken in Oslo and associated environments in Norway. The collaborative effort established a venture capital fund totalling NOK 50 million – SPRINGfondet – to which Kistefos has committed NOK 25 million.

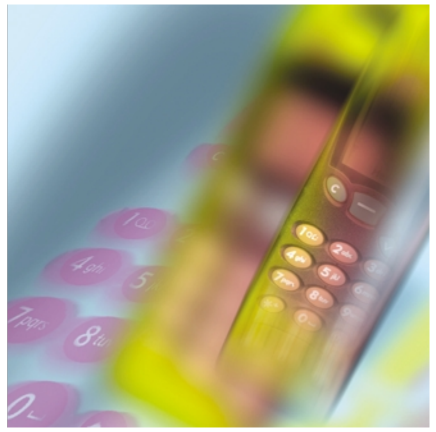
Principal holdings

Advanzia Bank S.A. (50.5%)

Advanzia Bank S.A. was established as a Luxembourg company in July 2005 and was granted a bank license in December 2005. The company's main office is in Munsbach, Luxembourg, and the company's business concept is to offer free-of-charge credit cards in Germany. The start-up of the business was scheduled for mid 2006.

Ementor ASA (16.9%; 8.5% as of April 2006)

Mr. Jo Lunder became the new Managing Director of Ementor in February 2005, after Dag Sørsdahl from Kistefos who had been temporary managing director of Ementor since the fourth quarter in 2004. The new Managing Director, combined with other managerial changes, represented the start of a comprehensive restructuring program aimed at obtaining a more focussed and more financially solid company. In September, Ementor announced the sale of Ementor Finland Oy, and in October the company advertised the sale of the company's outsourcing business in Norway and Sweden to ErgoGroup. In January 2006, the company advertised the sale of its Norwegian consultancy business Avenir to AS EDB. At the same time, Ementor also carried out a restructuring process in their Danish organisation, but without selling any important subsidiaries. After having carried out this program, Ementor is now in the process of completing an extensive restructuring process. Turnover for the year totalled NOK 3.483 million, compared to NOK 4.041 in 2004. The company posted a loss of NOK 219.3 million in 2005, compared to a loss of NOK 148.3 million in 2004. In February 2006, Ementor advertised that the company would merge with Topnordic AS, which has a similar leading position in the Danish market as Ementor has in Norway. The industrial transaction was finalised 8 March 2006, and is expected to significantly strengthen the merged company's market position. As a result of this transaction, Kistefos' ownership share was halved.



Atex Group Ltd. (53.9%)

In 2005, Atex implemented a comprehensive restructuring plan and floated a share issue, and is now poised for growth. The company has adopted a new product strategy and, in line with this new strategy, acquired a 49% stake in the American company Mediaspectrum Inc. By working closely with Mediaspectrum Inc., Atex will be better able to build user-friendly and market-oriented web-based solutions on Atex program platforms. Atex seems to have the largest installed base of such programs for the newspaper industry in the world.

The company delivered a positive pre-tax result in 2004/2005 at USD 4.2 million, which is a significant improvement from the pre-tax loss posted in 2003/2004 of USD 20 million. In the first half of 2005/2006, Atex posted sales figures amounting to USD 22.8 million, with a pre-tax profit of USD 1.9 million.

Trio AB (28.0%)

Trio develops advanced customer service systems for permanent/IP and mobile telephony. Among the customers are cell phone operators oriented toward mid-sized and large companies. Trio has operations in Sweden, Finland, Norway and Denmark. The company's operating income totalled SEK 130.2 million in 2005, up SEK 11.8 million from 2004.

The company's operating profit improved to SEK 1.2 million in 2005, compared to a loss of SEK 2.9 million in 2004. In February 2006, Teligent AB submitted a bid for all the shares in Trio, in which the purchase would to be paid in Teligent shares. Kistefos has committed to supporting the transaction and will receive an ownership share of 8.1% in the merged company.

Global IP Sound AB (32.6%)
Global IP Sound (GIPS) develops software solutions that improve the sound quality of speech and telephony via the Internet and other computer networks (VoIP). In 2005, GIPS continued to develop its products technologically and worked actively to promote its products in the American, European and Asian markets. In 2005, the company entered into a number of agreements with several leading American net portals, such as Google, AOL and Yahoo. These agreements have strengthened the company's leading position in the field of VoIP solutions. In June, the company raised SEK 47.9 million in new financing through a targeted placement in order to further develop the company's products and expand into new markets.

Sales for the year totalled SEK 66.1 million, which represents a growth of 142% since 2004. The company's operating profit ended at SEK 12.9 million, compared to a loss of SEK 7.3 million in 2004.


Balder Viking

Trans Viking Offshore & Icebreaking AS (50%)
Viking Supply Ships Rederi AS, which is a fully-owned subsidiary of Viking Supply Ships AS, is participating in a 50/50 joint venture (Trans Viking Offshore & Icebreaking AS) with the listed Swedish shipping company AB Transatlantic. The year 2005 was a strong year in the supply vessel business and the company's three anchor handlers delivered excellent results. Earnings and capacity utilisation were high throughout the year. Sales for 2005 (consolidated 50% share) totalled NOK 134 million, which represents an increase of 97% compared to 2004. The company's operating profit ended at NOK 84 million, compared to NOK 21 million in 2004.

Viking Offshore Services Ltd (100%)
After the purchase of the remaining 50% in the standby company BUE Viking Ltd. in 2004, top priority has been given to generate a plan for the long-term development of the company. The company changed its name in 2005 to Viking Offshore Services Ltd, and a refinancing package was finalised in August 2005, as was the financing for a fleet renewal program for six new standby vessels (with an option for an additional three vessels). All the vessels will be built at the Spanish shipyard Astilleros Zamakona Shipyard in Bilbao, and the first vessel is expected to be delivered in the fourth quarter 2006.

Rates and capacity utilisation of the company's standby vessel has improved in 2005. Operating income in 2005 was NOK 495 million, compared to NOK 347 million in 2004, and the company's operating profit totalled NOK 45 million in 2005, compared to NOK 2.4 million in 2004.

Waterfront Shipping AS (100%)
Waterfront Shipping AS operates six Panamax product tankers under a bareboat charter agreement and the ships sail in the Torm LR1 pool. Both rates and capacity utilisation in 2005 have been solid and the average rate per day was USD 30.971, compared to USD 26.394 in 2004. In November 2003, Waterfront signed an agreement with the Greek shipping company Prime Marine to sell the fleet with a 5-year bareboat charter agreement, and a profit split of 60-40% in favour of Waterfront for rates higher than USD 16 000 per day. The company's operating income in 2005 was USD 62.9 million, compared to USD 53.8 million in 2004, and the company's operating profit in 2005 totalled USD 14.8 million, which is an increase of USD 4.7 million compared to 2004.

Western Bulk ASA
(47.6%; 96.6% as of March 2006)
Western Bulk is a leading actor in the dry bulk shipping segment and has specialised in the operation of Handysize, Handymax and Panamax bulk carriers. The company's operating profit in 2005 totalled USD 3.7 million, which is USD 9.4 million lower than the year before. The result is not satisfactory, since this figure also includes a gain on the sale of vessels totalling USD 14.9 million. Among the reasons for the lower profit figure was the signing of a long-term contract before the market rose in 2003 and losses as a result of contract breach on the part of business partners.

Trico Marine Services Inc. (19.5%)
In 2005, Kistefos AS increased its holding of shares to 19.5% in the supply and offshore company Trico Marine Services Inc. The company operates a wide range of supply and offshore vessels that operate in the Gulf of Mexico, the North Sea, West Africa and Latin America. Trico posted sales of USD 182.3 million and an EBITDA totalling USD 61.8 million in 2005, which is USD 69.8 million and USD 46.8 million, respectively, higher than in 2004.

Housing development projects
In recent years, Kistefos has been active in the property market through the company Borg Eiendomsselskap AS. The year 2003 marked the start of construction at Borggaten 7, where 140 apartments were erected in a four-phase development project. Phases 1 and 2 were carried out in 2004, and the transfer of phases 3 and 4 were completed in 2005. The company started a new project in Sagveien in 2005 with the name Mølletoppen. The project is located close to the Akerselven river, and consists of 108 apartments. All 65 of the apartments in the three first phases have been sold and three apartments (out of a total of 43) from phase four are already sold. Through Borg Eiendomsselskap, Kistefos is planning three building projects in Oslo together with Scandinavian Development at the addresses Underhaugsveien 15, Borggaten 7 and Gyldenløvesgate 15. The company also owns commercial rental properties in Borggaten 7 and Sagveien 17, as well as an approximately 80-acre lot with potential for housing development.

EQT
Kistefos has invested in the funds EQT II, EQT III and EQT IV. In 2005, NOK 56 million was paid out from these funds to Kistefos. Gains from EQT II and EQT III are also anticipated in 2006, while additional investments are expected for EQT IV.

Allocation of profit for year and other equity capital transactions
All the shares in Kistefos AS are held by companies indirectly owned by Christen Sveaas. The accounts are presented under the assumption of continued operations. In 2005, equity capital was written down by NOK 444 million and converted to a liable loan totalling NOK 440 million. The parent company, Kistefos AS, posted a profit of NOK 522 million in 2005, compared to NOK 202 million in 2004. The Board recommends that no dividend be paid in 2005.

The Board has proposed the following allotments:

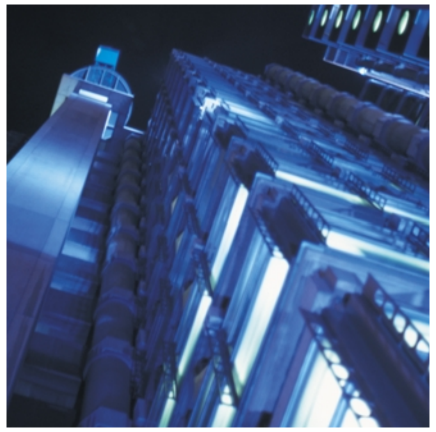
Transferred to other equity	MNOK 522
Total allocation of result for the year	MNOK 522

Organisation and environment

The Kistefos Group, including fully-owned subsidiaries, had at the start of the year 1 781 employees, which represents an increase of 148 employees compared to 2004. The company's headquarters are in Oslo. The number of persons employed in Kistefos AS increased by four the past year, so that there are now 18 persons working in the parent company.

The work environment in the company is good. Absence due to illness is low, and there has been no need to implement any special work-environment measures. The parent company and the Group seek to achieve a balanced distribution between the sexes in all functions. No injuries or accidents have been reported in 2005.

Even though the businesses run by Kistefos do not pollute the environment to any extent, the Group is involved in a number of activities that are potential sources of pollution. The individual Boards of these companies are responsible for ensuring that their businesses are run safely and in line with the guidelines that apply in order to prevent and limit any potential environmental pollution.



Active private ownership

Kistefos considers active and long-term ownership to be an important part of its investment strategy. Experience over many years has provided valuable insight into, and understanding of, important ownership processes.

The primary objective is to use experience and expertise to manage value-generating processes that will ensure economically sound operations, where assets can be sold over a period of time to enable expansion in other areas. This process often takes a long time and in many cases much longer than one had anticipated. The company this past year has been able to reap the rewards of having invested considerable effort and patience over many years, and will continue the strategy of active long-term ownership, as this will be a key factor in helping a number of companies to set and reach ambitious goals.

Strategy and outlook

The year 2005 has been yet another excellent year for the stock market in Norway, with a 41% growth in the main index through the year, which is significantly stronger than more prominent international markets. Among the reasons behind this favourable development are the high oil prices and the low interest rates. The past years' strong market upturn will, however, set the stage for corrections in the economy and may threaten market conditions and growth prospects in the near future. We still believe that there will be excellent investment opportunities ahead and opportunities to implement structural improvements in many of Kistefos' portfolio companies.

A higher rate of investment and business activity in the North Sea in 2005 has already improved the general market conditions for the industry and exerted a positive impact on the rate level and capacity utilisation when it comes to our standby vessels and our modern anchor handlers. We anticipate a continuation of the high oil prices and generally stable market conditions in 2006, even though overall profit may prove to be lower than in 2005 due to potential overcapacity pressure on prices.

The market for our Panamax product tankers is anticipated to be good, but new ships are expected to enter the market and increase pressure on prices, so we may have to accept a somewhat lower rate level in 2006 than in 2005.

We expect even higher profits from the portfolio in Kistefos Venture Capital (KVC) Fond I, which has already performed well. At the end of 2005, there are three significant investments left in the portfolio: GIPS, Carrot Communications and Infront. While these investments will continue to be managed for maximum value creation, a new fund has been established, Kistefos Venture Capital Fond II, with a total capital base of NOK 300 million.
In the area of property development, the low interest rate and high employment rate in the Oslo area is expected to guarantee solid sales of the planned apartment projects.

Overall we anticipate that there will be fewer gains on sales of investments in 2006 compared to 2005, as well as a somewhat lower net income from operations.
We therefore expect a substantially lower profit figure in 2006 than in 2005.

