

MARINTEK

2006

Annual Report



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The future-oriented ocean engineer – an important contributor to a better world

Today, young people face challenges in many areas: global warming, access to sustainable energy, a fair distribution of the benefits of wellbeing, environmental measures capable of making a difference, and population growth are just some of the pieces of the huge puzzle that is crying out for supranational measures and the ability to implement them. CO2 emissions and global warming, leading to the melting of the polar ice-caps, may be the most important driver of the international processes that are now taking place to prepare the way for sustainable development in the future.

The management and exploitation of the oceans have been a natural part of the survival strategy of the human species, where goods transport, the harvesting and processing of marine foods and the extraction of other resources both in the sea and beneath it are concerned. All these activities require innovative ocean engineers who are aware of their responsibility and who can envisage solutions that will serve industry, the authorities and the global community.

In the course of the past few decades we have also developed the ability to dive below the ocean itself and harvest the natural resources that lie far below the seabed. Dramatic developments in technology were required to enable us to realise such dreams, and many of the innovations involved have been the result of significant contributions made by Norwegian industry and suppliers of know-how.

As a supplier of knowledge, MARINTEK employs many types of researchers, engineers and model-makers, all of whom have long experience of close collaboration with industry and the authorities in the search for creative, safe new technologies. Our team is capable of sorting through all types of input in the search for future-oriented solutions, a process that continually inspires young new recruits to research to take up the maritime challenges that face us.

This is how we intend to help make the world a better place!

With best regards



Oddvar Aam, President



RESERVED

Offshore industry

Offshore hydrodynamics

Model test activities

In the course of the past few years we have seen a market development in the direction of a flattening out of activity on the Norwegian continental shelf. However, high petroleum prices have compensated to some extent for this trend, and this year we carried out two major model testing projects for the Norwegian shelf. One of these was a platform for Statoil's Gjøa field, and the other, a floating production, storage and offloading vessel (FPSO) for BP's Skarv-Idun field. Aker, which is responsible for the design and engineering of both of these projects, has also developed a next-generation drilling rig, to which we have also contributed a comprehensive series of model tests.

However, it is on the international market that the major developments are taking place, often in deep water and under difficult conditions. Norwegian companies are also doing well there, a situation that benefits us too. In 2006, companies such as APL and Sevan signed major contracts for developments in Southeast Asia, Australia, Brazil and the USA, and there again, we also contributed an extensive series of model tests and studies in the course of the development of the solutions that were finally chosen.

2006 was another year of high activity in Brazil,

particularly for Petrobras. We performed three major projects, all of which involved hybrid verification; P-57, P-55 and MonoBR. P-57 is an FPSO that will be installed on the Jubarte field in Campos Basin, P-55 is a semi-submersible platform for installation on the Roncador field and MonoBR is a single-column platform which it is planned to be installed in the Gulf of Mexico. The water depth in all of these fields is more than 1250 m. To test deepwater systems of this sort in a laboratory basin, we need to model them with shortened mooring lines and risers. This requirement makes particular demands of the shortening procedure, which is performed in close conjunction with advanced calculation methods; a technique of this type developed by MARINTEK was recently demonstrated for these projects.

Hydrodynamic research activities

In addition to such purely field-specific verification work for Petrobras, in 2006 we also carried out a research project in collaboration with LabOceano, which is Brazil's new test laboratory. This project is being financed by Petrobras, and it aims to validate procedures for model testing for ultra-deep waters. Model testing in reduced water depths has been done by MARINTEK, and the full-depth results have been estimated by means of hybrid verification. Similar model tests of the full-depth system will be performed at LabOceano in Brazil in 2007, making it possible to compare the results directly.



In collaboration with Chevron Texaco, MARINTEK carried out a comprehensive theoretical study of floaters in ultra-deep waters. This collaborative effort will continue in 2007, with a continuation of the work at experimental level.

A number of research projects on the topic of offshore hydrodynamics were launched in 2006. A three-year, institute-based strategic project (ISP), "Marine activities in extreme conditions", is one example of such projects.

Viscous drift of drilling rigs is the subject of a joint industry project (JIP) financed by MARINTEK and Norwegian partners. The aim of this project is to improve models for predicting low-frequency motions of rigs that are exposed to waves, wind and currents.

