

› Pareto Annual Report 2007

Content This is the Pareto Group 4 Pareto Securities 6 Pareto Private Equity 8 Pareto Forvaltning 9 Pareto Bassøe Shipbrokers 10 Johan G. Olsen Shipbrokers 11 Pareto PPN 12 Pareto Universal Fonds 13 Pareto Bank 14 The Directors' Report 15 Income Statement 17 Balance Sheet 18 Cash Flow Statement 20 Notes 21 Auditor's Report 30

› This is the Pareto Group

Pareto is a leading, independent player on the Norwegian market for financial services. The company has offices in Oslo, Stavanger, Bergen, Trondheim, Kristiansand, Bryne and in Singapore, and cooperates with Nordic Partners Inc., a partly-owned stockbroking company in New York. Pareto was founded in 1986 and since then has expanded into a corporate group offering a wide array of products. Pareto has 365 employees. This development was made possible by our dedicated and skilful staff, by focusing on developing sound products and on growth and, last but by no means least, by the trust placed in us by our clients and business associates.

Business Sectors

Securities broking

- › Shares
- › Bonds
- › Derivatives
- › Foreign exchange

Advisory services

- › Listing
- › Mergers and acquisitions
- › Financing
- › Private banking

Project financing

- › Limited companies
- › Limited partnerships
- › Private equity funds
- › Unlisted companies

Asset broking

- › Shipping
- › Oil and offshore
- › Commercial properties
- › Chartering

Active management

- › Shares
- › Bonds
- › Structured products
- › Specialised funds

Pareto's Business Sectors

Through its subsidiaries, Pareto offers a wide range of broking services in shares, bonds and partnership interests, arranges issues of various equity and foreign capital instruments and direct investments.

The company is also active within the management of direct investments, valuations, refinancing, financial counselling and brokering commercial properties, and offers asset management services in the equities and fixed income markets. Through its shipbroking business Pareto also engages in chartering and buying and selling tanker tonnage.

Through Pareto PPN, Pareto offers sound product solutions and functional and comprehensive system solutions for independent financial advisers in Norway.

Pareto's strengths lie in diversity and a strong local presence

The breadth of Pareto's product range has given the company the strength to grow and prosper. At the same time, this has given our clients a balanced, well-diversified product portfolio providing sound, long-term returns.

Pareto's long-standing engagement with local markets and companies has given us experience and competence, enabling us to treat each client individually and to safeguard our clients' interests in the best possible manner.

Pareto gives priority to organic growth and the development of in-house competence. Acquisitions and mergers are continuously under consideration, with a view to complementing and developing the company still further. We cooperate with other operators whenever appropriate in order to offer our clients the optimum products.

Pareto's targets and strategies

Pareto aim to be the preferred, Norwegian supplier of financial services, based on thorough and detailed knowledge of Norwegian social conditions and businesses and industries in which Norway has particular advantages. We will create sound financial solutions and contribute towards high returns for our clients. Pareto's strategy is based on focus, detailed knowledge, experience and

long-term client relationships. We believe in continuous development and improvement. We have invested knowledge and financial resources with a long-term perspective. We expect responsibility, integrity and a high ethical standard from our employees. We are independent and wish to take an innovative, creative and different approach

Pareto in 2007

- › Operating revenues for the Pareto Group amounted to NOK 3.5 bn (2006: 3.3 bn). Equity as of 31 December 2007 was NOK 2.9 bn (2006: NOK 2.0 bn). The number of employees in the Group was 365.
- › Pareto Securities advised on and participated in 30% of all issues registered on Oslo Stock Exchange/Oslo Axess and also participated in over 70% of all issues in OTC registered companies (calculated in NOK). The Company retained its position relative to its competitors in 2007, with a 15% share of broking revenues reported to Kredittilsynet (the Financial Supervisory Authority in Norway) in both 2006 and 2007. Over the past two years Pareto Securities has arranged bond loans for a total value of ca NOK 70 bn.
- › Pareto Private Equity carried out new real estate and shipping transactions for over NOK 17 bn and at year-end managed a project portfolio of 84 ships and 38 property projects to a total value of ca NOK 22 bn.
- › Pareto Eiendom had a good year and consolidated its position as an important player in estate agency operations for large commercial properties.
- › Total assets in Pareto Forvaltning grew to a total of NOK 33.6 bn, of which NOK 16.2 bn is invested in the share market.
- › Pareto Bassøe Shipbrokers is a leading operator in chartering VLCC tonnage. Rates remained at the same level as in 2006, but turnover was lower in 2007 due to reduced manning and the low USD exchange rate. Developments were positive for both Pareto Shipbrokers and Pareto Dry Cargo throughout the year.
- › Pareto's operations on the American market are carried out in cooperation with the partly-owned American stockbroker Nordic Partners. A number of road shows were arranged for Nordic companies in the North-American market, in addition to a separate offshore seminar in New York.
- › Pareto PPN arranged financial products for independent financial advisers to a value equivalent to NOK 3.9 bn, 41% of which comprised security fund products and 59% alternative investments in property, shipping and structured products.
- › Pareto Universal Fonds sold investment products for approximately NOK 1.15 bn, arranged by other Pareto companies.