Oslo, 28 March 2006

Christen Sveaas	Erik Wahlstrøm	Christian Thommessen	Erik Jebsen	Åge Korsvold
Executive Chairman				*Managing Director*

Profit and loss statement

Parent company 2004	Parent company 2005	(Amounts in NOK 1 000)	Note	Group 2005	Group 2004	Group 2003
		Operating income				
0	0	Freight revenues, ships and barges	1	1 229 884	1 141 880	886 576
0	0	Gain on disposal of fixed assets	1	233 249	3 447	0
1 282	520	Other operating income	1	139 143	121 595	26 202
1 282	**520**	**Total operating income**		**1 602 276**	**1 266 922**	**912 778**
		Operating expenses				
28 668	37 582	Wages and salaries	4.5	74 679	46 591	34 882
0	0	Operating expenses, ships and barges	2	734 655	648 477	434 560
0	0	Operating expenses, real estate		3 908	9 566	6 996
1 261	1 740	Depreciation of fixed assets	6	119 542	106 329	133 481
0	0	Loss in disposed ships		0	0	102 344
29 897	30 678	Other operating expenses		183 585	136 024	54 501
59 826	**70 000**	**Total operating expenses**		**1 116 370**	**946 987**	**766 764**
(58 544)	**(69 480)**	**Operating result**		**485 906**	**319 935**	**146 014**
		Financial income and expenses				
192 030	712 682	Income from investments in subsidiaries	7	0	0	0
0	0	Income from investments in associated companies	8	154	1 632	2 246
19 173	19 417	Interest received from group companies		0	0	0
4 999	4 889	Other interest received		21 793	31 300	35 610
44 401	24 582	Gain on shares and other financial instruments		313 584	313 621	14 802
57 029	40 945	Other financial income	3	56 552	109 078	34 700
2 657	(57 166)	Change in value of shares and other financial instruments		(118 666)	(400 336)	84 826
(68 688)	(89 739)	Interest paid to group companies		0	0	0
(20 481)	(24 841)	Other interest expenses		(87 812)	(104 464)	(155 745)
(1 069)	(11 075)	Loss on shares and other financial instruments		(16 917)	(18 482)	(151 041)
(3 403)	(53 335)	Other financial expenses	3	(30 929)	(13 037)	(58 743)
226 648	**566 358**	**Operating result before taxes**		**137 760**	**(80 688)**	**(193 345)**
168 104	**496 878**	**Ordinært resultat før skattekostnad**		**623 665**	**239 247**	**(47 331)**
33 881	25 038	Taxes	13	(36 480)	(1 723)	4 206
201 985	**521 917**	**Result for year**		**587 186**	**237 524**	**(43 125)**
		Minority's share of profit for year	14	19 062	35 539	5 242
		Majority's share of profit for year		568 124	201 985	(48 367)
		Allocation of profit for year:				
(201 985)	(521 917)	Transferred to other equity				
(201 985)	**(521 917)**	**Allocation and transfers**				

Balance sheet

Parent company 2004	Parent company 2005	(Amounts in NOK 1 000)	Note	Group 2005	Group 2004	Group 2003
		Assets				
		Fixed assets				
20 200	0	Deferred tax assets	13	37 676	67 029	46 218
20 200	**0**	**Total intangible assets**		**37 676**	**67 029**	**46 218**
0	0	Real estate	6	165 748	161 287	113 990
0	0	Ships, standby	6	441 555	420 849	228 416
0	0	Ships, supply	6	622 998	648 426	417 078
0	0	Ships, other	6	52 126	392 530	459 713
0	0	Barges	6	96 986	104 634	125 276
8 144	8 206	Operating equipment, FF&E, machines, etc.	6	8 869	8 459	8 017
8 144	**8 206**	**Total tangible fixed assets**	**15**	**1 388 282**	**1 736 185**	**1 352 490**
2 283 126	2 778 822	Investments in subsidiaries	7	0	0	0
532 589	139 501	Investments in subsidiaries		0	0	0
0	0	Investments in associated companies	8	167	15	5 787
0	0	Restricted bank deposits	11	5 465	293 784	335 632
10 944	0	Subordinated loans	11	0	127 127	175 933
2 233	1 130	Other long-term receivables		70 551	61 902	79 741
2 828 892	**2 919 453**	**Total financial fixed assets**		**76 183**	**482 828**	**597 093**
2 857 236	**2 927 658**	**Total fixed assets**		**1 502 141**	**2 286 042**	**1 995 801**
		Current assets				
0	0	Construction projects		10 994	62 016	40 589
0	146	Accounts receivables		178 886	172 531	119 158
138 410	698 792	Receivables from group companies		0	0	0
75 303	56 155	Other receivables	10	147 578	235 795	50 125
213 713	**755 093**	**Total receivables**		**337 458**	**470 342**	**209 872**
281 255	749 758	Shares and other financial instruments	9	1 075 688	630 895	975 879
129 469	272 201	Bank deposits and cash	11	561 688	446 201	338 988
624 437	**1 777 052**	**Total current assets**		**1 974 834**	**1 547 438**	**1 524 739**
3 481 673	**4 704 710**	**Total assets**		**3 476 975**	**3 833 480**	**3 520 540**

Equity and liabilities

Parent company 2004	Parent company 2005	(Amounts in NOK 1 000)	Note	Group 2005	Group 2004	Group 2003
		Equity and liabilities				
		Equity				
		Restricted equity				
577 252	310 828	Share capital		310 828	577 252	577 252
		Retained earnings				
515 744	644 534	Other equity		644 534	515 744	550 208
		Minority interest	14	59 140	66 824	45 453
1 092 996	**955 362**	**Total equity**	**14**	**1 014 502**	**1 159 820**	**1 172 913**
		Liabilities				
0	440 000	Subordinated loans	12	440 000	0	0
600 000	600 000	Liabilities to financial institutions	12.15	1 379 352	1 997 107	1 951 460
1 765 174	2 615 546	Liabilities to group companies		0	0	0
4 264	63 559	Other long-term liabilities		379 221	503 081	297 945
2 369 438	**3 719 105**	**Total other long-term liabilities**		**2 198 573**	**2 500 188**	**2 249 405**
1 139	652	Creditors		28 090	20 770	13 201
1 773	14 431	Public duties payable		15 855	2 487	2 411
16 327	15 160	Other short-term liabilities		219 957	150 215	82 610
19 239	**30 242**	**Total short-term liabilities**		**263 901**	**173 472**	**98 222**
2 388 677	**3 749 347**	**Total liabilities**		**2 462 474**	**2 673 660**	**2 347 627**
3 481 673	**4 704 710**	**Total equity and liabilities**		**3 476 975**	**3 833 480**	**3 520 540**

Oslo, 28 March 2006

Board of Kistefos Kistefos AS

Christen Sveaas
Executive Chairman

Erik Wahlstrøm

Erik Jebsen

Christian Thommessen

Åge Korsvold
Managing Director

Cash flow statement

Parent company 2004	Parent company 2005	(Amounts in NOK 1 000)	Group 2005	Group 2004	Group 2003
		Cash flow from operations			
168 104	496 878	Profit before tax	623 665	239 247	(47 331)
1 261	1 740	Depreciations	119 542	106 329	133 481
0	0	Gain on disposal of fixed assets	(233 249)	0	0
0	0	Change in accounts, receivable	(6 355)	(53 373)	13 044
1 111	(487)	Change in trade creditors	7 320	7 569	3 854
(192 030)	(712 682)	Income from use of equity method	0	0	0
(2 657)	57 166	Change in value of shares and other financial instruments	118 666	400 336	(84 826)
(50 530)	30 639	Change in other receivables and other debt	222 348	(136 575)	77 027
(74 741)	**(126 746)**	**A = Net cash flow from operating activities**	**851 938**	**563 533**	**95 249**
		Cash flow from operations			
(1 984)	(1 801)	Reduction/ (increase) operating equipment, FF&E, machinery, etc.	(410)	(442)	1 814
0	0	Reduction/ (increase) ships	467 677	(453 789)	791 250
0	0	Reduction/ (increase) barges	(1 197)	11 504	5 374
0	0	Reduction/ (increase) buildings, land and other real estate	(4 461)	(47 297)	(15 525)
180 344	216 986	Reduction/ (increase) investments in subsidiaries/assoc. companies	(152)	5 772	333
(3 803)	(525 668)	Reduction/ (increase) shares and other financial instruments	(563 459)	(55 352)	33 008
0	0	Change in restricted bank deposits	288 319	41 848	(66 568)
(10 944)	10 944	Change in subordinated loans	127 127	48 806	14 307
527	1 103	Change in other investments	(8 649)	17 839	(64 909)
164 140	**(298 437)**	**B = Net cash flow from investments activities**	**304 795**	**(431 111)**	**699 084**
		Cash flow from financial activities			
0	(444 000)	Capital write downs	(444 000)	0	0
0	0	Increase/ (reduction) in liabilities to financial institutions	(617 755)	42 806	(769 963)
158 239	683 078	Increase/ (reduction) in liabilities and loans to group companies	0	0	0
3 979	499 295	Increase/ (reduction) other long-term liabilities	316 140	205 136	32 220
(150 000)	(320 000)	Distribution of dividend	(320 000)	(150 000)	0
12 218	**418 374**	**C = Net cash flow from financial activities**	**(1 065 615)**	**97 942**	**(737 743)**
		Other changes			
0	0	Change in minority interests	(26 746)	(14 168)	(26 921)
16 481	45 238	Change in profit tax against capitalized tax	(7 126)	(22 534)	3 828
(86 449)	104 304	Other changes, accounting principles, currency fluctuations	58 242	(86 449)	(7 118)
(69 968)	**149 542**	**D = Net other changes**	**24 370**	**(123 151)**	**(30 211)**
31 649	142 732	A + B + C + D = Net change bank deposit and cash	115 487	107 213	26 380
97 820	129 469	Bank deposits and cash as at 1 Jan.	446 201	338 988	312 608
129 469	**272 201**	**Bank deposits and cash as at 31 Dec.**	**561 688**	**446 201**	**338 988**

Accounting principles

The annual financial report is prepared according to the Norwegian Accounting Act and generally accepted accounting principles.

Consolidation principles
The consolidated accounts include the parent company Kistefos AS and other operations in which the company has a controlling interest, directly or indirectly, irrespective of form of organisation. The consolidated accounts are prepared according to the same accounting principles for the entire Group. Inter-company transactions, earnings, receivables and liabilities are eliminated. The cost price for shares and units in subsidiaries are eliminated in the Group accounts against the equity in the subsidiary at the time of establishment or purchase (purchase method). Excess value related to fixed assets are allocated in the Group accounts to the relevant fixed assets and depreciated over the anticipated lifetime of the assets. Excess value that cannot be identified with a tangible asset is classified as goodwill and depreciated.

When consolidating foreign subsidiaries, balance sheet items are translated at the balance day exchange rate. Profit/loss items are translated at the average exchange rate for the year. Translation differences are entered directly against Group equity.

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

The equity method of accounting is used for associated companies. Associated companies are companies in which Kistefos AS has considerable, but not controlling interest.

Investments in operations in which participants exercise joint control pursuant to agreement are accounted for by using the straight-line method of depreciation. Assets, liabilities, revenues and costs are included according to the percentage owned, due regard being taken to inter-company gains and added values/shortfall at time of purchase.
Minority interests are shown as a separate item in the profit and loss statement and balance sheet. The minority's share of profit is calculated on the basis of the subsidiary's profit after tax. In the balance sheet, minority interests are calculated as a share of the subsidiary's equity before inter-company eliminations.

Valuing and classifying assets and liabilities
Assets intended for ownership or use on a long-term basis are classified as fixed assets. Other assets are classified as current assets. Receivables due within one year are classified as current assets. The same criteria are applied when classifying short and long-term debt. Current assets are valued at the lower of acquisition cost and fair value. The first year's instalment on long-term liabilities is included in long-term liabilities.

Financial instruments
The processing of financial instruments in the accounts follows the intention behind the conclusion of the agreements. At the time of conclusion, the agreement is defined either as a hedge or as a trade agreement.

Assets and liabilities in foreign currency
Balance sheet items in foreign currency that are not hedged against fluctuations in exchange rates are valued at the exchanged rate on the balance sheet day. Balance sheet items in foreign currency that are hedged against exchange rate fluctuations by financial instruments are valued at the hedged rate. Balance sheet items in foreign currency that are hedged against each other are valued at the exchange rate on the balance sheet date.

Intangible assets
Intangible assets are entered in the balance sheet whenever they satisfy the criteria for such entry.

Tangible assets
Tangible assets are entered in the balance sheet at cost after deduction of accumulated accounting depreciations. Straight-line depreciation is applied and is based on an evaluation of the estimated remaining financial lifetime of the individual assets. FF&E in leased premises are depreciated over the term of the lease.

Writing down fixed assets
In cases where the remaining value (highest of utility value and sales value) of fixed assets is lower than book value, the asset should be written down to the remaining value. Write-downs are reversed if the basis for the write-down no longer exists.

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

Leasing
Certain Group subsidiaries have ships on long-term hire including purchase options in which the agreement is appraised as a financing scheme. The long-term hire contracts are processed as financial leasing, and the ships are classified as depreciable assets with the contra-entry of leasing debt. The interest element in the lease is included in the financial costs, and the capital element is processed as debt repayment. The entered leasing commitments are equivalent to the balance of the principal.

Shares and other financial instruments
Financially motivated investments in shares and other financial instruments are classified as current assets and valued according to the portfolio principle. The portfolio is managed and appraised collectively and the value is corrected if the total value is lower than acquisition cost. Shares with a lasting and permanent depreciation in value must be written down to actual value. Financial instruments are assessed at market value. Short-term investments in companies in which the Group owns more than 50% are not consolidated when the purpose of the investment is to dispose of all or parts of the specific investment after restructuring and development has been completed. This is in accordance with generally accepted accounting principles, which dictates that such investments are of a temporary nature and should therefore be included under current assets. Dividends received and other distributions of profits from these companies are recorded as financial revenues.

Receivables
Accounts receivables are entered at nominal value less provision for bad debt.

Stock of bunkers and other stocks
Bunkers and other stocks are entered in the balance sheet under other current assets. Stocks are valued at the lower of cost and market value.

Principles of earned income and accrued cost
Voyage-dependent income and costs in offshore and shipping business are accrued on the basis of duration of the voyage (number of days) before and after year-end. Freight revenues on bareboat basis are processed as freight revenues.

Cost of maintenance and classification (offshore)
Periodical maintenance and docking of ships is allocated and expensed over the period up to the next maintenance period. For deliveries of new ships, a share of the cost price is entered as periodical maintenance. Factual expenses for current maintenance are charged to operating profit whenever such maintenance takes place.

Pensions
Pension costs and pension obligations are estimated on the basis of linear earnings and assumptions of discount rate, future wage adjustments, pension and other payments from the national insurance fund, future return on pension funds and actuarial assumptions for deaths, voluntary resignation etc. Pension funds are valued at fair value and deducted from net pension liabilities in the balance sheet. Changes in the pension obligations due to changes in pension plans are recognized over the estimated average remaining service period. The same applies for estimated changes if the division exceeds 10% of the higher of pension obligations and pension plan assets.

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

Assumption of continued operations
The annual accounts are prepared under the assumption of continued operations.

Cash flow statement
The company uses the indirect cash flow model.

NOTE 1 – Operating income (Amounts in NOK 1 000)

	Group		
Freight income - offshore:	**2005**	**2004**	**2003**
Standby ships	494 720	347 355	232 408
Supply ships	211 473	69 336	56 305
Barges	24 741	19 618	19 271
Total offshore (incl. Trans Viking Offshore & Icebreaking AS - 50% basis)	**730 934**	**436 309**	**307 984**
Freight income - shipping			
Product tank and Panamax OBO	498 951	705 572	578 593
Total freight income ships and barges	**1 229 884**	**1 141 880**	**886 576**
Gains			
Gains from sale of fixed assets	233 249	3 447	0
Total gain on disposal of fixed assets	**233 249**	**3 447**	**0**
Other operating income:			
Lease income – real estate	15 269	17 436	16 717
Construction projects	122 060	85 360	0
Other income	1 814	18 799	9 485
Total other operating income	**139 143**	**121 595**	**26 202**

NOTE 2 – Operating expenses ships and barges

	Group		
Operating expenses - offshore:	**2005**	**2004**	**2003**
Crew expenses ships and barges	242 686	193 082	130 727
Hiring of standby ships	5 311	6 007	1 429
Other operating and maintenance expenses for ships and barges	147 956	69 648	57 868
Total operating expenses offshore (incl. Trans Viking Offshore & Icebreaking AS - 50% basis)	**395 954**	**268 737**	**190 024**
Operating expenses - shipping:			
Crew expenses ships	38 856	36 371	52 263
Other operating and maintenance expenses for ships	299 845	357 598	186 646
Total operating expenses shipping	**338 702**	**393 970**	**238 909**
Reversing allocations (Wabo Inc)	0	(14 229)	5 626
Total operating expenses ships and barges	**734 655**	**648 477**	**434 560**

NOTE 3 – Items consisting of consolidated amounts

	Parent company		Group		
	2005	**2004**	**2005**	**2004**	**2003**
Share dividends	30 603	39 696	37 014	39 733	5 029
Gains on foreign exchange	10 010	17 123	9 019	42 436	24 928
Other financial income	331	210	10 520	26 909	4 743
Total other financial income	**40 945**	**57 029**	**56 552**	**109 078**	**34 700**
	2005	**2004**	**2005**	**2004**	**2003**
Loss on foreign exchange	(53 208)	(423)	(26 216)	(7 634)	(28 928)
Other financial expenses	(127)	(2 980)	(4 710)	(5 404)	(29 816)
Total other financial expenses	**(53 335)**	**(3 403)**	**(30 929)**	**(13 037)**	**(58 743)**

NOTE 4 – Payroll expenses, number of employees, fees etc.