Pipelaying on uneven seabed

Stability during pipeline installation on uneven seabed can be a problem, often leading to many curves and free spans. In 2006, MARINTEK continued to develop computational methods for analysing this type of problem. Unlike most existing software, the new methods enable operators to follow the history (i.e. strain and tension, contact forces against the stinger and the seabed, etc.) at any point on the pipe throughout the installation process, taking into account the topography of the seabed in the lay corridor. This offers new possibilities of studying the effects of slippage of the pipe in the lay corridor, axial friction anchoring length, torsion build-up, etc. The methods were to a large extent developed in the course of the Ormen Lange project, but have also been used for preliminary studies of several new field developments, such as the Pluto field off Australia and the MedGaz pipeline between Algeria and Spain.

The methods developed also create a foundation for new efforts to develop monitoring and decision-support systems for lay operations, a topic that will be focused on in 2007.

Analysing expansion in offshore pipeline systems

Pipeline expansion resulting from pressurisation and temperature increase during operation is an important aspect of the design of pipeline systems. Taking the influence of seabed topography into account is of special interest in field developments where the seabed is irregular. This can be done using general finite element (FE) software, but these analysis procedures involve a significant amount of modelling effort and are capable of analysing only short segments of the pipeline, a limitation that leads to uncertainty in particular with respect to the start and end boundary conditions of the model. In 2006, MARINTEK developed



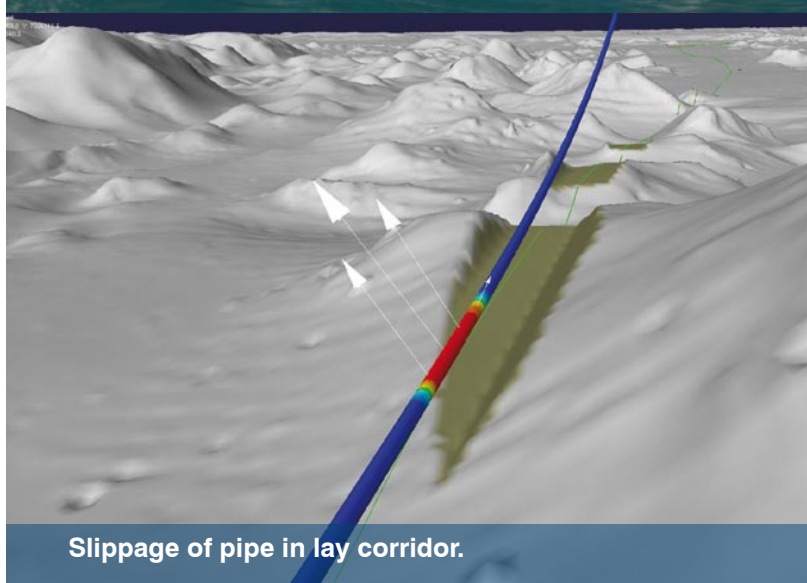
MonoBR, a single column floater for Gulf of Mexico. From tests in the Ocean Laboratory.



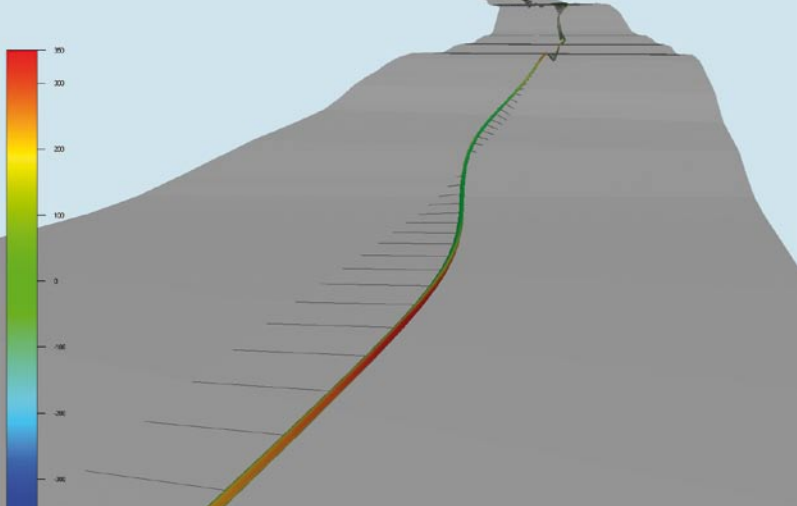
Model test of the GjØa platform for Statoil.