> Pareto Securities AS

Pareto Securities is a leading player in share and bond broking and financial counselling. The firm concentrates on areas of business and industry in which Norway enjoys particular advantages. Analyses are based on thorough, detailed knowledge and long-term involvement. In consequence, our analysis and brokering products are highly rated by a wide community of international investors.

Stockbroking and financial counselling

Pareto Securities' services consist mainly of stock and bond broking and financial advisory services in connection with company financing, stock exchange listings, and mergers and acquisitions. Pareto has held a sound position in both of these fields for the past 10 years.

Our focus on Norwegian securities and areas of business and industry in which Norway has particular advantages, enables us to provide analyses and counselling based on detailed knowledge of the industries and companies with which we work. This is particularly important for our international investors, who seek a precise focus and first-hand knowledge. Pareto's local presence therefore represents an important competitive advantage that helps to win the confidence of our clients.

Our proximity to the companies gives us international placement power.

The combination of a local presence and international investor contacts provides the basis for Pareto Securities' placement power in the equities and bonds market. International clients accounted for over 50% of our revenues in 2007, enabling us to carry out numerous large-scale, complicated projects.

Our European investors are primarily served by our offices in Oslo and Stavanger. Our American clients are followed up by a dedicated group of brokers in Norway. In addition we have brokers in New York. We also have offices in Bergen, Kristiansand and Trondheim. We are therefore able to offer a combination of:

- > regular dialogue with analysts and brokers with insight and expertise
- > visits from our analysts
- > local events at which company management are present (road shows and conferences).

Nordic Partners Inc.

Nordic Partners is Pareto's venture on the North American market in cooperation with Swedish company E. Öhman J:or Fondskommission AB and the Finnish Evli Bank Plc. The company has gained a strong position among North American investors as a broker of Nordic shares. Cooperation between the offices in the US and Norway enables us to combine proximity to the companies with closeness to the investors.

Skilled analysts make up the "powerhouse" of our operations

Our staff of analysts consists of 22 advisers with special expertise within the industries that they monitor. Our credit analyst follows the Norwegian and international credit markets and compiles credit ratings of selected companies. The credit analyst cooperates with the stock analysts, who apply their in-depth skills in covering key sectors and most of the major companies listed on the Oslo Stock Exchange. Interest rate and credit analyses are an integral part of the analysis product. Pareto believes that first-hand knowledge of the ability of companies to raise loan capital is a prerequisite for understanding their chances on the equity market. Our analysts also cooperate closely with Pareto Bassøe Shipbrokers, Pareto Private Equity and Pareto Offshore in areas of shipping, real estate and offshore, respectively. Our analysts have a good reputation on the market and appear at the top of many major rankings and studies.

An extensive range of analysis products

Pareto Securities' analysis products consist of continuously-generated analyses of companies and business and industry sectors, issued ad hoc and regularly on a daily, weekly, monthly and quarterly basis. The products are made available to our clients continuously on our web site at www.pareto.no. In 2007, the analyst team produced roughly 950 analyses in addition to the daily morning commentaries.

Pareto Securities AS

Dronning Mauds gate 3
P.O.Box 1411, Vika
NO-0115 OSLO
Norway

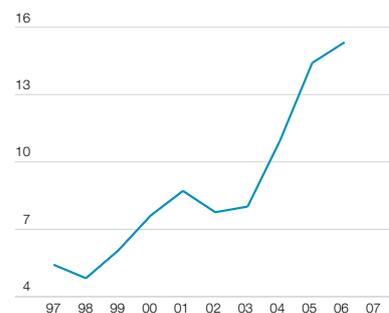
Telephone 22 87 87 00
Turnover 2007 NOK 2.5 bn
Number of employees 197

CEO

Ole Henrik Bjørge
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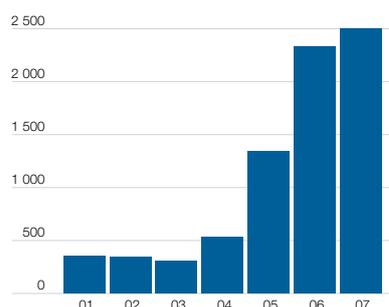
www.pareto.no

Market share, shares %



Pareto Securities' share of brokerage in the secondary market for equity instruments reported to Kredittilsynet (Source: Kredittilsynet / Pareto)

Operating revenues 2001 – 2006 NOK mill



An important part of the analysis operations is to arrange seminars and visits to companies for our investors. Amongst other events, Pareto hosts an annual oil and offshore seminar that has become one of Europe's leading investment forums for oil and oil-related companies. Over 1300 private and institutional investors from Norway and abroad attended the conference in 2007. Other major conferences include seminars on industrial bonds in London, an offshore conference in New York and an energy conference in Oslo.

Financial advisory services founded on industrial competence and proximity to investors

Being an independent financial adviser, Pareto Securities is able to offer a complete range of financial services, from share and bond issues, listing and diffusion sales to mergers/demergers and acquisitions/disposals of enterprises/companies.

Like our analysis activities, our advisory services are based on a long-term approach and in-depth knowledge of the areas of business on which we focus. Through our divisions in Oslo, Stavanger, Bergen, Kristiansand and Trondheim we are able to maintain proximity to the most important areas of business in Norway and we have an advisory team whose members have broad management experience from industry, consultancy and the capital market.