	Parent company		Group		
	2005	**2004**	**2005**	**2004**	**2003**
Payroll expenses, number of employees, fees etc.	28 817	23 513	59 555	38 531	26 807
National Insurance contributions	7 026	3 881	10 021	5 666	4 847
Pension costs	658	465	2 825	1 272	1 048
Other employee expenses	1 081	809	2 278	1 122	2 180
Total payroll expenses	**37 582**	**28 668**	**74 679**	**46 591**	**34 882**
Average number of employees	18	14	68	62	56
Average number of employees incl. crew	18	14	1004	1 072	999

Payroll expenses for crews are included in operating costs ships and barges.

Management remuneration:		
Chairman of the board:	NOK	0
Other director's fees:	NOK	750

The Managing Director received wages and other remuneration totalling NOK 3 000, in addition to a bonus of NOK 6 000 for the year 2005. He also received NOK 7 144, which is the discounted value of earlier allocated bonus for 2003 and 2004. Bonus is paid in connection with the renewal of the Managing Director's employment contract. The Managing Director has a bonus agreement based on performance, share price development, etc, in addition to a 12-month wage guarantee in case of termination of employment contract. Beyond the above-mentioned benefits to Managing Director and board members, there are not other agreements regarding bonus, pension, wage compensation upon termination of employment contract, share subscription rights or options.

Auditor's fees	**Parent company**	**Group**
Legally mandated audit	301	1 922
Other certification services	0	393
Assistance preparing annual report and tax papers, incl. tax advisory services	108	1 031
Other accounting services	359	581

NOTE 5 – Pension costs –funds and obligations

As of 31 December, the pension scheme covers a total of 17 (13) employees in the parent company and 24 (19) employees in the Group. The scheme provides for defined future benefits, which are primarily dependent on the number of work years, salary level achieved and benefits from the National Insurance Scheme. The collective pension agreement is financed through a fund organised by a life-insurance company. Net pension expenses are classified in their entirety as a wage expense in the accounts.

	Parent company		Group		
Composition of pension costs for year:	**2005**	**2004**	**2005**	**2004**	**2003**
Present value of the year's pension benefits	813	601	1 220	1 056	641
Interest expenses on accrued pension benefits	81	57	437	631	572
Anticipated return on pension funds	(120)	(97)	(559)	(798)	(749)
Amortization	0	(12)	0	161	(16)
Pension expenses for year/ (-income)	**774**	**549**	**1 098**	**1 050**	**448**
Pension funds/ (-obligations):	**2005**	**2004**	**2005**	**2004**	**2003**
Calculated pension obligations	2 367	1 529	10 044	11 688	9 123
Pension funds (at market value)	2 516	1 778	10 016	12 148	10 251
Non-amortized deviation in estimate	(123)	(385)	(490)	(223)	(888)
Net pension funds/ (-obligations)	**25**	**(138)**	**(518)**	**236**	**239**
Assumption on which calculations are based:					
Discounting rate	6.00 %	6.00 %	5 - 6 %	6.00 %	7.00 %
Anticipated return	7.00 %	7.00 %	6 - 7 %	7.00 %	8.00 %
Wage adjustment	3.30 %	3.30 %	3.30 %	3.30 %	3.30 %
Pension adjustment and adjustment of "G"	2.50 %	2.50 %	2.50 %	2.50 %	2.50 %

NOTE 6 – Tangible fixed assets

		Parent company	Group			
		FF&E, Machinery, etc	FF&E, machinery, etc	Ships Real .estate	Ships standby offshore	supply offshore
Cost	at 1 Jan.05	16 494	20 725	187 827	763 803	729 407
Other changes		0	0	0	2 323	0
Translation difference foreign exchange		0	0	0	717	0
Additions		1 803	2 422	7 696	76 369	3 976
Disposals		0	(411)	0	0	0
Cost	**at 31 Dec.05**	**18 298**	**22 736**	**195 523**	**843 213**	**733 383**
Accumulated depreciations	at 31 Dec.05	10 092	14 148	29 775	390 889	110 385
Accumulated write-downs	at 31 Dec.05	0	(284)	0	10 771	0
Net book value	**at 31 Dec.05**	**8 206**	**8 869**	**165 748**	**441 555**	**622 998**
Depreciation of year		**1 740**	**1 954**	**3 236**	**58 646**	**29 541**
Financial lifetime		5-10 years	5-10 years	50 years	32 years	20-25 years
Depreciation plan		Linear	Linear	Linear	Linear	Linear

			Barges offshore	Docking Leased ships	Leased ships shipping	Total Group
Cost	at 1 Jan.05		175 429	68 750	614 678	2 560 619
Other changes			0	0	0	2 323
Translation difference foreign exchange			0	0	0	717
Additions			1 196	52 322	0	143 980
Disposals			0	(32 991)	(614 678)	(648 079)
Cost	**at 31 Dec.05**		**176 625**	**88 081**	**0**	**2 059 561**
Accumulated depreciations	at 31 Dec.05		79 639	52 545	287 582	964 963
Accumulated write-downs	at 31 Dec.05		0	(16 593)	(287 582)	(293 688)
Net book value	**at 31 Dec.05**		**96 986**	**52 126**	**0**	**1 388 282**
Depreciation for year			**8 845**	**14 566**	**2 754**	**119 542**
Financial lifetime		20 years	3 years	25 years		
Depreciation plan		Linear	Linear	Linear		

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

Leasing contracts:
The parent company leases office premises at Aker Brygge. The lease runs for 10 years from 1 May 1998, with an option for an additional 5 + 5 years.

NOTE 7 – Investments in subsidiaries

Subsidiary companies are handled in the accounts according to the equity method, see below:

Company	Date of acquisition	Location	Share ownership/ voting rights
Aldebaran AS	(merger) 1999	Oslo	100.00 %
Borg Eiendomsselskap AS	(merger) 1999	Oslo	100.00 %
Kistefos International Equity AS	(merger) 1999	Oslo	100.00 %
Kistefos Venture Capital AS	(merger) 1999	Oslo	100.00 %
Kistefos Venture Partners AS	2000	Oslo	100.00 %
Oktant Invest AS	1993	Oslo	100.00 %
Oslo Tankers AS	(merger) 1999	Oslo	100.00 %
Skibs AS Aureus	(merger) 1999	Oslo	100.00 %
Viking Supply Ships AS	1998	Kristiansand	100.00 %
Waterfront OBO Carriers Inc. (Wabo Inc.)	1998	Bermuda	90.17 %
Waterfront Shipping AS	2000	Oslo	100.00 %

		Aldebaran AS	Borg Eiendoms-selskap AS	Kistefos Int. Equity AS	Kistefos Venture Capital AS	Oktant Invest AS
Acquisition cost		442 328	331 957	9 857	217 741	100
Book value of equity at time of purchase		442 328	198 409	9 857	217 741	0
Book value	at 1 Jan. 05	461 230	450 668	(107 369)	371 630	128 136
Share of profit for year		4 239	30 761	(68 493)	361 794	3 315
Other changes in course of year – balance sheet		0	450	0	42	(38)
Transfers to/ (from) the company		(14 281)	(79 752)	298 197	(100 000)	(43 224)
Book value	**at 31 Dec. 05**	**451 187**	**402 127**	**122 335**	**633 467**	**88 189**

		Oslo Tankers AS	Viking Supply Skips AS	Wabo Inc.	Waterfront Shipping AS	Other subsidiaries	Total
Acquisition cost		154 486	105 000	20 000	114 353	8 765	
Book value of equity at time of purchase		154 486	105 000	20 000	165 953	8 565	
Excess values/ (shortfall)		0	0	(16 060)	0	0	
Book value of VAT 2005				16 060			
Book value	at 1 Jan. 05	248 347	57 463	427 922	215 409	29 690	2 283 126
Share of profit for year		8 650	95 337	148 904	110 653	17 522	712 682
Other changes in course of year – balance sheet		(744)	1 658	54 170	55 937	(8)	111 467
Transfers to/ (from) the company		(102 499)	188 001	(163 049)	(275 101)	(36 745)	(328 453)
Book value	**at 31 Dec. 05**	**153 755**	**342 459**	**467 947**	**106 898**	**10 459**	**2 778 822**

NOTE 8 – Investments in associated companies (owned by group companies)

Company	Date of acquisition	Location	Share ownership/ voting rights
Trans Viking Offshore & Icebreaking AS	1998	Kristiansand	50.00 %
Gyldenløve 15 AS	2004	Oslo	50.00 %
Sagene Parkeringshus ANS	1996	Oslo	23.81 %
Tønnevold Reefer I KS	1995	Grimstad	20.00 %
Underhaugsveien 15 AS	2004	Oslo	50.00 %

		Sagene Park.hus ANS	Tønnevold Reefer I KS	Total
Acquisition cost		22	2 520	
Book value of equity at time of purchase		22	2 520	
Book value at 1 Jan.		169	0	169
Share of profit for year		154	0	154
Transfers to/ (from) the company		(157)	0	(157)
Book value	**at 31 Dec. 05**	**167**	**0**	**167**
Share of uncalled partnership capital		**0**	**0**	**0**

Kistefos Eiendom AS owns 50% of Underhaugsveien 15 AS and Gyldenløve 15 AS. Trans Viking Offshore & Icebreaking AS owns 50 % of Viking Supply Ships Rederi AS. The companies are handled according to the straight-line method of depreciation in the group accounts. Share of profit/loss and balance are incorporated for each individual line in the statement.

	Underhaugsveien 15 AS	Gyldenløve 15 AS	Trans Viking O & I AS
Share operating income	3 250	0	134 001
Share operating expenses	(734)	(41)	(50 011)
Share net financial expenses	(1 084)	(256)	(6 751)
Share tax	(401)	84	0
Share profit for the year	**1 031**	**(213)**	**77 239**
Share fixed assets	29 668	6 891	391 223
Share current assets	4 293	4 230	90 188
Total assets	**33 961**	**11 121**	**481 411**
Share other long-term liabilities	30 910	11 330	314 096
Share short-term liabilities	510	25	9 912
Total liabilities	**31 420**	**11 355**	**324 008**
Share equity	**2 542**	**(232)**	**157 403**

NOTE 9 – Shares and other financial instruments

Parent company	No. of shares	Share ownership(%)	Book value
EQT II, III and IV			88 345
Bryggen 2005 (Securinet Holding AS)*	166 576	100.00 %	50 042
Western Bulk Carriers Holding ASA	3 930 620	47.60 %	90 338
Advanzia Bank S.A.	57 790	50.50 %	86 478
Kistefos Partners AS*	100	100.00 %	5 016
Trico Marine Services Inc.	2 850 894	19.50 %	356 454
Financial instruments**			63 311
Other shares			9 774
Total shares and other financial instruments – Parent company			**749 758**

* Not consolidated due to temporary nature of ownership.

**Through a futures contract, the company has the right and obligation to acquire 7 214 463 shares in Ementor ASA at a price of NOK 35.40, and 27 247 771 shares at a price of NOK 1 3132, and 9 450 000 shares at a price of NOK 1.3164 and 20 538 495 shares at a price of NOK 1.3111. All futures are valued at current stock exchange rate: NOK 2.24 per share at 31.12.2005 and the result is reduced by the year's fall in share price totalling NOK 57.2 mill in 2005 (in 2004, loss of NOK 31.0 mill).

Kistefos International Equity AS	No. shares	Share-holding %	Book value
Atex Media Group Limited – ordinary shares	874 084	53.90 %	10 526
Atex Media Group Limited – preferred shares	8 133 853	73.80 %	95 358
Trio AB	25 136 980	26.20 %	48 066
Total shares and other financial instruments - Kistefos International Equity AS			**153 950**

Kistefos Venture Capital AS	No. shares	Share-ownership %	Book-fvalue
Carrot Communications ASA	10 010 120	35.40 %	45 893
CatalystOne AS	792 000 000	97.40 %	8 389
Global IP Sound AB	16 319 434	30.60 %	62 163
Global IP Sound AB options	45 000	18.00 %	35
Infront AS	364 500	17.20 %	4 068
Stochasto ASA	100 000	5.20 %	3 000
Other shares			11 316
Total shares and other financial instruments - Kistefos Venture Capital AS			**134 864**

Other companies in the Group	No. shares	Share-ownership %	Book-value
Carrot Communications ASA	618 279	2.2 %	2 972
CatalystOne AS	11 927 465	1.5 %	268
Global IP Sound AB	950 987	1.8 %	3 533
Global IP Sound AB options	2 795	1.1 %	2
Infront AS	22 644	1.1 %	253
Trio AB	1 783 761	1.9 %	4 880
Imarex ASA	300 000	4.3 %	19 683
Misc. shares			5 524
Total shares and other financial instruments- Other Group companies			**37 115**
Total shares and other financial instruments Group			**1 075 688**

NOTE 10 – Other receivables

	Parent company		**Group**		
	2005	**2004**	**2005**	**2004**	**2003**
Short-term loans to employees	1 832	6 284	1 832	6 284	524
Misc. short-term other receivables	54 323	69 019	145 746	229 511	49 601
Total other receivables	**56 155**	**75 303**	**147 578**	**235 795**	**50 125**

NOTE 11 - Bank deposits

	Parent company		**Group**		
	2005	**2004**	**2005**	**2004**	**2003**
Bank deposits, unrestricted	270 786	128 018	472 846	389 755	327 093
Bank deposits, restricted as security for leasing contract	0	0	20 926	0	5 351
Tax withholdings, restricted	898	943	1 376	1 218	1 521
Other restricted bank deposits	518	508	66 540	55 228	5 023
Total bank deposits and cash	**272 201**	**129 469**	**561 688**	**446 201**	**338 988**

Restricted bank deposits and mortgaged loans

Viking Supply Ships AS has restricted bank deposits totalling NOK 5 465 classified as fixed assets.