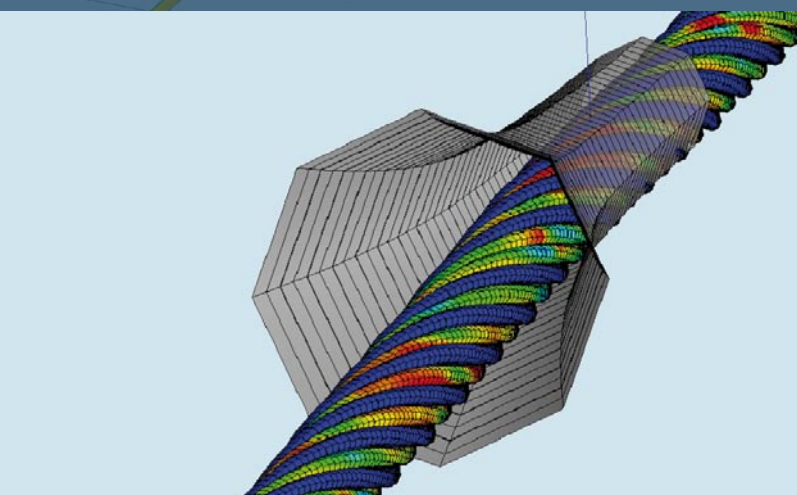
P-57 FPSO-BR, model tests for Petrobras.



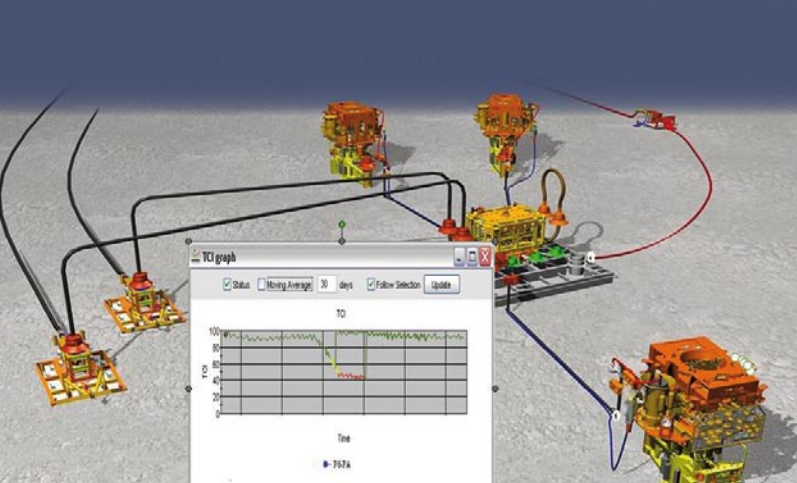
Slippage of pipe in lay corridor.



Analysis of a "snake lay" pipe configuration.



Next-generation numerical tools for calculating stresses and fatigue in deepwater umbilical and cables.



Example of screenshot showing technical condition development of subsea process sensors.



Testing of lifeboats under various wave conditions.

computational tools that take all three dimensions of the seabed into account, also including an extremely efficient soil interaction model, which has brought the speed of calculations up to an impressive level even for models that cover large parts of the total length of the pipeline. This offers significant potential for simplifying the modelling as well as reducing uncertainty with regard to the boundary conditions. This numerical tool was tested in collaboration with Reinertsen Engineering in 2006, and efforts will continue in 2007.

Calculating stress and fatigue in deepwater umbilicals and cables

Oil and gas field developments at ever greater depths demand an increased accuracy in the calculation of stresses and fatigue of deepwater umbilicals and cables. In collaboration with Nexans, BP, Petrobras, Shell and Norsk Hydro, MARINTEK is developing next-generation numerical tools for deepwater umbilicals and cables, which will take the three-dimensional behaviour of each individual component into account. This will make it possible to simulate every phase of the lifetime of this type of structures, from manufacturing, through installation, and into operation.

Performance and condition monitoring of subsea installations

During the past decade, MARINTEK has been heavily involved in systematic analyses of data from complex subsea installations. The challenge has been to extract information from an ever-growing amount of measurement data. MARINTEK has developed a methodology for aggregating the data into Technical Condition Indexes, or TCI's. TCI methodology has been developed to provide operators with a rapid, effective overview of the condition of complex installations.

MARINTEK is currently working on a project for a major subsea manufacturer, based on TCI methodology. The aim of the project is to create a basis for developing a service for condition and performance monitoring of subsea installations. MARINTEK is working closely with SINTEF ICT, Applied Cybernetics, on issues such as condition modelling.

Free-fall lifeboats

During 2005 MARINTEK carried out an extended series of model tests, full-scale tests and FE analyses of four types of free-fall lifeboats such as are installed on oil platforms in the North Sea. The background was that an installation test from one platform revealed an unacceptable dynamic deformation of the roof of the lifeboat and thus weaknesses in structural strength of the roof superstructure.

The purpose of the 2005 work was mainly to determine characteristic pressures on the superstructure that could then be utilised in FE analyses, in order to allow structural strength to be upgraded to offshore ULS levels if necessary. Model test procedures and prediction models for determining typical and maximum acceleration levels in lifeboat seats under launch conditions in head seas with significant wave heights up to 15 m were developed in cooperation with Statoil.