Pareto Securities focuses primarily on listed companies or companies that have potential for listing within a reasonable time horizon. However, we also work closely with Pareto Offshore, Pareto Bassøe Shipbrokers, Pareto Private Equity and Pareto Eiendom, enabling us to serve companies that are in an early stage of development and to take full advantage of the Group's competence and network.

Bond broking – an important part of the product range

Pareto is a substantial and independent player on the Norwegian bond market. Through these activities we can offer our corporate clients debt financing and can offer Norwegian and international investors placements in interest rate instruments.

Like our activities in the equity sector, our bond broking activities are based on thorough analyses. This secures us the confidence of investors and issuers alike.

An important consequence of the close proximity between the equity and debt sectors of the business is that we have broad competence in both advisory services and sales. Pareto is therefore able to perform transactions that involve not only equity and debt, but also structured products such as convertible loans, share or bond issues with relevant subscription rights and wholly or partly guaranteed equity products.

Pareto Securities Asia Pte. Ltd.

Pareto Securities Asia has a staff of six and is in its third year of operations in Singapore. It offers our advisory services to local companies and Norwegian expatriate players, mostly in shipping and offshore.

Pareto Offshore AS

Pareto Offshore offers broking, newbuilding, chartering and financing services for all types of drilling units. Its staff of six also undertakes valuations and market updatings. Most of Pareto Offshore's clients are American rig owners, but in the past few years the company has assisted several Norwegian newcomers and existing clients with newbuilding contracts for floating and jack-up rigs. The company has also increased its focus on chartering and has been involved in a number of major transactions.

Currency broking

Pareto Securities has conducted currency operations ever since 2006 in connection with investment services. We have seen a great demand for currency services internally and externally, and now have a staff of 4 to provide these services.

Syndicating/Financial advisory services

In autumn 2007 Pareto Securities established a separate department to focus on capital advisory services and debt structuring. As a supplement to financing through equity and the bond market we can, through a broad network of contacts in Norwegian and international banks and financial institutions, provide advice and arrange attractive financing solutions for our clients.

> Pareto Private Equity AS

Pareto Private Equity (PPE) offers corporate finance and project financing services in shipping, offshore and real estate, as well as M&A services and traditional corporate services for unlisted companies. In addition PPE is extensively engaged in fund raising and management of investor funds. PPE is solution-oriented and has a wide network of clients and investors in Norway and abroad. We have five main target areas:

I – Shipping and Offshore

PPE has extensive experience and competence in syndicating shipping projects. We have arranged more than 200 shipping/offshore projects and now have a large portfolio of active companies. As an independent and long-term collaboration partner PPE aims to offer shipping and offshore projects as an attractive financial investment. Our projects aim to give high anticipated returns combined with current dividends and acceptable risk, with an anticipated annual return on equity of between 15 and 30% (IRR).

We focus primarily on projects that have long-term charters and recognized charterers, but we also arrange more risky asset play projects. Our projects are established with experienced shipowners/managers who are actively involved on the owner side. Project investments in shipping/offshore are a very good alternative to other forms of investment. Shipping is international and is not greatly affected by developments in the Norwegian economy.

II – Real Estate

As an alternative to investing in shares, bonds and the money market, direct investments in properties has given very good returns. Pareto Private Equity has been active on the Norwegian market for more than 20 years. PPE is an adviser in major property transactions, including stock exchange listing and buying and syndicating properties in Norway and internationally. PPE offers direct investments in property, with an anticipated annual return on equity between 10 and 20%. In 2007 PPE was involved in buying/selling and syndicating properties for a total of about NOK 7 bn., concentrated on modern, centrally located properties with long-term leases and sound tenants.

III – Corporate Finance

The work of the corporate finance team in PPE is dedicated to the Private Equity

market. In the past few years it has assisted in implementing more than 100 transactions linked with buying and selling companies (M&A) and private placements/issues.

PPE focuses on the sectors oil and offshore, shipping, renewable energy, fish farming and real estate. Our clients are offered access to a substantial national and international investor base of institutional investors and major private investors.

IV – Investment funds

In 2007 PPE continued the development of its operations in fund-raising and management of more investment funds. Since it started in 2006, PPE has procured almost NOK 4 bn in equity capital.

PPE will continue to build up funds in established business sectors in 2008 and also develop new investment funds that will be offered to our investors direct and through established distribution networks.

V – Pareto Investorservice AS

Pareto Investorservice manages some 120 investment companies with investments in real estate, shipping and offshore projects for over NOK 30 bn. Business management involves responsibility for the everyday operations of the owner companies, including accounting, reporting and advisory services. Pareto Investorservice has experienced specialists in accounting, tax and company law matters and technical management. An effective reporting tool has been established for distributing information, calculating returns and for portfolio management. The reports are available to investors via the web.

Pareto Private Equity AS

Dronning Mauds gate 3
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Telephone 22 87 87 00
Turnover 2007 NOK 502 mill
Number of employees 58

CEO

Anders Endreson
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www.pareto.no

> Pareto Forvaltning AS

A long-term perspective, fundamental analyses and consistency characterize our management philosophy. Our investments are based on a prudent and selective investment strategy, which over time has generated high added value relative to indices and risk-free interest.

Management and strategic advisory services

Pareto Forvaltning offers active management, fund management and business management for investors in the securities market. Our clients are large and medium-sized enterprises in the private and the public sector, pension schemes, foundations and private persons. The company has 27 managers/strategic advisers who on average have 15 years' relevant experience. Four members of the staff are engaged in business management.