NOTE 12 – Long-term liabilities/mortgaged loan

Payments due later than 2010	
Group	289 330
Parent company	0

The liable loan totalling NOK 440 000 is due at the latest 31 December 2011. Interest is paid on the basis of 3 month Nibor + 1.25% margin. The loan has last priority after all other lenders/creditors.

NOTE 13 - Taxes

Specification of basis for taxes:	Parent company 2005	Parent company 2004	Group 2005	Group 2004	Group 2003
Change in deferred tax/deferred tax assets	20 200	(17 400)	29 353	(20 811)	(378)
Change in deferred tax due to inter-company contributions received	(45 238)	(16 482)	0	0	0
Other changes	0	0	7 126	22 534	(3 828)
Total tax expense/(-income)	**(25 038)**	**(33 881)**	**36 480**	**36 480**	**(4 206)**

Tax payable:	2005	2004
Ordinary pre-tax result	496 878	168 104
Permanent differences	1 838	1 232
Permanent differences, shares	13 056	33 530
Share of taxable profit in NOKUS companies	0	43 653
Change in temporary differences	(1 250)	197
Share of results re. investments in subsidiaries	(712 682)	(192 030)
Received/ (paid) Group contribution	161 565	58 865
Tax allowance brought forward	0	(113 551)
Basis for tax payable	**(40 594)**	**0**
Tax (28%)	0	0
Allocation of unused payment of dividends	0	0
Tax payable	**0**	**0**

Specification of basis for deferred taxes:	Parent company		Group		
Offsetting differences	**2005**	**2004**	**2005**	**2004**	**2003**
Temporary differences, receivables	0	0	50 774	(15 197)	(36 393)
Temporary differences, tangible assets	(1 773)	(2 196)	32 215	347 754	290 014
Temporary differences, gains account	0	0	259 981	9 282	5 755
Temporary differences, other	(25)	(138)	(23 909)	(150 411)	(206 460)
Total	**(1 798)**	**(2 334)**	**319 061**	**191 428**	**52 916**
Temporary differences, shares and financial instruments	0	0	0	0	157 032
Temporary differences, affiliated companies	0	0	(31 390)	(52 498)	59 499
Temporary differences, inter-Group transfers	0	0	5 984	5 984	0
Temporary differences, NOKUS companies, net	0	102 201	0	0	0
Temporary differences, unused compensation	(301 859)	(303 167)	(302 725)	(326 419)	(69 630)
Loss carry-forward for tax purposes	(462 564)	(424 667)	(1 244 736)	(1 415 454)	(1 572 167)
Basis deferred tax / (deferred tax asset)	**(766 221)**	**(627 967)**	**(1 253 806)**	**(1 596 959)**	**(1 372 350)**
Deferred tax / (deferred tax asset) (28%)	**(214 542)**	**(175 831)**	**(351 066)**	**(447 149)**	**(434 916)**
Deferred tax/ (tax asset) on book	**0**	**(20 200)**	**(37 676)**	**(67 029)**	**(46 218)**

Deferred tax carried forward is based on an assessment of likely future earnings.

The subsidiary group Viking Supply Ships Rederi AS is covered by the special tax regime for ship-owners. Deferred tax commitments within the ship-owner tax regime is set at zero and temporary differences (1 232 954 as of 31 Dec. 2005) have not been included in the specification above, as the company does not anticipate that the taxable income that these temporary differences represent will materialise in the foreseeable future; this assumption is based on the intention of maintaining the company's activities under the ship-owner tax regime.

NOTE 14 - Equity

Parent company	Share capital	Other equity	Total equity
At 1 Jan. 05	577 252	515 744	1 092 996
Capital write-down	(266 424)	(177 616)	(444 040)
Profit for year	0	521 917	521 917
Dividend	0	(320 000)	(320 000)
Other changes – translation difference	0	104 490	104 490
At 31 Dec. 05	**310 828**	**644 534**	**955 362**

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

Group	Share capital	Other equity	Minority-interest	Total equity
At 1 Jan. 05	577 252	515 744	66 824	1 159 820
Capital write-down	(266 424)	(177 616)		(444 040)
Profit for year	0	568 124	19 062	587 186
Changes in docking principle Waterfront	0	34 008	0	34 008
Dividend	0	(320 000)	0	(320 000)
Other changes – translation difference	0	24 273	(26 746)	(2 473)
At 31 Dec. 05	**310 828**	**644 534**	**59 140**	**1 014 502**

Minority interests are distributed as follows:	Profit/loss 1 Jan. 05 - 31 Dec. 05	Book value 2005
Subsidiary in Borg Eiendomsselskap AS	310	7 584
Subsidiary in Viking Supply Ships AS	236	594
Subsidiary in Wabo AS	18 516	50 962
Total minority interests	**19 062**	**59 140**

NOTE 15 - Mortgages and guarantee liability, etc.	Parent company		Group	
	Liabilities	Mortgage Book value	Mortgage liabilities	Book value
Debt and mortgaged book value:	600 000	1 486 050	1 379 352	1 850 265

Guarantees, etc.
Kistefos AS has provided a guarantee totalling NOK 30 million to the Swedish Maritime Authorities in connection with a 15-year ice-breaking contract for three anchor handlers owned by B&N Viking Offshore & Icebreaking AS.
Kistefos AS has issued a debtor's guarantee limited to NOK 25 million to DnB Bank in connection with the financing of barges owned by Viking Barge KS.

Securinet Holding AS changed its name to Bryggen 2005 AS and sold Securinet AS to Multicom AS. In connection with this sale, Kistefos AS has provided a guarantee for any eventual deficiency claims limited to approx. NOK 18.9 million.

Kistefos has provided a guarantee for Atex' supplier commitments to Trinity Mirror limited to approx. USD 4.3 million. Kistefos AS has provided a guarantee to Prime Marine Inc. totalling USD 10.0 million for any eventual obligations Waterfront may have for charter commitments.

Kistefos AS and Borg Eiendomsselskap have provided a guarantee – assuming jointly and several liability – for building loans and bank guarantees totalling approx. NOK 157 million to Nordea. The borrower is KS AS Sagveien 17.

NOTE 16 - Disputes
Linstow Eiendom AS has filed a lawsuit against Kistefos AS and Ole K. Karlsen Entreprenør AS for NOK 2.6 million in connection with water damage to offices adjacent to Kistefos AS. Linstow Eiendom AS filed the lawsuit against Kistefos AS at the Oslo courthouse. Kistefos AS has filed a recourse claim against the contractor Ole K. Karlsen. Oslo Courthouse issued a verdict stating that Ole K. Karlsen had overall responsibility for the water damage. The verdict has been appealed to Borgarting Court of Appeals, and the case is scheduled to begin in April 2006.

In 2004, the Oslo Tax Authorities concluded that for the income year 1998 the subsidiary Aldebaran AS had to record as additional income a total of NOK 235 million, which translates into a correctional tax amounting to NOK 60.8 million. The decision has been appealed. The Directorate of Taxes has granted a delay in paying the tax until a ruling has been reached on the appeal. Kistefos´ legal advisers believe that the decision is based on an incorrect interpretation of the law.

In 1998, a claim was made against Waterfront Shipping AS for SEK 24 million plus interest from the bankrupt Sollentuna Shipping AB, and a claim of SEK 25.2 million plus interest from the bankrupt Tureberg Chartering AB. The claims are linked to transactions supposedly made on behalf of the legal precursor to Waterfront Shipping AS' Gyda Shipping AS and other companies in 1994 before Waterfront Shipping AS was taken over by Kistefos. Waterfront Shipping AS has rejected the claims on advice of external attorneys, and for this reason no provisions for this have been made in the accounts.

NOTE 17 – Foreign exchange risk
The Kistefos Group has foreign exchange risks both through operations-related exposure and through translation of ownership shares in foreign enterprises.

a) Operations-related exposure
The Group is engaged in operations abroad and has exposure in foreign currency in its daily operations. The majority of the enterprises have both income and expenses in the same currency. In sum this exposure represents a relatively modest risk, and is not hedged. Long-term surplus liquidity will be transferred to the parent company to the extent that this is beneficial.

b) Foreign currency risk connected to the balance sheet
The Group´s accounts are prepared in Norwegian krone. Balance sheet risk arises when the subsidiaries´ balance sheets are converted from local currencies to Norwegian krone. The Group's debt is calculated based on the currency composition of the assets in the balance sheet. The Group has significant equity exposure in USD via its involvement in shipping and foreign private equity investments.

Director of Finance Niels Hodt

KJELSTRUP & WIGGEN AS
Statsautoriserte revisorer

NEXIA INTERNATIONAL

Ole F. Kjelstrup
Per-Henning Lie
Erik Olsen
Petter Røed
Paul G. M. Thomassen
Jon Wiggen

To the Annual Shareholders' Meeting of Kistefos AS

AUDITOR'S REPORT FOR 2005

We have audited the annual financial statements of the Kistefos AS as of 31 December 2005, showing a profit of NOK 521,917,000 for the parent company and a profit of NOK 587,186,000 for the group. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The annual financial statements comprise the parent company's financial statements and the group accounts. The parent company's financial statements comprise the balance sheet, the statements of income and cash flows and the accompanying notes. The group accounts comprise the balance sheet, the statements of income and cash flows and the accompanying notes. The rules of the Norwegian accounting act and good accounting practice in Norway have been applied to produce the financial statements. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on the other information according to the requirements of the Norwegian Act on Auditing and Auditors.

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

In our opinion,

- the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Company and of the Group as of December 31, 2005, and the results of its operations and its cash flows for the year then ended, in accordance with good accounting practice in Norway
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information in accordance with the law and good bookkeeping practice in Norway
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit are consistent with the financial statements and comply with the law and regulations.

Oslo, 29 March 2006
Kjelstrup & Wiggen AS

Translation, not to be signed

Per-Henning Lie
State Authorised Public Accountant (Norway)

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

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MEDLEMMER AV DEN NORSKE REVISORFORENING
MEDLEM AV NEXIA INTERNATIONAL

Ementor ASA
Atex Group Ltd.
Trio AB

The main focus of Kistefos Private Equity is on competitive mid-sized listed and unlisted companies based in the Nordic countries with strong management teams.

Kistefos' activities within this business area are based on active ownership, long-term commitment and close collaboration with all the owners. Active ownership refers to the active participation in, and collaboration with, the company's management. Through professional managerial expertise and independence, Kistefos Private Equity aims to be the preferred business partner to capitalise on the industrial and financial potential in promising companies. The main focus is on mid-sized, listed and unlisted companies based in the Nordic countries and with an international growth potential.

Kistefos is primarily interested in investing in companies that can participate in industrial sector consolidation or that can improve their competitive position and profits by restructuring the business. Kistefos also invests in companies that have a potential for growth and solid earnings by taking advantage of promising marketing strategies and/or other technological competitive advantages. The investment portfolio consists for the moment the following companies in the IT and communications technology sector: Ementor ASA, Atex Group Ltd. and Teligent AB; as well as a company in the financial services sector, Advanzia Bank S.A.

In 2005, Kistefos decided to participate in a market consolidation for alarm systems by selling the company SecuriNet AS to the Swedish company Multicom Security AB. The sale generated a gain of NOK 55 million. SecuriNet will from now on, together with Multicom, the management and the employees, stand stronger to meet the technological challenges facing this market segment.

Kistefos has invested a total of NOK 86.6 million (50.5% ownership share) in Advanzia Bank S.A., which is a recently established company offering free-of-charge credit cards in Germany ANS Luxembourg.

The company's investment strategy is based on the following criteria:

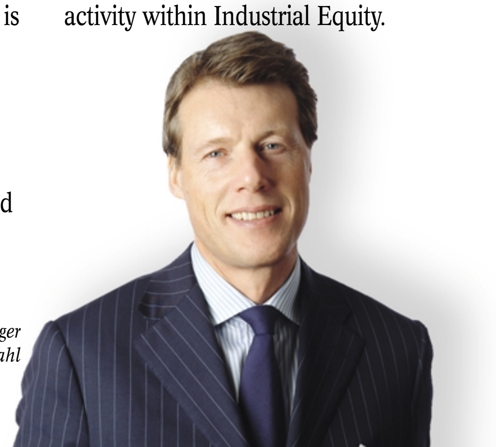
The investment objects must be Norwegian/Nordic-based companies, particularly with an international potential.

Kistefos works actively to offer an incentive program for the company's leading employees. For any investment that Kistefos makes, there must be a clear exit strategy. Kistefos is normally interested in having a 20-50% stake in Principal Equity and 50-100% in Industrial Equity. Kistefos' first equity capital investment is normally NOK 50-200 million. The target number of investments in the portfolio at any time is between 5 and 10, and such investments normally span 3-5 years, but may be held for a longer period if the industrial and financial potential is sufficiently promising. As a privately-owned investment company, we are not under the same pressure as other funds with external investors who often push for quick gains. However, if the yield targets are achieved faster than anticipated, then any gains from the investment can be converted earlier. Kistefos' core expertise is not sector specific, but linked to the professional application of sound ownership principles, as well as financial and strategic processes.

Many types of Principal Equity investments are possible, and the following principles apply for the investments in the various business areas:

Principal Equity: acquire strategic positions in listed businesses in order to secure influence. As a rule, this involves companies in which the assets have a value that is not reflected in the share price. The value of the shares can be lifted over time by taking an active role in managing the company, often as a collaboration partner for institutional and larger private investors, which normally are involved as passive owners. Kistefos' goal is to have one or two "Principal Equity" projects in the portfolio at any time.

Industrial Equity: acquisition of all or large parts of the company or division (listed and private), occasionally in collaboration with the management (MBO). The companies usually have a solid cash flow, which can contribute to boosting the performance of an investment (LBO). Kistefos Private Equity portfolio aims over time to have their main activity within Industrial Equity.



Investment Manager
Dag Sørsdahl

Ementor ASA

Strategic focus in 2005 laid the foundation for Ementor to become a leading company in Scandinavia in the field of IT infrastructure.

The company entered the year 2006 at a brisk pace in its core areas. With 1 693 employees, Ementor is one of Scandinavia's largest companies in the field of IT infrastructure. The company has 14 offices in Norway, Sweden and Denmark, and is listed on the Oslo Stock Exchange under the ticker EME.

In 2004 Ementor underwent an extensive restructuring process without being able to show a satisfactory profit development. As a result, significant changes were made to the company's executive management, and in early 2005 Jo Lunder took over as new Managing Director. Within the first six months, the executive management had devised a restructuring plan, which involved reducing the number of employees by 166 within the existing business structure and sharpening the focus on the company's geographic/strategic core sector, which is IT infrastructure.

In the course of 2005, the company has sold its operations in Finland and its outsourcing activities in Sweden and Norway. In the course of the past year, the company implemented an extensive staff reductions plan, and in January 2006 the consulting business Avenir in Norway was sold. The restructuring plan for Norway and Sweden is now fully implemented. Carsten Dilling was hired in March as Managing Director of Ementor Denmark, and a new executive management group was put in place in 2005 as well. There have also been staff reductions in Denmark during the year, and the negative profit trend here has now turned to the positive.