As a part of an OLF project, on a contract from Statoil, MARINTEK's free-fall lifeboat projects continued through 2006 at "full speed ahead".

In 2005, highest priority was given to documenting acceleration loads and lifeboat performance during launch in various directions against the waves. In the course of 2006, all thirteen types of free-fall lifeboats used in the North Sea were studied, with the main emphasis on documenting critical basis performance factors such as acceleration levels, protection systems, i.e. seats and safety harness, pressure loads on superstructures, slamming loads on the lifeboat bottom and the forward speed of the lifeboat immediately after water entry. The studies and performance documentation were based on model tests in calm water and in waves (up to 15 m regular wave) using scale models. Extensive full-scale tests of each type of lifeboat were performed to in order verify model test acceleration and pres-

sure load results and the structural strength of reinforced boats.

By the end of 2006, MARINTEK had performed 121 instrumented full-scale tests and 12,500 tests of fully instrumented free-fall lifeboat models, in addition to FE analyses of five boats.

During recent full-scale tests TNO Science and Industry (The Netherlands) also participated in full-scale testing, placing their most advanced instrumented dummies (RID3 rear impact dummy) in selected boat / seat positions. TNO's work is making a major contribution to ma's project for OLF/Statoil. TNO tested dummies during full-scale tests, as well as current and improved seats and safety harness systems in laboratory sled tests, using acceleration pulses designed for worst-case maximum loads under 15 m significant wave height conditions.

In the final stage of the project, numerical simulations will be performed for alternative anatomical humans. The results of the project will be used to evaluate existing and potential new acceleration criteria, graded according to risk of injury.

The results and experience gained in the course of the project will also be used to draw up new standards and regulations for the documentation of lifeboat performance and future approval of new types of free-fall lifeboats.



Shipping and maritime industry

Fleet management and vessel performance analysis of large LNG logistics operations

- Scheduling and optimization

MARINTEK is currently developing a decision-support system, TurboRouter, for scheduling and optimization of one of the largest LNG distribution operations in the world. Our clients are two leading LNG producers who will supply LNG to the global market through a fleet of nearly 80 large LNG vessels. Their supply chain is based on an extremely tight shipping operation which requires close process integration of several departments and external parties. Our clients maintain full commercial and operational control over most of the vessels and keep a very tight follow-up of technical management.

The key elements of the project are:

- Mapping existing operations
- Planning for scalability
- Software implementation
- Optimizing the utilization of vessels and trading patterns
- Production of annual production plans
- Operational optimization.

Due to the untraditional lay-out of their export facilities, with limited storage facilities, scheduling and

optimizing of the shipping operation have become very critical elements both of long-term planning and of the operational mode. TurboRouter has therefore become the operation's central DSS - as is reflected in production capacity planning, hydrocarbon accounting and in the berthing and harbour control system, with which TurboRouter has been closely integrated.

With close integration with MARINTEK's own Sopran software, a vessel performance system and a third party fleet management system, we have delivered a unique operational tool for the world's largest gas fleet.

The project will be finalised and the systems implemented in 2007. A new business process model has been partly completed and a number of improvement areas have already been identified.

LNG as fuel for ships

Shipping is responsible for a growing proportion of regional emissions of oxides of sulphur and nitrogen, because marine transport is increasing while emissions from onshore sources are decreasing. There is also a sharper focus on shipping as a source of particulate emissions in particular areas of Europe.

Using natural gas as fuel would solve all these problems by virtually eliminating emissions of sulphur and particles, while NO_x would be reduced by about 90



percent compared to traditional bunkers. The challenges lie in providing access to natural gas in the form of LNG, and the cost of using gas as a fuel.

In collaboration with the Seatrans and Colorline shipping companies, MARINTEK has taken the initiative of launching a project to develop a propulsion system based on LNG for two types of vessel; a RoRo cargo vessel that would operate, for example, in the Baltic, and a passenger ship operating between Norway and Denmark. The project has been given the short title of BigLNG, and is intended to illustrate the benefits of gas-fuelled operation of large merchant vessels in short-sea shipping.

The aim of the project is to find out whether this can be done under commercial conditions and if so, what must be done in order to make operation of this sort commercially attractive. The project will also involve studies of general conditions such as tax regimes and the regulatory framework. The project will last for two years and is receiving financial support from the Research Council of Norway's MAROFF programme.

DP simulator development

An important goal of model testing and simulation of maritime operations is to bring such models as close as possible to full-scale reality. The closer to such reality such studies are, the better will be our understanding of the physical phenomena involved. In turn, better insight mean better designs and less risk of serious accidents.