Pareto Forvaltning offers clients management in the securities market through the Active Management service or through our interest rate fund and share fund. In addition to traditional management we also offer business management, where Pareto Forvaltning is a strategic collaborating partner attached to the investor's management. This is a flexible concept useful for major investors who appreciate the value of outsourcing some of their activities while also wishing to retain a high degree of control and influence in the various phases of the investment process. We have also developed a management service for foreign capital instruments, liabilities management, where we handle complex debt portfolios for major clients, relative to offers from financial institutions, interest rate risk management and reporting.

Limited number of clients – focus on individual solutions

We believe that individually-suited management solutions are a precondition for good, risk-controlled management. Our management concept is to provide a tailor-made service based on the individual client's unique needs and risk profile.

A service concept characterized by close and individual monitoring excludes Pareto Forvaltning from the mass market, but nonetheless good management results have

given substantial growth in recent years. As of 31 December 07 the company managed NOK 33.6 bn on the Norwegian securities market, of which NOK 16.2 bn was on the share market.

A conservative, consistent and long-term style of management

Closeness and a thorough understanding of our investments are central features of our management philosophy. Management is based on thorough internal analyses. Our investments are concentrated on companies with good operations, judicious pricing and a sound balance sheet. The number of investments is kept at a limited level, normally about 20 different positions in the share market. In our opinion this number is sufficient to spread risk, while at the same time enabling thorough and continuous monitoring of each position. Investments in companies that have stable returns, profits and dividends over time, are a central feature of our management philosophy.

Annual average returns of 19%

A long-term perspective and a value-oriented management philosophy have given good results. Our first client, who came to us in August 1995, is still on our list of clients, satisfied with an aggregate positive return of 621%. This gives an additional return of 363 percentage points compared with Oslo Stock Exchange, which in the same period gave a return of 258%. During the same period development in the world index MSCI World was poorer, only 125% in the aggregate, measured in NOK.

For the past nine years our main profile in the Norwegian share market has given an annual average return of 19.4% after all costs. This represents a good additional return, both relative to 4.8% return on bank deposits and the Oslo Stock Exchange average return of 12.1% during this period.

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P.O.Box 1396, Vika
NO-0114 OSLO
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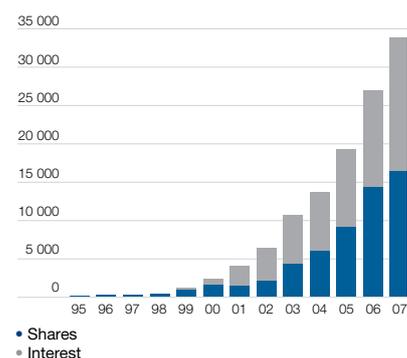
Telephone 22 87 87 00
Turnover 2007 NOK 236 mill
Number of employees 31

CEO
Petter W. Borg (petter.borg@pareto.no)
www.pareto.no

Time-weighted return v. indices (NOK)



Total Assets



> Pareto Bassøe Shipbrokers AS

Pareto Bassøe Shipbrokers consists of: P.F. Bassøe AS, tank chartering and analysis, Pareto Shipbrokers AS, buying/selling tonnage and contracting new ships, and Pareto Dry Cargo AS, dry cargo chartering.

P.F.Bassøe AS

P.F. Bassøe is a shipbroking company concentrating mainly on chartering in the tanker trades. Our services are founded on sound knowledge of the markets in which we operate and we endeavour to give our clients added value by providing the best possible information, a high standard of service, reliability and creativity. We offer broking of chartering services in most tanker segments and our client base is international, consisting of shipowning companies, international oil companies and oil traders. Geographically they are concentrated on the Scandinavian countries, London and the East (Korea, Hong Kong, Singapore).

We have clients in all time zones and a substantial part of the work consists in ensuring that they are currently updated on market developments at all times. We also place great importance on monitoring transport assignments after the commercial conditions have been agreed. Our operations department is staffed by skilled employees with experience from work at sea or in shipping offices.

Apart from ordinary chartering services we also undertake project-oriented work on long time charter parties and affreightment contracts, as well as tailor-made solutions for our clients.

Analysis

Market analysis is an important support service for our clients and our own brokers. This work involves continuous market monitoring, forecasts, in-depth studies of segments and trends within our markets. We work closely with the other companies in the Pareto Group.

Pareto Dry Cargo AS

Pareto Dry Cargo is headed by senior brokers who have long experience in dry cargo. The company works closely with shipowners, charterers and operators.

The dry cargo division has a portfolio of clients from all corners of the world. Pareto Dry Cargo has a strong footing in dry bulk chartering, with particular focus on Handymax and Handysize tonnage. The division also works closely with clients in the aluminium, cement and grain industries. It also offers project and advisory services, besides spot and long-term time charters and contracts.

Pareto Shipbrokers AS

Pareto Shipbrokers buys and sells ships on the second-hand market and places contracts with shipyards for new ships. Valuation services for banks and other financial institutions form an integral part of this.

Pareto Bassøe Shipbrokers AS

Dronning Mauds gate 3
P.O.Box 1396, Vikå
NO-0114 OSLO
Norway

Telephone 22 87 87 00
Turnover 2007 NOK 61 mill
Number of employees 18

www.pareto.no

> Johan G. Olsen Shipbrokers AS

Johan G. Olsen Shipbrokers AS (JGO) offers broking services in both shipping and offshore and has a staff that represents substantial knowledge and experience in the company's market segments. JGO became part of the Pareto group in 2006.

