

MOSVOLD SUPPLY PLC, CYPRUS (HE 200383)

3rd QUARTER REPORT 2007

COMPANY BACKGROUND

Mosvold Supply Plc (the “Company”) was incorporated in Cyprus on 14th June 2007 under the name Virenia Navigation Company Limited, and changed its name to Mosvold Supply Plc by special resolution on 6th August 2007.

On 19th June 2007 the Company entered into two turn key shipbuilding contracts with Otto Offshore Ltd. for the building of two VS 491 AHTS CD, ultra large, Anchor Handling Tug Supply Vessels at Batamec Shipyard Ptl., in Batam, Indonesia. The vessels are scheduled for delivery in October 2009 and June 2010 respectively. The turn key contract price for these vessels is USD 77.35 million per vessel. Sixty per cent of the contract price shall be settled in Euro with a fixed conversion rate between EURO and USD of 1.34, reflecting the large content of Western European equipment secured for the vessels.

The Company was awarded two options for a further two vessels of the same design for delivery in December 2010 and July 2011 respectively. These options were exercised on 13th September 2007 at a turn key contract price of USD 33.0 million and EURO 36.357 million for Hull No 7049 and USD 33.8 million and EURO 37.239 million for Hull No 7050.

The Company is traded at OTC at NFMF in Oslo, Norway.

RESULTS

Mosvold Supply Plc made an operating result of USD -0.607 million in the third quarter 2007, being its first quarter of operations. The net result was USD -8.748 million. The accounts are charged with USD 8.223 million of calculated unrealized costs reflecting USD/EUR exchange movement since contract signings. The Board has presently decided not to hedge all implicit EUR payments as the long term financing of these vessels will most likely be a basket of currencies (including EUR), reflecting the typical multi currency income of these types of vessels.

The Company has earned interest on available liquidity at money market deposit rates. The Company’s administrative costs are primarily management fees, legal fees related to the incorporation of the corporate structure and travelling expenses.

THE MARKET

As presented in connection with the IPO in June 2007 and the Private Placement in September 2007, the Company is of the firm view that the market for these high end, energy efficient vessels is fundamentally strong. The high number of rigs and floaters coming onto the market the next few years, and the increasingly strict safety and environmental requirements, underpins a strong market for this type of vessel.

The market rates quoted since summer for both spot and long term employment have been high. For two year charters we have seen day rates in the USD 65,000-70,000 range and USD 100,000–120,000 range for 60–90 days charters. The Board believes there is a solid underlying demand and these rates may be sustainable going forward.

FINANCING AND LIQUIDITY

The first instalments of 20 per cent to the shipyard were paid in July 2007 for the two first vessels. The 20 per cent instalments on the third vessel was paid 1. November, and the same instalment for the fourth vessel was paid 8. November. All against refund guarantees from international banks.

The remaining 10 per cent pre delivery instalments to the yard will be paid upon keel laying scheduled to be no earlier than as shown below:

Hull/Instalments	10 per cent upon keel laying
Hull No. 7047	April 2008
Hull No. 7048	April 2008
Hull No. 7049	Aug 2009
Hull No. 7050	Feb 2010

The Company has secured financing for all budgeted expenses and instalments until Q2 2009 and will need to secure temporary financing from

that date and until delivery of the first ship. A further 70 per cent take out financing will be negotiated and structured towards taking delivery of the individual vessels.

The Company holds USD 50.0 million in cash and cash equivalents at the end of the third quarter. On 1st October the Company received the net proceeds from the equity offering in September of USD 19.5 million. The two bond issues, the Mosvold 11 per cent, NOK 185 million (issued June 2007) and the Mosvold 7 per cent, USD 21.0 million Convertible Bond (issued September 2007) have been drawn and used to pay the first instalments under the shipbuilding contracts. The Convertible Bond holder may exercise the conversion at a price of USD 2.93, giving 7,167,235 shares in addition to the 26,500,000 shares outstanding.

PROGRESS AND DEVELOPMENT

Mosvold Management (Cyprus) Limited as managers is responsible for establishing, supervision and control the Yard Site Supervision Team. The process of control, validation and agreeing of detail drawings have started.

The Company will actively pursue different strategic options including long term charter opportunities and other structural market approaches, which may facilitate creating shareholder value.

Cyprus, 29th Nov 2007
The Board of Directors

CONSOLIDATED PROFIT & LOSS ACCOUNT	2007
(Unaudited figures in USD 1 000)	14/6-30/9
Revenue	-
Cost of sales	-
GROSS PROFIT	-
Administrative expenses	(607)
OPERATING PROFIT	(607)
Finance income	297
Other gains/losses	(8 223)
Foreign exchange losses	(216)
FINANCE COSTS - NET	(8 142)
PROFIT BEFORE INCOME TAX	(8 748)
Income tax expense	-
PROFIT FOR THE PERIOD	(8 748)
ATTRIBUTABLE TO	
Equity holders of the company	(8 748)
Earnings per share (Basic/diluted - expressed in USD per share)	(0,33)

CONSOLIDATED BALANCE SHEET		2007	2007
(Unaudited figures in USD 1 000)		30/9	30/9
ASSETS		LIABILITIES AND EQUITY	
Vessels under construction	39 685	Ordinary shares	265
Derivative financial instruments	2 134	Share permium	53 226
Trade and other receivables	-	Retained earnings	(8 748)
Total non-current assets	41 818	Total Equity	44 743
		Borrowings	49 702
Trade and other receivables	19 534	Derivative financial instruments	13 704
Cash and cash equivalents	50 151		
		Total non-current liabilities	63 406
Total current assets	69 686		
		Trade and other payables	66
		Borrowings	988
		Accruals for other liabilities and charges	2 302
		Total current liabilities	3 356
TOTAL ASSETS	111 504	TOTAL LIABILITIES AND EQUITY	111 504

The financial statements above are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU.

SHAREHOLDER INFORMATION

The 10 largest shareholders as of 26th November 2007:

SHAREHOLDER	No. of shares	% of total
Mosvold Shipping Holding Ltd. *	6 206 594	23,42 %
Morgan Stanley & Co Client Equity acc.	3 423 700	12,92 %
Credit Suisse Securities Europe Ltd	1 965 500	7,42 %
Cheyne Global Catalyst Fund LP	1 656 397	6,25 %
Euroclear Bank S.A.	1 639 900	6,19 %
Ole Teigen	1 468 200	5,54 %
Bjørgvin AS	1 372 000	5,18 %
Otto Investment Limited	1 098 800	4,15 %
Deutsche Bank AG	1 000 000	3,77 %
Pareto Securities AS Meglerkonto	756 600	2,86 %
Frode Teigen	749 600	2,83 %
R.S. Platou Shipbrokers	740 500	2,79 %
Total 10 largest	22 077 791	83,31 %
Others	4 422 209	16,69 %
Total	26 500 000	100,00 %

*

Tophdal AS a company controlled by John Bernander has been engaged by Mosvold Management Cyprus Limited and Mosvold Shipping Holding Limited to provide project management services for them and on their behalf. Mosvold Shipping Holding Limited holds approximately 23 per cent of the outstanding shares in Mosvold Supply Plc and has awarded (from its own shareholding in Mosvold Supply Plc) Tophdal AS 525,000 options, each giving the right to buy one share at a price of USD 2.00 and a further 305,629 options, each giving the right to buy one share at a price of NOK 12.75. The purchase prices agreed being equivalent to the Mosvold Supply Plc subscription price at the June IPO and the September Private Placement.