Interfacing laboratory tests, laboratory instrumentation, vessel simulator features and standard DP-systems from industrial manufacturers makes it possible to come very close to a "real ship" situation.

The photo to the right refers to an Aframax shuttle tanker on DP in ballast condition on the Halten Field, where a pre-described combination of wind, waves and current is modelled. Teekay, the world's largest operator of medium-sized oil tankers, and Kongsberg, the dominant global supplier of DP systems, took part in this "real ship" simulation. The signals from the laboratory sensors were fed to MARINTEK's vessel simulator and on to the Kongsberg DP system. A must for the tests was that the DP system should be identical to systems installed on real tankers.

A standard Kongsberg DP system was configured and parameterized as is normally done in full scale, and all sensor and actuator signals from the laboratory system were fed to the Kongsberg black box, and from the black box back to the laboratory sensors/control routines. Signals were transferred by NMEA sentences, the time difference between model



View of the Qatargas LNG plant in Ras Laffan, Qatar,



The two types of vessel being used as case studies in the evaluation of LNG as a fuel.



Teekay DP2 Aframax tanker on DP (Courtesy of Teekay).



Norway as a forerunner in the IMO's goal for cleaner shipping - ref. LNG ferries used at the Norwegian coast.

and full scale was taken care of by using a powerful CPU. In other words, the DP system/black box "saw" just a full-scale ship.

Another feature of this system is that the commercial company testing their DP system did not have to disclose proprietary routines and algorithms used in their black box.

The Kongsberg experts who participated in the tests were surprised by the similarity to the full-scale experience they had acquired over many years. Another advantage of model tests is that all possible weather conditions, combinations of wave, wind and current situations, can be modelled rapidly. Intact equipment and equipment failure situations are also easily performed, and all in all, the tests save time and costs compared to full-scale testing.

Revision of IMO MARPOL Annex VI - Emissions to air

Marine transport is the least energy-intensive form of transport, and in that respect is basically environmentally friendly. Nevertheless, injurious emissions from vessels have risen in line with the increase in global trade, while emissions from mobile and stationary sources ashore have either been reduced or have risen to a lesser extent. The result is that the proportion of global and regional emissions due to shipping is

increasing. The most important components involved are oxides of nitrogen (NOx), oxides of sulphur (SOx) and particles.

Emissions from ships to the atmosphere are regulated by the International Maritime Organisation (IMO) via MARPOL Annex VI. These regulations are currently being revised with a view to tightening up existing requirements and regulating new emissions. No dates have been set, but the goal of the revision process is that the new regulations should come into effect from around 2010 and onwards.

MARINTEK has been working in close collaboration with the Norwegian Maritime Directorate, the Secretariat of the IMO and other parties involved in this process, and has provided professionally based proposals for new emission limits, changes and detailed aspects of the technical regulations. MARINTEK has also drawn up proposals for operating regulations for tankers, with the aim of reducing emissions of VOCs. We have also played a central role in drawing up proposals for requirements regarding seawater scrubbing of vessel flue-gases.

In parallel with this activity, IMO is also working on reducing greenhouse gas emissions by shipping. MARINTEK has been playing a core role in these efforts for some years, and has also assisted the Commission of the European Community in this field.



Income statement 2006

Balance sheet 2006

Extract of MARINTEK's accounts (KNOK). Current exchange rate: 1 USD = NOK 6.17 - 1 EUR = NOK 8.16

Operating revenues and expenses

Revenues	232 113
- Direct project expenses	38 064
Net operating revenues	194 049
Salaries, social security and other sec. costs	130 888
Other operating expenses	50 883
Net operating expenses	181 771
Operating result	12 278
Financial result and taxes	- 8
Annual result	12 270

Assets

	204 832
Fixed assets	35 757
Fixed operating assets	34 809
Financial long-term assets	948
Current assets	169 075
Other current assets	108 875
Cash, bank accounts	60 200
Equity and liabilities	204 832
Equity	115 578
Paid-up equity	11 600
Earned equity	103 978
Liabilities	89 254
Long term liabilities	9 692
Current liabilities	79 562

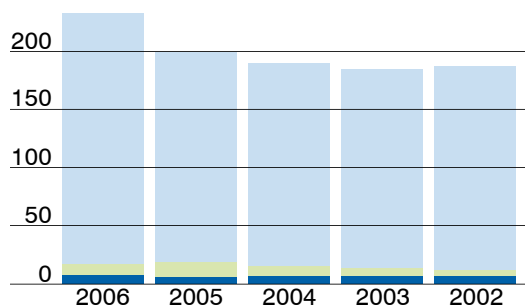
Key figures

(MARINTEK concern
main financial figures)