In 2005, Ementor had sales totalling NOK 3 483 million, compared to NOK 4 041 million in 2004. The reduction is primarily related to the sale of businesses. Sales in Norway in 2005 totalled NOK 2 113 million, in Sweden NOK 613 million and in Denmark NOK 843 million. There was an operating loss before depreciation and one-off items of NOK 98 million, compared to a profit of NOK 48 million in 2004. The end result after taxes totalled to a loss of NOK 153 million in 2005, compared to a loss of NOK 175 in 2004. As a publicly listed company, Ementor is subject to considerable attention from the press. The company's management and employees have dealt well with the media attention during the comprehensive restructuring process, and the company has now laid the basis to become a leading company in Scandinavia in the field of IT infrastructure. The company has good momentum and focus on its core business entering into 2006, and we anticipate a positive development in all of Ementor's geographical markets.

On 2 February 2006, Ementor announced that the company would merge with the Danish company Topnordic A/S, and thus create the largest supplier of infrastructure products and services in the Nordic countries. The merger was finally approved in a General Meeting on 9 March 2006. The merged Group represents a strong platform for future grown and consolidation of the Nordic IT infrastructure product and system market.

In Norway, the new company will operate under the Ementor name and via a merger the Ementor group will gain a strong financial position. Jo Lunder will continue in his post as Managing Director for the merged company.

Kistefos was represented on the board by Åge Korsvold as chairman and Dag Sørsdahl in 2005. After the merger with Topnordic, Kistefos' representatives withdrew from the board.

See also www.ementor.no

Financial results

MNOK	**2005**	**2004**
Operating income	3 482.5	4 041.4
Operating profit/loss (EBIT)	-219.3	-148.3
Result after tax	-153.0	-175.0
Total assets	1 727.2	2 131.6
Equity on book	86.5	238.3
No. of employees	1 693	1 859
Kistefos ownership share	16.9% 1)	16.9%
Managing Director	Jo Lunder, Dag Sørsdahl	Dag Sørsdahl, Arne A. Jensen

1) 21.9% incl.companies indirectly/directly controlled/owned by Christen Sveaas. After the merger with Topnordic, the ownership share is reduced to 8.5% and 11%, respectively.

Atex Group Ltd

A new executive management at Atex has been working on comprehensive plans in 2004/2005, which involve completely restructuring the company, implementing cost-reducing measures, devising a new product strategy and increasing sales. The ambitious objectives have been achieved right on schedule.

Atex is a leading international supplier of software to the media industry. The company supplies solutions primarily in three business areas: (i) Advertisement systems, (ii) Distribution systems and (iii) Editorial systems. Atex also supplies systems that make traditional media companies better able to distribute their products via new communication channels such as the Internet and cell phones. All of the above-mentioned business areas are critical elements in a modern media company.

Atex is organised into three geographical units: America, Europe and Asia/Australia. John Hawkins started as new Managing Director on 1 June 2004, and in August 2005 David Gibbon took over the post as Managing Director. The new management team developed a three-year action plan, focused on a complete restructuring of the organisation, combined with cost-reducing measures, a new product strategy and increased sales efforts. The year 2004/2005 went according to plan and the restructuring plan was implemented. The main office has been moved from the US to Great Britain, a development team has been established in Malaysia and staffing has been reduced from 443 employees in 2003 to 295 employees at the end of 2005. During the year, the company delivered a major developmental project to Dow Jones/Wall Street Journal. Over the years, the project has demanded substantial resources, both in terms of expertise and finances, and being able to finally deliver the system was an important milestone for Atex.

The company's product strategy is based on a set of add-on modules, in which customers can improve or increase functionality on existing systems (Solution Oriented Architecture – SOA). This offers customers an opportunity to easily upgrade and further develop their critical production systems.

An important step in the product range was taken in 2005 with the purchase of 49.9% of Mediaspectrum – a company with a product portfolio that is consistent with the principles behind SOA and that will provide additional opportunities for sales.

Atex has made tremendous progress in the sale of systems, particularly in Europe and Australia. Evidence of this is shown with the signing of a contract with Trinity Mirror in 2005. The company's backlog of orders has increased from USD 10 million at the end of June 2004 to USD 17 million at the end of June 2005.

In 2005, Atex became IBM's preferred collaboration partner world-wide in their market segment. In 2004/2005, Atex posted sales totalling USD 48.7 million, compared to USD 33.7 million in 2003/2004 (the company's accounting year ends in June). The company posted a pre-tax profit in 2004/2005 totalling USD 4.2 million - a significant improvement compared to the pre-tax loss totalling USD 20 million in 2003/2004. In the first half of 2005/2006, Atex reported sales of USD 22.8 million, with a pre-tax profit of USD 1.9 million.

In May 2005, Atex completed a targeted share issues that was fully subscribed. Subsequent to the share issue and conversion of loans, Kistefos has increased its ownership share to 53.9% fully diluted the ownership share is 57.8%.

In 2005/2006 it is expected that the company's action plan, combined with favourable market conditions, will continue to generate positive results. The company will increase its efforts and focus on the American market, and continue its work to ensure new, major contracts.

Åge Korsvold (chairman) and Dag Sørsdahl represent Kistefos on the Board of Directors. At the beginning of 2006, Atex' board was increased by two new board members, Robin Johnson (President and board member of Financial Times, USA) and Jim Rose (Managing Director of Mosaic Sales Solutions, USA).

See also: www.atex.com

Financial results

MUSD	**1H 2005/2006**	**2004/2005**	**2003/2004**
Operating income	22.8	48.7	35.7
Operating profit/loss	2.9	5.0	(20.0)
Pre-tax result	1.9	4.2	(20.1)
No. of employees	295	300	443
Kistefos ownership share	53.9[1]%	53.9[1]%	44.4%
Managing Director	John Hawkins	John Hawkins	Robert Banner

1) The shareholdings fully diluted amount to 57.8% of the shares.

Trio AB

The merger of Trio and Teligent, announced in February 2006, will create a Group with a larger base of telecom operator customers internationally and a more competitive product portfolio.

Trio is a Swedish software company that develops call-management applications for companies and mobile telecommunications networks. The company sells its products directly and/or via partners primarily in the Nordic countries, but also increasingly internationally. Trio is listed on the Stockholm Stock Exchange with a market value of SEK 240 million, and has 98 employees in offices in Sweden, Norway, Denmark and Finland. In 2005, Trio achieved an international breakthrough by signing a contract with a leading mobile operator in the Middle East for an initial value of SEK 16 million, and in January 2006 Trio announced the signing of a strategically important contract for Mobile Office with a mobile operator in North America.

The Trio Group increased sales in 2005 by 10% to SEK 130 million, and achieved its goal of profit in 2005. At the end of the year, the cash holdings and value of the company's shares in the competitor Netwise AB was SEK 53 million and SEK 60 million, respectively. In June 2005, the company floated a targeted share issue totalling SEK 53 million in order to strengthen the company's market activities and finance the development of a next-generation mobile services platform. Kistefos participated in a guarantee consortium and fully subscribed to the company's relative share in the share issue.

In February 2006, Trio announced plans to merge with Teligent (formally expected to be carried out in June 2006). Shareholders in Trio will receive approximately 30% of the shares in the new company. The company aims to become a leading supplier of software solutions to mobile operators internationally. The goal of the merger is to create a company with a stronger industrial position via a larger volume of telephone customers internationally, as well as a more competitive product portfolio.

Since Trio and Teligent's products and services complement each other, the consolidation represents an opportunity to increase sales from existing and new customers in markets in which the Group has an established sales organisation. Teligent receives a complementary product range, and Trio gains access to an international sales organisation and an international customer base.

The new Group gains a stronger position within a rapidly growing and strategically important market segment of mobile solutions for businesses, including business call management services across the mobile network (Mobile Office), and will now have installations in Argentina, Denmark, Finland, Kuwait, Norway, New Zealand, Romania, Russia, Sweden, USA and Austria.

In addition to generating a significantly increased sales potential, the merger will also provide cost synergies totalling approximately SEK 20 million annually starting in 2007. Proforma figures for Teligent/Trio in 2005 show total sales at SEK 590 million and an operating profit of SEK 10 million. The new Group will have 435 employees, of which 300 will be in the Nordic countries and 135 based in international offices, and a market value of approximately SEK 850 million.

Kistefos will own approx. 8.1% of the shares in the new merged organisation Trio/Teligent

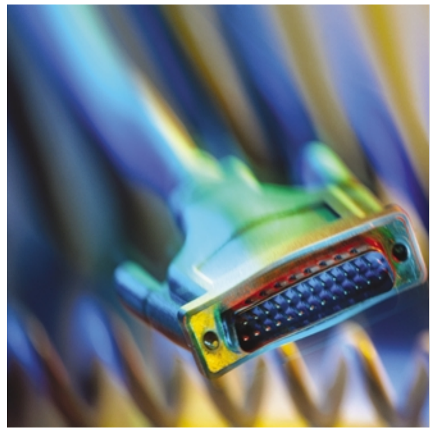
See also: www.trio.se and www.teligent.se

Financial results for Trio AB and Trio/Teligent

MSEK	**Proforma 2005 (Trio/Teligent)**	**2005 (Trio)**	**2004 (Trio)**
Operating income	590.4	130.2	118.4
Operating profit/loss	9.6	1.2	(2.9)
Pre-tax result	6.8	1.0	1.0
Total assets	839.1	172.2	108.7
Equity on book	548.8	116.1	63.2
No. of employees	435	98	83
Kistefos ownership share	8.1%	28.0%	26.2%
Managing Director	Thomas Duffy	Anders Leidemann	Anders Leidemann

Kistefos Venture Capital AS

Global IP Sound AB
Carrot Communications ASA
Infront AS



Kistefos Venture Capital AS

Christen Sveaas and his companies have been an active partner for venture-based companies since 1984. Kistefos Venture Capital AS (KVC), a wholly-owned subsidiary of Kistefos AS, was established in 1997 to formalise Kistefos' involvement in this sector. KVC works closely with the management in the portfolio companies in order to increase the value of the business over time by implementing strategic and target-oriented plans for long-term profitability and organic growth. With expertise and experience from M&A and stock exchange launches, the company will continue to contribute to the financial development of the companies in which they are involved.

In 2005, KVC concluded two very successful investments through the sale of Bankia Bank ASA and Catch Communications ASA. In both investments, KVC has been the largest owner and most active investor from the start of the two companies.

Bankia Bank was established in 2001 and was the first financial institution in Norway to offer its customers complete free-of-charge credit cards. The company established efficient operations and have posted a profit since June 2003. The figure of 100 000 customers was passed in the fourth quarter 2004. Santander Consumer Finance SA acquired Bankia Bank ASA in April 2005.

Catch Communications ASA was the first operative telephone operator in Norway, besides Telenor, that could offer broadband services on the telephone network's existing copper cable network with the application of DSL technology. The company developed rapidly to become one of Norway's leading suppliers of data communications systems based on broadband technology. The company earned an award as the fastest growing technology company in Europe over a five-year period with sales growth of 78000% from 2000 to 2004. This is the first time a Norwegian company has topped the annual list assembled by the consulting and auditing firm Deloitte of Europe's 500 fastest growing companies in Europe. KVC sold its shares in the company to Gandhara Master Fund Ltd on 3 September 2005. The contract was signed on the condition that all of the shareholders would receive the same offer as Kistefos Venture Capital AS. The sale of shares from KVC to Gandhara Master Fund Ltd. led to Ventelo Norge AS taking over these and all the other shares in Catch Communications ASA in December 2005.

At the end of 2005, three significant investments remain in the company's venture portfolio Fond I: Global IP Sound AB (GIPS), Carrot Communications AS and Infront AS. While these investments are now managed to maximise their value creation potential, a decision has been made to establish a new fund, Kistefos Venture Capital Fond II (NOK 300 million). KVC Fond II will have a similar investment philosophy as the existing fund, and also here the only investors in the fund will be Kistefos and the fund's executive management.

Investment philosophy

KVC focuses principally on know-how and invests in the areas IT and telecommunications, as these are industries with a high level of innovation and solid deal-flow. Another important factor is that the Nordic countries are in a good position compared to other countries in these industries.

KVC's investment philosophy is to look for companies that have a strong innovative approach and protected technology, and have significant international growth potential.

KVC can contribute venture capital or participate at a more advanced stage in a company's development, but aims at investing in companies that already have proven the viability of their business model. KVC works actively with the management in the portfolio companies over time to increase the value of the business and ensure long-term profitable growth by making the correct strategic choices and developing targeted plans of action, as well as ensuring long-term and profitable growth.

Managing Director
Kistefos Venture Capital AS
Ditlef de Vibe

Main Events 2005

The strong growth in sales and profit that the portfolio companies achieved in 2004 continued in 2005. This has lead to increased interest for the companies from both industrial and financial players, and was critical for the sale of Catch Communications AS and Bankia Bank ASA. For the remaining companies in KVC's portfolio, 2005 has been a year in which the companies have shown a flexibility and ability to adapt to strong growth in sales and to ensure broader earning margins. KVC's venture portfolio achieved a number of important milestones in 2005:

In 2005, Carrot Communications AS continued its solid growth within the sector for call centre systems for the SMB market. The systems are now also more in demand from enterprise customers. An example of this is that Carrot won a major contract from the Norwegian Government Administration Services in competition with the other leading telephone operators in Norway. Carrot has also developed a product to automatically configure mobile phones, which is a product planned for launch internationally in collaboration with Dangaard.

Financially, the year 2005 was a good year for Carrot. Sales totalled NOK 120 million (NOK 104 million), with an operating profit of NOK 10.5 million (NOK 5.8 million). Based on the customer demand that the company is now experiencing, combined with a large share of repeat customers, we anticipate that 2006 will be a year characterised by continued growth and higher profitability.

In 2005, Global IP Sound AB (GIPS) signed a number of contracts that makes the company's technology a standard within speech and telephony via the Internet and other computer networks (VoIP). At the end of the year, the company had signed more than 100 customer contracts with chip producers, telecom suppliers, handset producers, application suppliers and Internet portals in Asia, Europe and the USA. In June, the company secured SEK 47.9 million in new financing by floating a targeted share issue in order to invest in products for mobile systems and video telephony, in addition to establishing a sales company in Asia. Despite major investments in 2005, GIPS still experienced its first profitable year. Sales in 2005 totalled SEK 66.1 million (SEK 27.3 million), with an operating profit of SEK 12.9 million (SEK -7.3 million). At the start of 2006, the company was in an excellent position to work actively in terms of marketing and product development to solidify its position further within the quickly growing market for VoIP systems.

In 2005, Infront AS experienced its customer base expand by 70% and ends the year with more than 3 000 customers in the Nordic countries. In Sweden, the growth has been particularly impressive, partly due to the valuable partnership with several leading banking and financial firms for distribution of integrated trading and information systems for their customers.