Southern Norway's Shipbroker

JGO's history goes back to 1912, when Johan G. Olsen started as a lumber merchant and shipbroker. Johan G. played a central role in establishing and building up many of the shipping companies in southern Norway in the late 1920s and the 1930s. Right through until about 1980, Johan G. Olsen Shipbrokers was the exclusive broker for a great many shipping companies in southern Norway for chartering, contracting newbuildings, buying and selling tonnage. From the 1980s and to the present day the company has developed from being a shipbroker primarily for the local shipowners, into being a competitive shipbroker serving shipowners, operators and charterers the world over.

Today Johan G. Olsen Shipbrokers AS offers broker services in two major markets: Tanker and Offshore.

The tanker department

Primarily the tanker department arranges contracts for the carriage of crude oil by large tankers. The department is especially active in the market segment for tankers from 80.000 – 150.000 dwt, known as Aframax and Suezmax tankers. JGO is the broker for both charterers and oil companies needing tonnage to carry crude, and for shipowners wishing to obtain freights for their ships. The department is staffed by brokers and operators who have long, thorough experience and have earned confidence and trust for good professional services and monitoring. The tanker department also has a special member of the staff engaged on statistics and research, who produces summaries and analyses for the use of the company's brokers and their clients.

The offshore department

Johan G. Olsen Shipbrokers' offshore department is numbered among the leaders in Norway. JGO established its offshore department in the 1970s, when the supply vessel

companies started to grow up. Since then the department has become a dominant broker in most segments of the offshore market. The offshore brokers arrange long-term contracts between the owners of supply vessels and the operators/oil companies, securing rights of disposition over the vessels for long periods of time, from some months to several years. In the spot market the brokers arrange short contracts for supply vessels to carry cargoes and supplies to drilling and production platforms and other offshore installations. They also arrange contracts for anchor-handling vessels and tugs for moving and towing rigs. JGO also arranges the chartering, buying and selling of oil rigs.

Over time the department has developed great competence in needs assessments and design of future supply ships and special units for offshore operations. Cooperating with naval architects, designers and shipowners, Johan G. Olsen Shipbrokers has developed many new ship projects and the contracting of a number of new ships. Johan G. Olsens offshore department has developed a comprehensive database of the international fleet of supply ships that is a sophisticated and useful tool for the department and for the company's clients.

When Johan G. Olsen Shipbrokers AS joined the Pareto Group in 2006, the range of services available to the company's clients became even broader. For example, by cooperating with Pareto Securities and Pareto Private Equity, JGO is able to offer package solutions that include contracting for building/buying ships, full financing of both equity and loan capital, and employment for the ship.

Johan G. Olsen Shipbrokers AS

Vestre Strandgate 19 A
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Norway

Telephone 38 12 31 11
Turnover 2007 NOK 45 mill
Number of employees 17

CEO

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> Pareto PPN AS

Pareto PPN arranges investment products for financial advisers in Norway. Through PPN the advisers have access to strong product solutions, functional and fully-formed system solutions and an outstanding level of service. Pareto PPN represents 15 national and international suppliers and has more than 600 active financial advisers as distributors.

Pareto PPN's concept is the only one in Norway

Pareto PPN offers a full selection of investment products comprising both of its own product concepts and external investment products. The product solutions contribute towards making the financial advisers more competitive in their local markets.

The system solutions are complete and satisfy the existing strict requirements governing the provision of investment advisory services. The concept reduces the need for administration and frees time that can be spent on recruiting clients, advisory services, and following up existing clients. Our suppliers enjoy similar savings in resources in that they can concentrate on product development and the actual investment product.

At present Pareto PPN represents suppliers such as Aviva Morley, BHF-Bank, Credit Suisse, Commercial Union Life, East Capital, FMG, Delphi, Holberg, Jyske Bank, Jyske Invest, Pareto, Realkapital, Sydbank, Sydinvest and Vertikal.

The clients are investment firms that provide advisory services, but also smaller companies that conduct investment counselling under Pareto PPN's licence as associated agents.

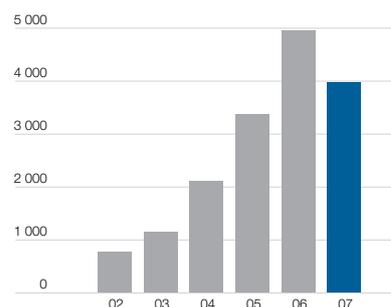
Pareto PPN AS
Storgaten 14
NO-4349 BRYNE
Norway

Telephone 51 77 97 00
Turnover 2007 NOK 70 mill
Number of employees 15

CEO
Carl Egil Hana
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www.ppn.no

Sales NOK mill



› Pareto Universal Fonds AS

This company is engaged in the business of investor counselling and sale of financial products based on a wide selection of products in various risk classes.

Pareto Universal Fonds

Pareto Universal Fonds sells investment products to the private market, small and medium-sized enterprises and associations. The company has 29 employees, consisting of 24 advisers, 2 trainees, 2 back office staff and the controller. On the personnel side focus has mainly been placed on further developing the existing advisers, but also on new recruiting. In 2007 the company sold investment products for NOK 1.12 bn. Securities funds, single investments and investments through private banking accounts, as well as structured products and property and shipping funds, accounted for roughly 95% of the turnover. The company manages resources totalling approximately NOK 3.5 bn.