KNOK	2006	2005	2004	2003	2002
Result					
Gross operating revenue	232 113	199 282	188 950	184 169	186 809
Net operating revenue	194 049	164 844	152 446	154 021	149 124
Operating result	12 278	7 352	-330	3 070	-9 086
Annual result	12 270	7 795	18	3 247	-7 773
Balance					
Operating assets	35 757	27 994	27 365	32 280	40 222
Liquid assets	169 075	173 186	149 217	140 634	141 609
Total assets	204 832	201 180	176 582	172 914	181 831
Equity capital	115 578	103 483	95 218	95 200	91 954
Liabilities	89 254	97 697	81 364	77 714	89 878
Total equity and liabilities	204 832	201 180	176 582	172 914	181 832
Profitability					
Operating margin %	6.3	4.5	-0.2	2.0	-6.1
Total profitability %	3.0	1.9	-0.1	0.9	-2.4
Profitability on equity %	5.6	3.9	0.0	1.7	-4.1
Liquidity					
Cash flow from operations (KNOK)	4 810	4 185	9 862	-10 203	-4 522
Degree of liquidity	2.0	1.9	1.9	1.8	1.6
Solidity					
Equity capital %	56.4	51.4	53.9	55.1	50.6

Project-related specification of turnover (mill. NOK)

Contract research
Strategic research
Basic projects



Foreign trade 25% of total turnover

Europe (47%)
North America (24%)
Far East (13%)
South America (12%)
Foreign companies in Norway (4%)



Personnel Total staff: 175

Dr.ing./PhD (18.3%)
MSc Eng./University graduates (43%)
Engineers (11.4%)
Technical staff (18.3%)
Administration (9%)



Report of the Board

(extract)

Activities

MARINTEK performs research and development for industry and public-sector bodies involved in marine activities. The company operates in an international market, developing new technologies in the fields of floating petroleum production, subsea pipelines for oil and gas transportation, vessel development, the shipbuilding and maritime equipment industries, shipping and logistics.

The headquarters of the company are in Trondheim, and it has a subsidiary in Houston, Texas: MARINTEK (USA), Inc., which was set up as an element of our strategy of focusing on the international market, in collaboration with other Norwegian companies that wish to export Norwegian petroleum technology.

An important aspect of our work is operating the marine technology laboratories at Tyholt in Trondheim, of which the Ocean Basin Laboratory, the Ship Model Tank and the Marine Structures Laboratory are the major units. These laboratories are also utilised by NTNU's Department of Marine Technology, in a fruitful collaboration with our own groups. Most of our research scientists are recruited from this milieu.

The development of mathematical models and the integration of these into simulators for the study of physical phenomena and marine structures are responsible for a growing proportion of our contracts. We use our laboratories to calibrate the mathematical models in order to ensure that these form the optimal point of departure for more detailed studies of the complex structures and constructions that will be built by our clients. During the past few years, in conjunction with NTNU, MARINTEK has developed a unique range of expertise in carrying out integrated laboratory-supported studies of this sort. This has enabled us to increase our international involvement, and today, we are a strategic technology partner for major international companies operating in the shipping and offshore sectors.

Markets and technology

The international market is displaying very positive tendencies in both the shipping and offshore sectors, and in the second half of 2006 we experienced a growing demand for our laboratory capacity. As a consequence of the positive market situation there

has been a growth in activity in most of our market segments. The testing of new types of offshore supply vessel, where our contribution lies in the optimisation of hull forms and propulsion systems, is particularly worthy of mention. Testing lifeboats for offshore installations has been a major activity, which we have performed on behalf of companies operating on the Norwegian continental shelf. Our hydrodynamic laboratories are an important input factor in tests of this sort. Testing LNG vessels, in which wave impacts in membrane tanks are a critical factor that needs to be estimated, was also important in 2006.

Once again, the testing of risers and cables for offshore installations has been a significant market. This area of activity includes tests and simulations of how deepwater currents affect risers, pipelines and the cables that supply control units installed on the seabed with power and control signals. Our strength laboratory is highly suitable for work of this sort, and we are well known as the only neutral test laboratory in the world within this market segment.

In the field of operation and maintenance, we see a growing market for servicing Norwegian subsea installations. We have built up a group of professionals who serve this market, and have carried out major projects for the dominant participants on the Norwegian continental shelf. We are also making efforts to bring knowledge of this sort to ship-owners, via a joint knowledge centre for the management and analysis of operating data.