The company's strategy of working closely with key partners has proven extremely successful, and even greater focus will be put on this strategy in the future. In 2004 Infront acquired its own distributor, MarketMind, and in 2005 the company will be fully integrated into Infront. Sales in 2005 totalled approximately NOK 29 million (NOK 12.9 million), with an operating profit of NOK 7 million (NOK 1.3 million). Continued strong growth and profitability is expected for 2006.

Global IP Sound AB

In 2005, Global IP Sound established its technology as the de facto benchmark in speech and telephony via the internet and other data networks (VoIP) by signing agreements with all the leading American suppliers of instant messaging services. The company has also been able to expand its activities to Asia and is now operating globbally. The company also secured an excellent platform for further expansion in 2006 by securing a profitable operation and a reliable cash flow.

Global IP Sound AB (GIPS), which was established in 1999 with KVC as the main shareholder, develops software systems that improve the sound quality of speech and telephony via the Internet and other data networks. Traditionally, speech and telephony have used separate dedicated lines on the telephone network. The products may now be installed both as software and as hardware components and allow users to carry out conversations at a very high sound quality. GIPS is now working together with some of the world's best talents in the field of sound processing via data networks and has patented some of its technology. The company runs its operations through the fully-owned GIPS Inc., which is based in San Francisco. Other offices are located in Stockholm, Boston and Hong Kong. The year 2005 was a growth year for GIPS, in which the company increased its presence in the market while at the same time experiencing success in new market segments and geographic areas. In June, the company secured SEK 47.9 million in new financing in order to invest in technological development and expansion into new markets.

As an important step in this expansion, the company opened an office in Hong Kong in order to serve the rapidly growing Asian market. These activities coincide with a growing market for VoIP and set the stage for the company being able to sign OEM contracts with leading net portals such as Google, AOL and Yahoo, in addition to renewing a contract with Skype. During the year, GIPS also announced four completely new products, a Voice Quality Enhancement module to reduce echo and background noise, VoiceMail Engine, VoiceEngine Mobile for Symbian products and VoiceEngine Multimedia, including video applications.

GIPS also experienced success in the Asian market and in the hardware market, both of which are core areas for the company's future growth prospects. By the end of the year, GIPS had signed more than 100 customer contracts – and had more than 250 companies on their list of prospects. Of the overall annual income of SEK 66.1 million, 32% represented royalties, which is an important element in making the company's business model sustainable.

In 2006, GIPS expects to benefit from its position as market-leader, in addition to the many new opportunities that a rapidly growing VoIP market offers. The company expects that the contracts that the company has signed in 2005 will be an important part of future revenues in the form of royalty income as their customers increasingly market and launch their new products. The market for VoIP is rapidly expanding into new areas such as video and mobile applications, and the products that GIPS already has and that are currently under development will position the company to capture these markets as they mature. Now that the company has a separate organisation in Asia, it will also be in a position to take advantage of significant growth in this area, particularly in the markets in China, Korea, Hong Kong, Taiwan and Japan. GIPS is also continuing to invest in research and development in order to ensure that GIPS technology retains its position as market leader. The company in 2005 applied for several new patents both in Europe and in the USA.

In 2005, GIPS posted higher profits and earnings for every quarter throughout the entire year. Sales increased from SEK 27.3 million in 2004 to SEK 66.1 million in 2005. Operating profit increased from SEK (7.3) million in 2004 to SEK 12.9 million in 2005, and equity in the company totalled SEK 112 million as of 31.12.2005.

KVC contributes actively in the company's strategic and commercial decision-making processes, and is represented on the board by Ditlef de Vibe as chairman and Åge Korsvold. Since the company's operational base is the USA, and the as a result of the strong focus on the American market, the Board added two American Board Members, Allen R. Adams and Brad Sparks, in January 2006. Adams has broad management experience from venture companies and is today Chairman for Carrious Technology Inc. USA, while Sparks has extensive financial expertise and experience and currently works as CFO in Watchguard Technology Inc., USA.

See also www.globalipsound.com

Financial results

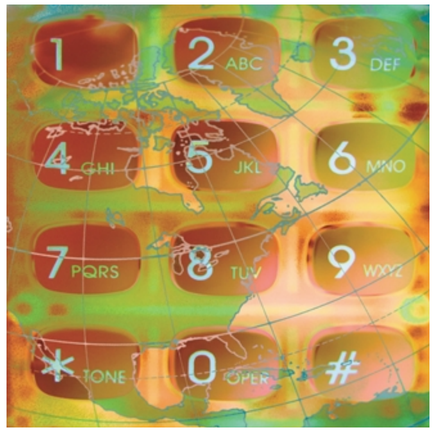
MSEK	**2005**	**2004**	**2003**
Net income	66.1	27,3	7.4
Operating profit/loss	12.9	(7.3)	(30.8)
Assets	185	67	68
Equity on book	112	43	56
No. of employees	43	23	21
Kistefos ownership share	32.6%	30.2%	25.6%
Managing Director	G.P. Hermansen	G.P. Hermansen	G.P. Hermansen

Carrot Communications ASA

Carrot Communications ASA
Carrot focused on standardising its products and improving its distribution in 2005. The results have been higher margins and a number of new contracts that will ensure continued profitability for years to come.

Carrot Communications ASA is a full-service telephone operator that has specialised in developing and selling Call Management systems and mobile services. Since its inception in 1999, the company has grown steadily and had approximately 400 customers in the Norwegian business market at the end of 2005.

In 2005, Carrot has expanded internationally, and offers services in all the Nordic countries. This development continues, and the company expects to deliver its Mobile Services to several European countries in the coming year. The company is among the Nordic countries' leading suppliers of Virtual Call Centres, which allows companies to maximise the efficiency of their telephone services via the Internet, in direct dialogue with Carrots Service Platform along the telephone network. Carrot is also among Norway's leading suppliers of Mobile Services. The company has entered into contracts with all the mobile operators in Norway, and Carrot's Gateway System offers customers a single interface to all mobile phone users in Norway. Carrot expanded significantly in 2005.



In the past years the company has received tremendous recognition as a reliable supplier among major Norwegian public and private sector businesses and organisations. The Norwegian Employment Agency (Aetat) and the Norwegian Government Administration Services have both selected Carrot's solutions in competition with the major telephone companies.

Carrot is well-position for further growth and profitability in 2006. Established long-term agreements with both subscribers and licensing income, combined with added demand for Carrot's products and services, promises well for solid financial growth in 2006.

Staffing increased from 27 to 32 in 2005, and is expected to increase to 40 in 2006.

Turnover increased from NOK 103 million in 2004 to NOK 120 million in 2005. Operating profit increased from NOK 5.8 million in 2004 to NOK 10.5 million in 2005. Shareholder equity in the company is NOK 38 million at the end of 2005, which translates into an equity ratio of 68%. Kistefos Venture Capital is represented on the board by Ditlef de Vibe (Chairman).

See also www.carrot.no.

Financial results

MNOK	**2005**	**2004**	**2003**
Operating income	120.0	103.6	88.0
Operating profit/loss	10.5	5.8	3.6
Total assets	55.5	46.5	44.3
Equity on book	38.0	29.0	25,2
No. of employees	32	27	25
Kistefos ownership share	37.6%	35.8%	36.2%
Managing Director	Stein Opsal	Stein Opsal	Stein Opsal

Infront AS

Infront continued to expand internationally in 2005 by signing new contracts in Denmark and Finland, which will ensure a solid position for further growth.

Infront AS is the Nordic countries' leading company in the development and sale of Internet-based real-time systems for financial trading and information. The core product "The Online Trader" is a market leader in the Nordic countries, and is about to establish itself in certain markets abroad. "The Online Trader" is available as a pure information terminal that integrates information and trading systems. Leading banking and financial institutions use Infront's system in-house and as an advanced Internet-based information and trading system for its best customers in which the banks' brokerage houses are responsible for processing transactions.

In 2004, the company experienced a true breakthrough in Sweden. In 2005, growth in this market accelerated and Infront is now a market leader in this market segment in both Norway and Sweden. In 2005, Infront signed contracts with important customers in both Finland and Denmark, which will position the company to assume a market leading role in these countries as well.

A particularly positive development in 2005 is that several major international banking and financing institutions have begun using the system vis-à-vis their customers. This is an attractive and scalable distribution model that Infront will work on further in 2006.

The company's prospects in 2006 are excellent. Infront has a significant customer base that generates a steady stream of income and the number of prospective customers shows that there are opportunities for continued strong growth in the Nordic countries, while market conditions are also ideal for further expansion into other countries in Europe.

Turnover increased from NOK 12.9 million in 2004 to NOK 28.9 million in 2005. Operating profit increased from NOK 1.3 million in 2004 to NOK 7 million in 2005. Kistefos Venture Capital is represented on the board by Ditlef de Vibe (chairman).

See also www.infront.no

Financial results

MNOK	2005	2004	2003
Operating income	28.9	12.9	8.2
Operating profit/loss	7.0	1.3	1.3
Total assets	18.8	12.6	7.1
Equity on book	12.9	6.2	5.8
No. of employees	15	11	7
Kistefos ownership share	18.2%	14.9%	14.0%
Managing Director	Kristian Nesbak	Kristian Nesbak	Kristian Nesbak

Kistefos Offshore

Viking Supply Ships AS, including:

- Supply ship business
- Standby ship business
- Barge business

Viking Supply Ships AS

Kistefos AS and Christen Sveaas have owned Viking Supply Ships AS (VSS) based in Kristiansand since 1989, and the company is in the business of anchor handling/supply (Trans Viking Offshore & Icebreaking AS, 50%), standby ships (Viking Offshore Services Ltd., 100%), and barges (Viking Barge AS/KS, 97.5%).

VSS purchased the anchor handling ship (AHTS San Fruttuoso) in December 2004. When the ship could not be sold immediately to VSS due to the vessel's financing in Italy, control of the ship was transferred to VSS via a charter agreement, while VVS assumed responsibility for overall operations of the ship via a management agreement. VSS received an option to purchase the ship in March 2006, and the company has expressed an intention to exercise the option. San Fruttuoso is in the process of changing its name to Odin Viking.

On a consolidated basis, Viking Supply Ships posted a significantly better result in 2005 compared to 2004, primarily due to the strong demand for supply ships in the North Sea, the purchase of AHTS San Fruttuoso and the fact that the markets for standby vessels and barges improved in 2005 compared to 2004.

The high price of oil and higher profitability on the part of the oil companies and operators had positive impact on the markets in 2005, and this led to a significant increase in activities in the offshore sector. As a result of a shortage of available rigs, old rigs in storage were upgraded and put in operation, which increased the activity level and rates both for supply and standby ships.

	2005	2004	2003
Supply (NOK)			
Fixture rate per day	304 422	126 672	107 384
Utilisation ratio (%)	*73 %*	*73 %*	*74 %*
Average day rate	222 203	92 700	79 822
Standby (GBP)			
Fixture rate per day	4 198	4 051	4 011
Utilisation ratio (%)	*87 %*	*80 %*	*88 %*
Average day rate	3 661	3 221	3 570
Barges (NOK)			
Fixture rate per day	13 501	13 541	11 153
Utilisation ratio (%)	*72%*	*59 %*	*57 %*
Average day rate	9 722	8 016	6 335

Managing Director Viking Supply Ships, Rolf Skaarberg

Investment Manager Lars Erling Krogh

Spot market rates for anchor handling/supply ships were good throughout the year. Fixture rate per day for anchor handlers larger than 16 000 bhp were NOK 287 170 per day. The supply ship business increased the fixture rate per day by NOK 177 750 (+140%) from NOK 126 672 in 2004 to NOK 304 422 in 2005, while the utilisation ratio remained unchanged at 73% in 2004 and 2005. The average day rate for the year increased by NOK 129 503 (+140) from NOK 92 700 in 2004 to NOK 222 203 in 2005.

The rates for medium long-term contracts in the standby market increased steadily throughout 2005 from GBP 3 800 per day to GBP 5 500 per day toward the end of the year. In the latter part of the year Viking Offshore Services contracted a vessel at GBP 9 750 for 50 days. The standby ship business increased the fixture rate per day by GBP 147 (+4%) from GBP 4 051 in 2004 to GBP 4 198 in 2005, while the utilisation ratio increased from 80% in 2004 to 87% in 2005. The average day rate increased by GBP 440 (+14%) from GBP 3 221 in 2004 to GBP 3 661 in 2005.

Balder Viking

Barge rates rose somewhat in 2005. The general rate for long-term contracts was NOK 10 000-12 000 per day in the North Sea, while spot rates for shorter contracts were around NOK 20 000 per day. The market tightened toward the end of the year, and contracts reached as high as NOK 30 000 per day for short-term contracts.

For the barge business, the fixture rate per day fell slightly by NOK 40 from NOK 13 541 per day in 2004 to NOK 13 501 per day in 2005, while the utilisation ratio increased from 59% in 2004 to 72% in 2005. The average day rate increased by NOK 1 706 (+21%) from NOK 8 016 in 2004 to NOK 9 722 in 2005.

Operating income for the VSS Group increased by NOK 288.8 million (+65%) from NOK 445.8 million in 2004 to NOK 734.6 million in 2005. The company's operating profit increased by NOK 148.1 million from NOK 28.7 million in 2004 to NOK 176.8 million in 2005.

See also: www.vikingssupply.com

Financial results

MNOK	**2005**	**2004**
Operating income	734.6	445.8
EBITDA	274.2	143.4
Operating profit/loss	176.8	28.7
Profit after taxes	78.0	(9.9)
Total assets	1 450.1	1 375.2
Equity on book	361.6	94.1
No. of employees	910	838
Kistefos ownership share	100%	100%
Managing Director	Bjørn Stallemo[1)]	Bjørn Stallemo

1) Rolf Skaarberg assumed post as Managing Director on 1 January 2006

Supply Ship Business

The year 2005 has been a strong year for the supply ship business and the Group's anchor handlers posted solid profits.
Viking Supply Rederi AS, which is a fully owned subsidiary of Viking Supply Ships AS, is involved on a 50-50 basis in a joint venture in Trans Viking Offshore & Icebreaking AS. The other owner is the publicly listed Swedish ship-owner Rederi AB Transatlantic. VSS also operates the anchor handling ship San Fruttuoso, which operates in the North Sea spot market. San Fruttuoso is in the prosess of changing its name to Odin Viking.

In 1998, Trans Viking singed a 15-year contract starting in 2000 with the Swedish Maritime Authority (SMA), with the option to extend the charter for an additional 3x5 years. The contract period covers the first quarter every year, during which time the ships will break ice in the Baltic Sea as needed. During the rest of the year, the ships are offered for charter in the open market, primarily in the North Sea area. Depending on the ships' availability and ice conditions in the Baltic Sea, the ships may also be used for the offshore market in the North Sea during the first quarter. The ships are chartered by Viking Supply Ships, while Transatlantic is responsible for all other management functions.