Collaborating partners

Our main suppliers are Pareto PPN and its collaborating partners, Pareto Private Equity and Pareto Securities. As financial advisers we find it important to adapt the various investment products to each client's needs, seen in relation to the client's present and future economy. Particular weight is attached to ensuring competence and development in products and personnel. Therefore product development in collaboration with other Pareto companies is given high priority in order to create a robust platform for our clients.

Working methods

In our business the challenge – apart from offering good products – is to create good relations with our clients.

Implementation of the MiFID (Markets in Financial Instruments Directive) and the new securities trading law brought with it further quality assurance for internal procedures, resulting in additional focus on the client and the client's situation. A common reporting tool is used, in addition to adapting special solutions for some clients when necessary. We attach importance to active use of basic

portfolio theory for the clients' investments. This makes it necessary to have a sufficient range of products to satisfy this requirement. All advisers have in-company certification in most product groups and we also draw on the competence possessed by the rest of the Pareto Group.

Challenges and priority areas

The aforementioned regulation of our industry improves the climate and expectations for our operations. The company has adapted to the new, stricter rules that now apply. Further changes in the external framework conditions cannot be precluded. We consider that the company is well-positioned to cope with any such changes. We see the established framework conditions as being a necessary and welcome adaptation that will contribute towards raising the standard of all players in the business, which will benefit clients and companies and also the reputation of this branch of business. All of Pareto Universal Fond's advisers are being authorised as stockbrokers and members of the Norwegian stockbrokers association, NFMF.

Competence and focus are central concepts in our operations. Our employees must be known for their expertise in their fields. We are more interested in excelling in a smaller product range, than in supplying the whole range of investment products. Throughout 2007 the company also worked actively to achieve closer integration with the rest of the Pareto Group. To this end Pareto Universal Fonds moved into new premises in 2007, joining the rest of the Pareto companies. The company is concentrating on generating further organic growth and on honing its profile as a sound and substantial player in its field. Operations are mainly concentrated in the Greater Oslo area.

Pareto Universal Fonds AS

Dronning Mauds gate 1
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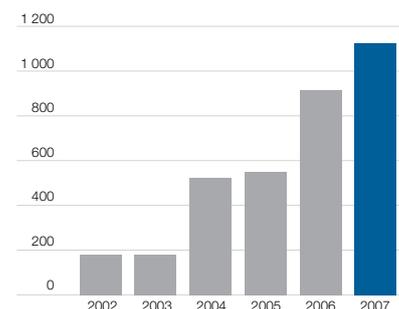
Telephone 23 23 99 00
Turnover 2007 NOK 52 mill
Number of employees 29

CEO

Rune Wassum
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www.unifonds.no

Sales volume investment products (NOK mill)



> Pareto Bank ASA

On the Norwegian market Pareto Bank acts as a specialist bank for financing projects and investments for major private clients and their companies.

In January 2007 Pareto AS was the instigator of a project group established for the purpose of applying for a banking licence and establishing a new bank in Norway. Pareto identified an opportunity to exploit a niche in the market by opening a new commercial bank that could offer specialised banking services in the area of financing securities and properties.

A licence to establish a new commercial bank was granted by the Norwegian Ministry of Finance on 1 November 2007 and the bank opened on 4 January 2008.

From the outset the bank was able to offer a wide range of products for financing securities and properties, as well as competitive deposit products, online banking and other standard payment transfer services.

In property financing, Oslo and its suburbs are the main catchment area. This is a consequence of the market concentration in this area, the need for personal contact with the client, and that it is within this area that we have our competence.

Outside the Oslo area, Pareto Bank offers deposit products and securities financing, as well as financing for sound individual debtors and their companies and projects.

The biggest owners of Pareto Bank ASA are:

1. Pareto AS	15.00%
2. Geveran Trading Co Ltd	6.50%
3. Rasmussengruppen AS	6.50%
4. Indigo Invest	5.74%
5. Goldman Sachs Int. Equity	5.05%
6. Sabaro Investment Ltd.	3.82%
7. Deutsche Bank AG London	2.73%
8. OBOS Forretningsbygg AS	2.40%
9. Credit Suisse Securities	1.96%
10. AS Tonsenhagen Forretningssentrum	1.80%
11. Bankinvest KS	1.80%

Leading staff in the Pareto Group and Pareto Bank own 5% in all and other employees in the Pareto group own an additional 5%.

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> The Directors' Report

Our business objectives

Pareto will continue to develop as a focused and profitable company. Its directors and management wish to build the business on the respect and confidence of the company's employees, clients, competitors and public authorities.

Operations

The companies operate in the fields of financial advisory services, brokerage services in securities, real estate and shipping, project development and asset management.

Pareto's head office is in Oslo. Group activities are conducted mainly through its subsidiaries, Pareto Securities AS, Pareto Private Equity AS, Pareto Forvaltning AS, Pareto Bassøe Shipbrokers AS, Johan G. Olsen Shipbrokers AS, Pareto PPN AS and Pareto Universal Fonds AS. Pareto AS is the parent company of the Group.