The logistics market had a weak start in the first half of 2006; however, our project portfolio grew in the second half of the year, and the prospects for the coming year appear to be good. In the field of energy systems and the environment and maritime ICT, there was a positive development in our result in 2006. Increasing financing of research, development and innovation via the Research Council of Norway, Innovation Norway and the EU has meant that a growing proportion of MARINTEK's project portfolio is based on indirect financing via the public sector.

Profit and loss accounts and balance sheet

The company's result is in line with the expectations of the Board. With a gross turnover of MNOK 230.5 and net operating income of MNOK 190.2, we made a profit of MNOK 12.2, which the Board proposes to transfer to the company's other equity capital.

Of a total capital of MNOK 205.1, our equity capital comes to MNOK 115.0, equivalent to an equity capital ratio of 56.0%. Working capital is MNOK 88.3, which

represents a rise of MNOK 9.6. The most liquid assets come to MNOK 53.7, an increase of MNOK 5.9.

The Board is pleased to note that the Institute has made considerable investments in infrastructure in order to maintain the quality of our laboratories, a step which will benefit the whole of the maritime sector and thus also Norwegian society. Although the level of investment was MNOK 20.5, MARINTEK has maintained a positive cash flow of MNOK 4.6.

The company's order reserve stands at MNOK 72.9, compared with MNOK 76.4 at the same point in time last year.

Prospects for the future

In the course of 2006 we have seen a general improvement in our shipping and offshore markets, thanks to high oil prices and a large demand for freight services.

We can also see a certain improvement in the market for research services through larger allocations to applied research in those industrial segments in which Norway has traditionally been at a competitive advantage, including the maritime and offshore sectors. Grants to maritime research via the Research Council of Norway and Innovation Norway have risen by MNOK 40 a year relative to previous years, to reach a total of MNOK 70 million a year. Our project portfolio under the EU's Framework programme has also increased.

We have been in dialogue with the EU in connection with the preparation of the EU's Maritime Green Book, which outlines proposals for an integrated European maritime policy. We have also provided input to the Norwegian government's efforts to draw up a national maritime strategy that will include measures focusing on research and innovation. This will be reflected in a maritime white paper to be published in 2007.

The maritime cluster has been Norway's largest service-based internationally oriented creator of value. We are currently observing a more positive willingness on the part of the Norwegian authorities to ensure that the Norwegian maritime cluster maintains its strength. Not least, it has been realised that the efforts that will need to be made in the Arctic are dependent on a vital maritime industry.

The development of Arctic resources is being sharply focused on by all branches of Norwegian industry. However, the challenge is to develop these resources in such a way as to take demands for sustainable development in these vulnerable areas into account. This will require significant research efforts and inter-

national cooperation on the part of those involved. MARINTEK is making active efforts to position itself as an important player in this area, in order to contribute to meeting these challenges.

In the oil and gas industry, we need to focus on increasing our exports, and MARINTEK is currently positioning itself as a knowledge partner for the major Norwegian companies which are currently entering the international market.

Recruiting young Norwegians to the maritime sector will be a key factor in our ability to maintain and strengthen Norway's maritime advantages. MARINTEK is in the process of drawing up a visionary project that will be capable of laying a foundation that will encourage young Norwegians to enter the marine and maritime industries, and attract foreign students and researchers who wish to study maritime disciplines in Norway.

As far as MARINTEK's specific areas of special effort are concerned, the situation is as follows:

The order situation is good in offshore structure technology, which is involved in technology development of risers, cables and pipelines.

There is a high level of demand for our services in the hydrodynamic laboratories, both within the vessel segment, where there is a sharp focus on offshore vessels, and the offshore segment, on which new floater concepts are being launched.

The area of operation and maintenance is showing good signs of growth since positioning itself vis-à-vis the oil companies and the challenges they offer in the field of offshore field operation.

Our logistics segment has a large order reserve in comparison with the situation as it was a year ago.

Our order reserve in maritime energy systems weakened somewhat towards the end of the year, but we expect this segment to improve during 2007, as a result of investments in environmentally friendly shipping.

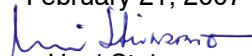
In view of the above market prospects, the Board expects that 2007 will also be a good year.

Thanks to our employees

The Board extends its thanks to our management and employees for their excellent work in 2006. We also thank both the NTNU staff who are involved in MARINTEK's activities and our clients for their collaboration.