The high oil price in 2005 led to higher profitability for the oil companies and operators, which in turn led to an increase in activity. Due to a lack of available rigs, several rigs that were in storage were upgraded and put in operation. At the end of 2005, a total of 217 supply ships were in operation in the North Sea, compared to 195 at the start of the year. The number of anchor handling ships with more than 12 000 bhp varied between 40 and 55 units, where approximately 20 of these were operating in the spot market.

The year 2005 was a good year for the supply ship business. Earnings and utilisation ratio were high throughout the entire year and during some periods reached record levels. There were 0 ice-breaking days this season. A significant factor driving the market was also the growing subsea and seismic sectors that are particularly active during the summer season.


M/V Viking Mull

The fixture rate per day increased in the supply ship business by NOK 177 750 (+140%) from NOK 126 672 in 2004 to NOK 304 422 in 2005, while the utilisation ratio remained unchanged at 73% in 2004 and 2005. The average day rate for the year increased by NOK 129 503 (+140%) from NOK 92 700 to NOK 222 203 in 2005.

The company's operating income increased by NOK 143.4 million (+211%) from NOK 68.1 million in 2004 to NOK 211.5 million. The company's operating profit increased by NOK 116.5 million from NOK 20.8 million in 2004 to NOK 137.3 million in 2005. The increase is due largely to the favourable anchor handling market and the profitable operations of the recently acquired anchor handling vessel San Fruttuoso.

The outlook for 2006 is positive with an expected high oil price. A significant number of orders and deliveries of new ships will have an impact on day rates and second-hand values. Demand for energy is on the rise internationally and this will stimulate continued growth in exploration and drilling activity in the time ahead and the demand for rigs is expected to increase. The markets in Asia, West Africa, the Mediterranean and South America have shown strong growth in recent years and are expected to continue developing in a positive direction. Operators also need to comply with stricter environmental requirements and safety regulations for vessels operating in deep waters and in areas with harsh weather.

Financial results

MNOK	**2005**	**2004**
Operating income	211.5	68.1
EBITDA	166.8	40.2
Operating profit/loss	137.3	20.8
Resultat etter skatt	93.5	11.9
Total assets	746.6	435.3
Equity on book	128.6	80.2
No. of employees 100% basis	80	66
Kistefos ownership share		
Trans Viking	(50%)	50%
San Fruttuoso	(100%)	
Managing Director	Bjørn Stallemo[1]/ Stefan Eliasson	Bjørn Stallemo/ Stefan Eliasson

1) Rolf Skaarberg assumed post as Managing Director on 1 January 2006

Standby Ship Business

A more robust North Sea market, a favourable rate trend and a higher ratio utilisation all contributed to a solid year for Viking Offshore Services.
Viking Offshore Services Ltd. is the largest standby operator in the North Sea. The ships sail in the British sector of the North Sea and assist oil installations in the case of emergency evacuations and/or accidents. As with the supply ship business, this business depends heavily on the amount of rig activities on the part of oil companies.

In 2005, the company changed its name to Viking Offshore Services Ltd., with headquarters in Aberdeen. The company controls a fleet of 33 ships and has 828 employees. In 2005, Viking Offshore Services hired several key management personnel and is continuing to invest significant resources in health, work environment and safety measures.

In August 2005, the company ordered six larger standby vessels from the Spanish ship-builder Astilleros Zamakona in Bilbao for a total value of GBP 36 million (with an option for three additional vessels). The standby ship business increased the fixture rate per day by GBP 147 (+4%) from GBP 4 051 in 2004 to GBP 4 198 in 2005, while the utilisation ratio increased from 80% in 2004 to 87% in 2005. The average day rate for the year increased by GBP 440 (+14%) from GBP 3 221 in 2004 to GBP 3 661 in 2005. The increase is primarily due to higher transport earnings. The company's operating income increased by NOK 147.4 million (+42%) from NOK 347.3 million in 2004 to NOK 494.7 million in 2005, which is a result of the consolidation of Kistefos shares (100%) as of 2 August 2005, a positive rate development and a higher utilisation ratio of the standby fleet.


Planned standby ship

The company's operating profit increased by NOK 42.1 million from NOK 2.4 million in 2004 to NOK 44.5 million in 2005. The standby market is expected to be solid in 2006 as a result of an increase in rig activity as a result of the oil companies increasing their drilling programs.

Financial results

MNOK	**2005**	**2004**
Operating income	494,7	347,3
EBITDA	103,3	85,8
Operating profit/loss	44,5	2,4
Result after taxes	15,1	-2,6
Total assets	581,9	547
Equity on book	214,6	134,6
No. of employees	828	831
Kistefos ownership share	100%	100%[1]
Kistefos ownership share	**100%**	**100%**
Managing Director	Graham Philip	Graham Philip

1) As of 2 August 2004, Kistefos owned 100% of the business. Prior to 2 August 2004, the ownership share was 50%.

High activity level and utilisation ratio helped secure good year for North Sea barges. Through its subsidiary Viking Barge AS, Viking Supply Ships AS owns 97.5% of Viking Barge KS. The company owns and runs seven large, modern North Sea barges, each weighing about 10 000 tdw and all built in the period 1994 to 1999. Taubåtkompaniet AS in Trondheim is responsible for commercial operations, and Viking Supply Ships AS is responsible for the technical management of the barges.

The market for North Sea barges has developed favourably in 2005, both in terms of the utilisation ratio and day rates. The barges have primarily been operating in the North Sea, the Mediterranean and in West Africa. The North Sea was the dominating market in 2005, with higher transports in connection with numerous subsea installations.

Demand for barges in the rest of Northern Europe involved transport of cranes, hull sections, windmills and various special projects.

In the Mediterranean, the rates were more stable and lower during the year than in the North Sea, partially due to the longer season for installations and lower standard and quality requirements.

For the barge business, the fixture rate per day decreased slightly by NOK 40 from NOK 13 541 per day in 2004 to NOK 13 501 per day in 2005, while the utilisation ratio rose from 59% in 2004 to 72% in 2005. Average day rate for the year increased by NOK 1 706 (+21%) from NOK 8 016 in 2004 to NOK 9 722. The company's operating income increased by NOK 1.6 million (+7%) from NOK 23.1 million in 2004 to NOK 24.7 million in 2005. The company's operating profit increased by NOK 1.8 million from NOK 7.1 million in 2004 to NOK 8.9 million in 2005.

Viking Guardian

The company's result development reflects the fact that the bottom line in 2005 is based on the operations of seven barges compared to eight barges in the first half of 2004, as well as a higher utilisation ratio in 2005. Demand in the coming year is expected to continue to be satisfactory. Besides the North Sea, major interest is now focused on West Africa, where barges will be needed to supply critical transport services for major offshore and subsea installations. Most of these assignments will involve "turnkey" contracts. The new-build activity for barges is low, and the Viking barges remain among the most popular vessels operating in the market.

Financial results

MNOK	2005	2004
Operating income	24.7	23.1[2]
EBITDA	17.8	16.3
Operating profit/loss	8.9	7.1
Result after taxes	4.1	2.9
Total assets	114.3	113
Equity on book	38.1	34.1
No. of employees	0	0
Kistefos ownership share	97.5%	97.5%
Managing Director	Bjørn Stallemo[1]	BjørnStallemo

1) Rolf Skaarberg assumed post as Managing Director on 1 January 2006
2) Operating income includes NOK 3.5 million in gain from sale of barge.

Waterfront Shipping AS
Western Bulk ASA
Waterfront OBO Carriers Inc.

Waterfront Shipping AS

Higher activity level and higher shipping rates generate solid profits for Waterfront. Waterfront Shipping AS operates six Panamax product tankers (LR 1 ships) based on a sale-leaseback agreement until November 2008. All the ships are approximately 84 000 dwt and were built in the period 1986 to 1990. The Danish company AS Dampskibsselskabet Torm is responsible for the commercial management of the company's ships through the pool company Torm Waterfront Tankers (TWT), which is the world's leading supplier of product tankers. The size of the pool helps sustain a higher utilization rate and repeated charter contracts with major customers, which in turn ensures better earnings compared to if the vessels had been operated individually.

In 2003, Waterfront entered into an agreement with the Greek ship-owner Prime Marine regarding the sale of the combined fleet on a 5-year bare boat charter party, and a 60/40 profit split in favour of Waterfront for rates exceeding USD 16 000 per day. The agreement also calls for a 50/50 sharing of the sales price for the ships beyond USD 33 million as of November 2008.

The year 2005 was a good year for the product market. The year started solidly with a high rate of import of refined oil products to USA, Japan and China during the winter season.

The market then experienced a seasonal downturn through the summer, before turning up again in the fourth quarter with rates up toward USD 40 000 per day, largely owing to the many destructive hurricanes in the USA.

Waterfront raised the fixture rate per day by USD 4 577 (+17%) from USD 26 394 per day in 2004 to USD 30 971 per day in 2005, while the utilisation ratio decreased from 98% in 2004 to 92% in 2005. The average day rate for the year increased by USD 4 074 from USD 24 537 in 2004 to USD 28 611 in 2005.

The company's operating income increased by USD 9.1 million (+17%) from USD 53.8 million in 2004 to USD 62.9 million in 2005. The increase is primarily due to higher day rates. The company's operating profit increased by USD 4.7 million from USD 10.1 million in 2004 to USD 14.8 million in 2005. Waterfront changed its policy for dockings in 2005, from treating them as allocations to registering them as capitalisations.

Waterfront is the third largest shareholder in IMAREX ASA with 300 000 shares, which corresponds to an ownership share of 4.3%. IMAREX is a marketplace for trading and clearing standardised freight derivatives linked to the tanker and dryload market. IMAREX is listed on the Oslo Stock Exchange.

Financial results

MUSD	**2005**	**2004**
Operating income	62.9	53.8
EBITDA	17.1	10.1
Operating profit/loss	14.8	10.1
Results after taxes	18.7	7.9
Total assets	55.0	63.2
Equity on book	15.8	10.7
No. of employees	2	2
Kistefos ownership share	100%	100%
Managing Director	Lars Erling Krogh	Bjørn Bergsland

Western Bulk ASA

Lower activity level, losses in portfolio and a falling market led to weak year for Western Bulk. Kistefos AS owns 47.6% of Western Bulk ASA (WB), which is a leading shipping operator and chartering company in the dry cargo sector. As of March 2006, the ownership share will increase to 96.6%. The company's main focus is on the Handymax segment, but also operates Panamax and Handysize tonnage.

WB has established associated companies that are involved in projects and financial transactions to strengthen the Group's position. The company's headquarters are in Oslo, with branch offices in Melbourne and Perth in Australia and Seattle in the US. In 2005, WB had between 50 and 65 ships operating in the Handysize and Handymax market segments. The fleet has between 2 000 port calls annually in about 80 countries. Total freight volume is approx. 25 million tons annually. Trygve Munthe assumed the post as CEO as of January 2005. WB's business concept is to offer transport solutions on competitive terms by specialising in the operation of Handysize, Handymax and Panamax bulk carriers.

The company emphasises efficient and safe transport services, using quality tonnage. The main products transported are steel, coal, fertilisers, timber, cement and sugar. The company employs chartered tonnage on the contract and spot markets and hedges its contracts in the financial markets. The company's risk management system has been developed to maintain an optimal risk profile for the overall contract at all times.

The company's gross freight income increased by USD 106.4 million (+22%) from USD 481.7 million in 2004 to USD 588.1 million in 2005. Operating profit was reduced by USD 9.4 million (-72%) from USD 13.1 million in 2004 to USD 3.7 million in 2005. The lower operating profit was due primarily to losses suffered in the Panamax portfolio (USD 13 million), loss on contracts (USD 8 million), earlier return of tonnage due to breach of contract by business partners (USD 3 million), while the sale of M/V Western Muse led to a sales gain of USD 15 million. Equity on book increased from USD 17.6 million to USD 25 million due to the positive annual result, combined with the added investment in share capital.

Besøk også: www.westernbulk.no

Financial results

MUSD	**2005**	**2004**
Operating income		
(freight income on T/C basis)	588.1	481.7
Operating profit/loss	3.7	13.1
Total assets	49.0	44.8
Equity on book	25.0	17.6
No. of employees	62	61
Kistefos ownership share (direct)	47.6% 1)	47.6%
Managing Director	Trygve P. Munthe	Tonny Thorsen

1) Starting in March 2006, the ownership increased to 96.6%.

Waterfront OBO Carriers Inc.

Sale of ships and high rates the first six months produced a solid year for Waterfront OBO Carriers Inc. (Wabo). In the first half of 2005, Wabo sold all of the fully owned Panamax OBO vessels, which are ships that transport both refined oil products and dry cargo. Three of the ships, Siboeva, Sibonata and Sibonancy, are on financial lease and were sold to B&H Ocean Carriers Ltd. during the first quarter 2005. The fourth ship, Sibotura, was on operational lease with an 82% ownership interest. The sale came about in that the company's shares in the subsidiaries AS Nordan OBO and Nordan OBO 1 Inc. were acquired by Camillo Eitzen & Co. ASA and Poseidon Schiffahrt GmbH in the third quarter 2005. In all, the company posted gains of USD 33.2 million on the above-mentioned sales. Up until the sale, the company's commercial operations were run by Poseidon in Hamburg, where the ships make up part of an OBO pool. V-ships in Scotland are responsible for the technical operation of the ships.

Freight income the first half of 2005 was solid, particularly during the first quarter, with an average day rate of USD 43 298 per ship for 83 155 dwt ships (Siboeva, Sibonata and Sibonancy), which is an increase of USD 3 911 (+10%) in relation to the same period last year, and USD 39 362 per day for 74 868 dwt ships, which is an increase of USD 3 556 (+10%) in relation to the first half of 2004. The rate level decreased significantly during the second half of 2005.

Operating income decreased by USD 3.2 million (-6%) from USD 50.9 million in 2004 to USD 47.7 million in 2005. The company's operating income was largely generated by gains in connection with the sale of ships and a solid market during the first six months of 2005 when Wabo owned the vessels. The company's operating profit increased by USD 2.9 million from USD 36.4 million in 2004 to USD 39.3 million in 2005.

Financial results

MUSD	**2005**	**2004**
Operating income	47.7	50.9
Including, gain from sale of ship	33.2	0
EBITDA	39.5	36.9
Operating profit/loss	39.3	36.4
Result after taxes	20.0	32.8
Total assets	119.8	192.1
Equity on book	76.6	82.4
No. of employees	2	2
Kistefos ownership share	90.2%	90.2%
Managing Director	Lars Erling Krogh	Bjørn Bergsland

Other Businesses

Borg Eiendomsselskap AS

EQT

SPRINGfondet

The Kistefos Museum 2005

Borg Eiendomsselskap AS

Borg Eiendomsselskap AS, established in 1987, is Kistefos' property investment company.