Earnings

Earnings and profit for both the company and the Group improved compared with the preceding year. The company strengthened its position in several priority areas.

Group operating revenues amounted to NOK 3,470 million in 2007, as against NOK 3,276 million in 2006. Operating profit was NOK 2,349 million, compared with NOK 2,324 million in 2006. Profit after tax was NOK 1,126 million, compared with NOK 1,099 million in 2006.

The Directors are well satisfied with the results achieved in 2007.

Market framework

2007 was another good year for the Norwegian economy. High prices for raw materials and favourable performances by our trading partners made a positive contribution to this situation. Low unemployment and good wage growth resulted in robust private consumption. Internationally the prospects of continued economic growth are more uncertain. Growth is still strong in China and India, and is relatively good in the Eurozone as well. On the other hand, in the USA the weakness of the housing market has resulted in lower economic growth.

The crisis in the sub-prime mortgage sector and the general decline in the housing market in the USA, has affected finance markets the world over. A particularly negative factor is that the losses in the finance sector were much heavier than anticipated. In addition, the market fears further losses. As a consequence, growth has come to a halt in the US and there is an imminent risk of recession.

The question is, what will the ripple effects be for growth globally? So far the effects have been limited, but there is unlikely to be any way of avoiding a situation in which future growth will also be lower for the US's trading partners. The Federal Reserve in the USA has responded by cutting interest rates, and the UK and the Eurozone are expected to follow suit. This will support the finance markets to a certain extent.

Developments on the Norwegian share market were positive also in 2007. Oslo Stock Exchange recorded an 11.5% rise (OSEBX) for the year as a whole. The world index for shares (MSCI World) was up by 5.2%.

Pareto Securities

Pareto Securities reported improved profits in 2007.

In our opinion, Pareto Securities maintained its strong position relative to its competitors in 2007. The company's share of revenues from brokerage services reported to Kredittilsynet (the Financial Supervisory Authority in Norway), was 15% in both 2006 and 2007.

2007 was a good year for the company's corporate operations. Pareto Securities arranged a total of 19 listings on Oslo Stock Exchange/Oslo Axess and was one of the major suppliers in terms of the number of listings during the year. The company participated in ca 30% of all new issues recorded on Oslo Stock Exchange/Oslo Axess and also in more than 70% of all new issues in OTC registered companies (calculated in NOK). The company had 26% of the aggregate corporate revenues for securities trading that were reported to Kredittilsynet.

2007 was also a good year for the bonds department and the company maintained its strong position on the bond market. During the past two years, the company arranged bond loans for a total of approximately NOK 70 bn.

Pareto Private Equity

In 2007 Pareto Private Equity carried out property and shipping transactions to a value of over NOK 17 bn and at year-end managed a project portfolio of 84 ships and 38 property projects to a total value in excess of NOK 22 bn. For investment funds in shipping, property and private equity the company procured more than NOK 2.5 bn in 2007. Pareto Private Equity implemented several substantial M&A transactions in 2007.

Pareto Eiendom had a good year and consolidated its position as an important player in estate agent services for large commercial properties.

Pareto Investorservice acts as business manager for companies and projects arranged and syndicated by Pareto Private Equity. The company performed well in 2007.

Pareto Forvaltning

Pareto Forvaltning recorded satisfactory returns on its portfolios and achieved 25% growth in total assets in 2007. The company won confidence through a number of new mandates in the Norwegian fixed income and stock markets and its client portfolio is considered to be sound and stable.

In total at year-end the company managed ca NOK 16.2 bn in shares and NOK 17.4 bn in interest rate instruments. In addition the company is business manager and strategic collaborating partner for clients with an additional portfolio of NOK 3 bn.

Pareto Bassøe Shipbrokers

Shipbroking services are provided by our wholly-owned subsidiaries P.F.Bassøe, Pareto Shipbrokers and Pareto Dry Cargo.

P.F.Bassøe's turnover was down in 2007, mainly due to a reduction in volume related to reduced manning and a low USD exchange rate. Rates for large tankers (VLCCs) remained at the same level as in 2006. Activity was stable in the market for long time charters. The operations section has continued to be an important contributor.

Pareto Dry Cargo is a chartering agency in dry bulk. The companies have undergone positive development throughout the year.

Johan G. Olsen Shipbrokers

2007 was yet another good year for Johan G. Olsen Shipbrokers. The offshore section's earnings were the best it has ever had and in addition it arranged a number of newbuilding contracts which further strengthened the forward book. A number of projects were carried out in cooperation with other companies in the Pareto Group. Earnings in the tanker section dropped a little as a result of a weaker market and the low USD exchange rate.

Pareto PPN

Through its distribution network Pareto PPN sold financial products to a value of NOK 3.9 bn during 2007. Securities fund products accounted for 41% of this, and alternative investments such as property, shipping and structured products accounted for 59%.

The company represents 15 national and international suppliers and has distribution contracts with parties who have more than 600 active financial advisers.

Pareto Universal Funds

The company collaborates with other Pareto companies that arrange the marketing and sale of investment products. Through its distribution agreement with Pareto PPN, the company has access to international and national players in addition to the Pareto products.

In 2007 it increased its turnover 41%. The company sold investment products for ca NOK 1.15 bn. Its clients are private investors, companies, associations and foundations.