Trondheim, December 31, 2006

February 21, 2007


Unni Steinsmo
Chair of the Board

Ownership

MARINTEK's shareholders:

SINTEF	6.5 MNOK	56%
Norwegian Shipowners' Assoc.	3.0 MNOK	26%
Det Norske Veritas	1.0 MNOK	9%
Foundation of Shipbuilders' Fund for Research and Education	0.5 MNOK	4%
Norwegian Maritime Directorate	0.5 MNOK	4%
Fed. of Norw. Coastal Shipping	0.1 MNOK	1%
<hr/> Total share capital	<hr/> 11.6 MNOK	<hr/> 100%

Board of directors

President (CEO) Unni Steinsmo, Chair of the Board
Director Rebekka Glasser Herlofsen
Technical Director Jan-Kristian Haukeland
Division Manager Per Marius Berrefjord
Assistant Director General Sigurd Gude
Professor Odd Faltinsen
Dr.ing. Gro Sagli Baarholm
Principal Research Engineer Halvor Lie
Administration Secretary Kristin Bjørkander

Management

President Oddvar Aam
Finance manager Birger Åldstedt
Quality manager Karl Andreas Haugen
Personnel manager Anne Jørgensen
Vice president - business development, Helle Moen
Div. director Terje Nedrelid, Ship and ocean laboratory

Our research managers:

- Oddvar Eide, Structural engineering
- Ørnulf Rødseth, eMaritime
- Roar Bye, Maintenance technology
- Eivind Dale, Strategy and logistics
- Per Magne Einang, Energy and environment
- Hans Jørgen Rambech, Ship technology
- Frode Meling, Marine operations and simulation
- Rolf Baarholm, Offshore hydrodynamics

MARINTEK - a certified institute

MARINTEK has chosen to certify the whole company to the ISO-9001:2001 standard. We have mapped out all of our work processes, including laboratory activities, theoretical studies and analytical work. This is intended to ensure that our customers enjoy quality in all the work that we do for them.

MARINTEK (USA), Inc.

MARINTEK is dependent on being close to its key customers, some of whom operate in the offshore industry. Every day, Houston and Texas are becoming more and more obviously the global centre of gravity in offshore structure design, and these centres are active vis-à-vis deepwater field developers in Brazil and West Africa as well as field developments in the Mexico Gulf. MARINTEK also operates a subsidiary in Houston and is involved in studies aimed at taking up the challenges of ultra-deep water.

Cooperation with NTNU and other SINTEF units

NTNU including their Department of Marine Technology and MARINTEK actively coordinate their strategic programmes so that there is a high degree of interaction between the work of NTNU's Centre of Excellence (CoE) at the Marine Technology Centre at Tyholt and MARINTEK's research programmes. Cooperation takes place in areas such as hydrodynamics and sea loads, marine structures including risers and pipelines, and marine cybernetics. These efforts are coordinated vis-à-vis both industry and the Research Council of Norway, with the result that the combination of MARINTEK and NTNU is one of the strongest civil centres of maritime R&D in the western world. MARINTEK participates in the financing of the CoE, and some of our scientists are involved in the Centre's research programmes. We have recently recruited four scientists from this organisation.

We have established a Gemini Centre in the field of construction technology, and this is a model promoted by the SINTEF Group and NTNU when they wish to emphasise their cooperative relationship.

We also cooperate extensively with other SINTEF units, and we participate in SINTEF Group efforts in offshore applications of pipelines, marine logistics and integrated offshore operations.

The SINTEF Group consists of approx. 1900 employees, and MARINTEK is the group's principal source of expertise in the maritime sector.

The Norwegian Parliament wishes MARINTEK to be a centre of gravity in European maritime research

In the course of 70 years, the Norwegian authorities have built up an impressive maritime infrastructure in shape of the marine technology laboratories at Tøholt in Trondheim. MARINTEK and the Department of Marine Technology at the University NTNU make up one of the largest centres of maritime R&D in the western world.

In its discussion of the Research White Paper "The Will for Research" in June 2005, a unanimous Parliament set out the following ambitions for the marine technology milieu in Trondheim:

"The Committee wishes to emphasise the considerable degree of value creation related to the maritime industry, and Norway's unique international position in this area.

In order to strengthen the future innovative capacity of this sector, the Committee stresses the importance of stepping up the level of maritime research.

The Committee notes that NTNU and MARINTEK in Trondheim represent the largest centre of maritime technology research in Europe.

The Committee believes that more countries, including EU member states, should be invited to draw upon the resources of the Norwegian R&D milieu.

The Committee therefore requests the Government to ensure that MARINTEK is enabled to become a European research laboratory."

In the past two years, MARINTEK's Board and management team have been working actively on a prospectus aimed at realising this ambition, and they now wish to involve the whole of the Norwegian maritime sector in putting its considerable power behind the implementation of this plan.





MARINTEK

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