The property division encompasses the following properties:

- Two business properties with a total commercial space of approx. 27 000 sq.m.
- The housing development project Mølletoppen at Sagveien 17.
- The housing development project at Gyldenløvesgate 15.
- The housing development project at Underhaugsveien 15.
- A combined commercial and housing development project at Borggaten 7.
- Berger Skog - an 80-acre lot in Nittedal with potential for housing development.

The housing development project Mølletoppen is owned 80/20 by Borg Eiendomsselskap AS and Macama Invest AS, the last-mentioned is a company owned by Erik Bøhler and his family. The projects at Gyldenløvesgate 15 and Underhaugsveien 15 are a 50/50 venture by Borg Eiendomsselskap and Macama Invest. The business properties at Sagveien 17 and Borggaten 7 are owned 80-85% by Borg Eiendomsselskap and 15-20% by Macama Invest. Scandinavian Development has today management responsibility for the business properties and project development responsibility for the housing development projects through Borg Eiendomsselskap.

Department Manager, Property
Hege Galtung

The year 2005 was a good year for Kistefos' property investments. The housing project Borghaven consisted of 140 apartments that were erected and sold in the period 2003-2005, and was finalised with an overall profit of NOK 24.8 million. In 2005, the company's rental income for business properties was reduced by NOK 2.2 million to NOK 15.2 million. The reason for the reduction was that a sublet agreement in Trondheimsveien 184 was ended. Operating income was increased by NOK 34.5 million from NOK 102.8 million to NOK 137.3 million in 2005. The company's operating profit in 2005 totalled 20.9 million, which represents an increase of NOK 9.5 million compared to 2004. EBITDA was increased by NOK 9.8 million from NOK 14.3 million in 2004 to NOK 24.1 million in 2005. The main reason for this was the payment for sales of apartments in the Borghaven project.

Borggaten 7
The Borg quarter is located centrally at Tøyen, just behind the Oslo Police Station. Borg Eiendomsselskap has already developed and sold the property development project Borghaven, which is located right next to Borggaten 7. The business offices at Borggaten cover approx. 4 000 sq.m.. The largest tenant is the National College of Ballet, with approx. 2 000 sq.m. The rest of the building is being developed for other cultural and commercial purposes, as well as some residential housing.

Mølletoppen/Sagveien
This project is located next to the business offices at Sagveien 17 and consists of 108 apartments. The housing project is divided into four phases and all of the apartments in the first three of the phases were sold (65 apartments) as of 31.12.2005, while three apartments have been sold in the final phase of the project (with 43 apartments in all) as of 31.12.2005. Construction start is planned for April 2006.

Financial results

MNOK	2005	2004
Operating income	137.3	102.8
EBITDA	24.1	14.3
Operating profit/loss	20.9	11.4
Kistefos ownership share	100%	100%
Manager	Hege Galtung	Geir Udnæs

* Excluding minority interests.

Underhaugsveien 15
The property at Underhaugsveien 15 was acquired in 2004 and today is zoned as a hotel/apartment project. The property is located on a ridge in Homansbyen and has through all of 2005 been fully rented. The existing building mass consists of approx. 3 400 sq.m. The property will be upgraded, divided up and sold, and the construction work is expected to start in June 2006.

Gyldenløvesgate 15
There are no buildings on this site currently and an application has been submitted for permission to build approx. 1 250 sq.m. of housing which is adapted to the surroundings. The rezoning application has been up for review in the Planning and Building Department in Oslo Municipality in 2005 and will be sent to City Hall for a final decision in April 2006.

The housing development project Mølletoppen

Berger Skog
Located in Nittedal Municipality, Berger Skog consists of an 80-acre lot. Work is in progress to have the site rezoned for housing development.

Berger Skog is a 50/50 joint venture between Borg Eiendomsselskap and Øivind Bauer jr.

EQT possesses an extensive international network with considerable industrial and financial experience that is used to identify, evaluate and invest in promising investment prospects. EQT is Scandinavia's leading private equity company and plays an active role as owner. Led by Conni Jonsson, the company contributes capital and industrial and financial expertise, including access to its network of contacts, in the development of the companies in its portfolio.
The main emphasis for in the company's investments is on industrial restructuring, and the aim is to act as a solid industrial partner for developing companies and not just a financial investor. EQT focuses on long-term, operational and competitive measures that will improve portfolio companies' strategic position. EQT is based on the following:

1) The industrial traditions in Investor AB Group, which is Sweden's largest investment company and is controlled by the Wallenberg family.

2) The investment experience of AEA Investors Inc. USA, one of the world's oldest "management buy-out" companies.

The investment strategy is to purchase leading mid-sized companies in Northern Europe with solid growth potential. EQT has invested EUR 3 billion in approximately 40 companies. The company's main approach is to increase the value of the companies it works with by increasing top-line growth and margin improvements, in addition to implementing strategic repositioning.

EQT has an extensive international network of contacts with broad industrial and financial expertise, which the company takes full advantage of to identify and evaluate promising investment opportunities. Before investing in a company, EQT uses extensive resources in order to gain an insight into the company and its industry. The company focuses on critical business development factors: a focused strategy, enhancement of operations, an emphasis on core expertise and active participation in market restructuring. Once an investment decision is made, EQT will consult with the management of the company in drafting a plan for the investment and for future business development. EQT invites individuals in its contact network to serve as directors of the companies in which it invests.

The company today has eight funds with a total of EUR 6 billion in invested funds. EQT I, EQT II and EQT III are fully subscribed, while EQT IV still has available investment capacity. Kistefos has invested EUR 12.7 million in EQT II (including expansion fund), EUR 5 million in EQT III and EUR 10 million in EQT IV. At the end of 2005, Kistefos has EUR 1.9 million, EUR 0.6 million and EUR 6.3 million invested in the above-mentioned funds, respectively. As of the end of 2005, Kistefos had posted returns linked to the sale of investment objects in EQT II (including expansion fund) and EQT III totalling EUR 14.9 million and EUR 3.3 million, respectively. No sales transactions have been carried out in EQT IV as of the end of 2005.

Overall in 2005, NOK 56 million was paid to Kistefos in connection with the sale of investment objects in the above-mentioned funds, while a total of NOK 45 million was invested in 2005.

More sales are expected in 2006. Of the three funds, significant investments are only anticipated for EQT IV in the coming year. Both Christen Sveaas and Åge Korsvold serve as senior advisors for the EQT funds.

See also: www.eqt.se

Business development is dependent on a good and predictable environment for start-ups. Venture capital, competent management and ownership as well as good local infrastructure are important factors that encourage entrepreneurial activity and its contribution to business development.

There are currently a number of government grants as well as local and regional sources of capital available to start-ups. However, there is often a shortage of competent private capital, which can help entrepreneurs to develop their ideas or projects from concepts into commercial ventures in a professional and structured manner. Close cooperation between local and regional technology and research centres on the one hand, and professional private investors on the other, improves the chances of creating long-term added value in cooperation with entrepreneurs.

With this in mind, Forskningsparken AS and Kistefos AS entered into an investment partnership in December 2005, aimed at new ideas and projects arising from Forskningsparken in Oslo and from its partners throughout Norway. The partnership involves a venture capital fund - SPRINGfondet – with a capital base of NOK 50 million, and with its own management team located at Forskningsparken. The fund will operate as a commercial investment company, with the aim of achieving significant returns on the capital invested by its shareholders.

SPRINGfondet was partly established on the basis of good past experience from projects in which Forskningsparken and Kistefos have both been involved, such as Kelkoo SA (previously Zoomit AS), which was sold to Yahoo Inc. in 2004. SPRINGfondet aims to be an active shareholder in innovative companies with international potential, and to act as a professional and competent partner to management, board and other shareholders of the companies in its portfolio.

SPRINGfondet is a 50/50 joint venture between Forskningsparken AS and Kistefos AS, and the Board of Directors is made up of former Minister of oil and energy Thorhild Widvey (Chairman), Svenning Torp (Managing Director of Forskningsparken), Widar Salbuvik (investor, consultant to Forskningsparken and Chairman of Argentum Fondsinvesteringer AS), Åge Korsvold (Managing Director of Kistefos) and Henrik Krefting (Investment Manager at Kistefos).

Jo Arnstad (55) has been appointed to manage the fund. Arnstad is a civil engineer with almost 30 years' experience working in the IT industry. Arnstad gained over ten years' experience as a senior consultant and head of division at the consultancy firm ISI AS before becoming Managing Director of Provida, which he turned into an international software company serving the banking and insurance industries in the period 1990-1999. Both of these companies are now part of Tieto Enator. For the past 6 years, Arnstad has been working on his own investment projects, as well as serving as director and consultant to small technology companies in Norway and Sweden. Both Forskningsparken and Kistefos will also provide a significant amount of their own resources to assist the fund and its administration.

See also: www.forskningsparken.no

The Kistefos Museum Foundation was formed in 1996 with the aid of donations from Christen Sveaas and Jevnaker Municipality. The primary purpose of the foundation is to run the museum and conduct research linked to A/S Kistefos Træsliberi's industrial activities. The mechanical pulp mill is unique in that it is the only remaining pulp mill of its kind in Scandinavia. Since 1999, the museum has organised annual art exhibitions in "Nybruket", which is a factory dating back to 1896. There is also a sculpture park on the museum grounds. In just a few years time, the Kistefos Museum has become a popular tourist destination.

The original wood pulp factory A/S Kistefos Træsliberi was founded in 1889 by Consul Anders Sveaas (1840-1917). The factory was founded along the banks of the Randselven river between Randsfjorden and Tyrifjorden, in a region in which timber-based industrial activity had been a cornerstone industry for several centuries. Close proximity to the watercourse was critical both for timber transport and power generation.

Area surrounding Nybruket

The power station at Kistefoss originally powered the factory, but later also supplied neighbouring regions with energy. Up until 1955, Kistefos Træsliberi processed wood pulp for the Norwegian and European newspaper industry and other typographical industry. Thus there was a natural correlation between the activities from the Norwegian wood processing businesses and the rising need for information in the increasingly larger European population. The acute competitive situation after World War II entailed that the company chose to continue operations via a 30-year rental and production agreement with A/S Follum Fabrikker at Hønefoss. This agreement expired in 1985.

The wood pulp industry's important position in Norwegian economic history was recognised in 2002 by the Norwegian Parliament, when the Kistefos Museum was listed by the Central Office of Historical Monuments in Norway as a prioritised industrial and cultural monument. There are only ten such facilities in Norway, and they receive annual funding from the Ministry of the Environment to support operations and maintenance.

The Kistefos Museum has a five-year sponsorship agreement with Kistefos AS. The purpose of the agreement is to provide the museum with the funds it needs to maintain and improve operations at the museum. The Kistefos Museum also receives funding from AS Kistefos Træsliberi and Anders Sveaas' Almennyttige Fond for research within the museum's range of expertise. Jevnaker Municipality, Sparebank 1 Ringerike and Sparebank 1 Jevnaker Lunner have also been valuable contributors to the museum's operations in 2005.

In 2005, the Kistefos Museum received a grant from the UNI foundation to preserve and protect the second floor of Nybruket. The museum also received funds from the government-owned ABM-Utvikling, for a pilot project for digital guiding on the museum grounds. All contributions and contributors are important so that the museum can develop and attract new and more visitors.

The theme for the summer season at the Kistefos Museum in 2005 was Italian art. The exhibition "Transavantgarden – Italian expressionistic paintings 1978-2001" on the ground floor of Nybruket presented work by five Italian artists associated with the transavantgarde movement. The impressive industrial hall in the old factory was the stage for "Movimenti della Memoria", which is a fascinating installation by the world-famous Italian artist Fabrizio Plessis. By poetic and creative use of water, fire, timber and modern technology in the installation, Plessi brings new life to the pulp mill. The installation will also facilitate an understanding of the life and activity that once took place within the walls of the industrial hall.

An exhibition featuring Roman portraits in gold and marble was displayed on the second floor of Nybruket, which was open to the general public for the first time in 2005. The exhibition featured genuine gold coins featuring portraits of Roman emperors and magnificent portrait sculptures on loan from the Norwegian National Museum for Art, Architecture and Design and from private collections. Three separate exhibition books were published in connection with the exhibition and Plessi's installation.

The season that started on 22 May was officially opened by Minster of Culture Valgerd Svarstad Haugland. Among the guests from Italy were Professor Oliva Achille Bonita, one of Italy's foremost cultural personalities and specialists in the transavantgard movement. Fabrizio Plessi unveiled his installation "Movimenta della Memoria" together with the Italian ambassador in Norway, H. E. Uberto Pestalozza. The artwork "Forgotten Baby 2005", by the Norwegian-Danish artist duo Ingar Dragseth and Michael Elmgreen was also donated to the museum.

Various concerts and lectures were held in connection with the various events during the year.
A special wine seminar featuring exclusively Italian wines was held in August under the leadership of the world-renown wine connoisseur Michael Broadbent, M.W. A total of 16 141 persons visited the Kistefos Museum in 2005. The slight reduction from the record year the year before emphasises the need for frequent evaluations of the range of activities the museum offers visitors.

The summer season 2006 opened Sunday 21 May, and there are two exhibitions in Nybruket. On the ground floor, there will be a retrospective exhibition featuring the Norwegian painter Håkon Bleken (b. 1929). The exhibition ranges from Bleken's earlier exploration of painting as a medium of communication to new works of art. In addition to the two works that already are in the museum's possession, paintings are borrowed from both private and public collections. In connection with the exhibition, the artist will create a limited edition lithographic print that will be sold at the Kistefos Museum. On the second floor of Nybruket there is an exhibition featuring works by the Italian artist Marino Marini (1901-1980), which underscores his work as a sculptor. In connection with this exhibition, works has been borrowed from Fondazione Marino Marini in Pistoia, Pinakothek der Moderne in München and the National Museum for Art, Architecture and Design in Oslo.

Visitors to the museum are able to experience a new and exciting sculpture installation in the museum's Sculpture Park by the Japanese artist Shintaro Miyake's installation "Welcome to this Planet". Besides these exhibitions, Fabrizio Plessi's "Moviementa della Memoria" will also be on display in the old factory in 2006. A wide-ranging events program will also be organised in connection with the two exhibitions.

The museum management have exciting plans in store for visitors in the coming year. An innovative exhibition in the oldest factory building is being planned that will provide an understanding of the important role Norwegian wood processing factories, such as Kistefos Træsliberi A/S, played in the Norwegian economy historically, and also its relatively undervalued role in developing industry and culture in Norway, the Nordic countries and Europe. The exhibition and activities will be based on themes relating to industrial growth and decline, and the important role forestry and paper products play in contemporary society. The artistic means of expression will be distinctly modern, but at the same time harmonised with the ancient values symbolised by this historically important site.

See also: www.kistefos.museum.no

Photo: From the opening of the 2005 exhibition.
From the left. Christen Sveaas, then Minister of Culture Valgerd Svartstad Haugland and Professor Oliva Achille Bonita.