Pareto Bank

In January 2007, Pareto AS was the initiator of a project group formed for the purpose of applying for a banking licence to establish a new commercial bank in Norway. A licence to do so was granted by the Norwegian Ministry of Finance on 1 November 2007 and the bank opened on 4 January 2008. In compliance with the licence conditions, Pareto AS owns 15% and leading staff in the Pareto Group and Pareto Bank own in total 5%. A further 5% is owned by other employees of the Pareto Group. The Bank offers specialised banking services in financing securities and property.

Pareto's strategy

The company's strategy remains unaltered: to be a leading, independent and focused Norwegian investment company. Although priority is given to organic growth and the development of in-company competence, acquisitions and mergers will also be options if they will serve to develop and complement the company. Pareto will cooperate with other players whenever appropriate and whenever doing so will offer clients the optimum product. One example might be

transactions that require greater international competence and distribution than Pareto is able to provide alone. Pareto's aim is to be the preferred Norwegian provider of financial services reflecting the company's thorough and detailed knowledge of Norwegian social conditions and businesses in which Norway has particular advantages. Energy and maritime businesses serve as examples of this.

The Directors believe that Pareto still has considerable potential for improvement and growth. Pareto has registered an increasing degree of acceptance for its analysis and advisory services in brokerage, syndication and management.

During the past few years the company has invested substantial sums in upgrading and developing IT systems and Internet solutions. Communication, reporting and trading on the Internet offer extensive opportunities for Pareto, in combination with the company's conventional and personal brokerage and advisory services.

Outlook for the future

In addition to its own efforts and development, Pareto's earnings are affected by the general activity on the financial markets. The years 2006 and 2007 were extraordinarily good and lower profits must be expected in the current year.

Distribution of profit, etc.

Other than acting as parent company for the Group, Pareto AS' operations consist in investing in various securities.

The company is exposed to market risks associated with its own holdings of financial instruments. In addition, its subsidiaries are

exposed to risks associated with their own trading, market making, and payments from clients.

The working environment within the Group is good and it has not been necessary to implement special measures. The level of absence due to sickness is low and no injuries or accidents were reported during the year. The Group practises equality of opportunity between men and women.

The company's operations do not pollute the external environment.

Group profit after tax cost is NOK 1,126 million. The parent company's after-tax profit is NOK 815 million. The Directors propose that NOK 29 million be set aside for dividends and that NOK 786 million be transferred to retained earnings. At year-end owner's equity in the parent company had increased to NOK 1,933 million, of which NOK 1,472 million is distributable capital in accordance with the Norwegian Companies Act. Consolidated book equity has increased to NOK 2,931 million.

The annual report and accounts are based on the going-concern assumption. The Directors consider that the accounts give a true presentation of the Pareto Group's assets and liabilities, its financial situation and profits. The Directors wish to thank the company's clients for the confidence they have placed in us and to thank the employees for their excellent work in the past year.

Oslo, 8 April 2008



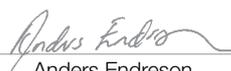
Erik Bartnes (Chairman of the Board)



Ole Henrik Bjørge



Svein Støle
(Director/CEO)



Anders Endreson



Kristen S. Jakobsen



Petter W. Borg



Mette Andersen

> Income Statement

Parent company (1000s of NOK)				Group (1000s of NOK)	
2006	2007		Notes	2007	2006
Operating revenues					
0	0	Operating revenues	2	3 469 838	3 276 494
0	0	Total operating revenues		3 469 838	3 276 494
Operating expenses					
-14 908	-21 281	Personnel costs	3	-836 813	-752 224
-1 833	-3 743	Sundry other operating costs		-238 333	-177 352
-40	-453	Ordinary depreciation	4	-45 806	-22 703
-16 781	-25 477	Total operating expenses		-1 120 952	-952 279
-16 781	-25 477	Operating profit/loss		2 348 886	2 324 215
Financial income/expenses					
44 664	67 707	Financial income		176 353	68 393
499 951	854 839	Share dividends		23 912	22 248
-5 245	-78 520	Adjustments, securities	10	-78 973	-5 084
1 455	-4 727	Share of associated companies	5	-4 499	234
0	-19	Interest costs		-11 900	-4 043
-61	-355	Other financial expenses		-886 259	-883 818
540 764	838 925	Total financial income/expenses		-781 366	-802 070
523 983	813 448	Income before tax		1 567 520	1 522 145
-165	1 411	Income tax	13	-441 320	-423 429
523 818	814 859	Net profit		1 126 200	1 098 716
Allocations:					
0	0	Minority's share of profit		-90 390	-676
-55 298	-29 116	Provision for dividends		-219 571	-322 385
-468 520	-785 743	Transferred to retained earnings		-816 239	-775 655
-523 818	-814 859	Net		-1 126 200	-1 098 716

› Balance Sheet Assets

Parent company			Group		
(1000s of NOK)			(1000s of NOK)		
31.12.2006	31.12.2007	Notes	31.12.2007	31.12.2006	
Fixed Assets					
Intangible assets					
0	0	Goodwill acquired	4	32 009	43 393
745	2 208	Deferred tax assets	13	17 547	12 979
745	2 208	Total intangible assets		49 556	56 372
Tangible fixed assets					
308	3 387	FF&E etc.	4	54 794	16 728
Financial fixed assets					
230 642	251 176	Investments in subsidiaries	5	0	0
7 822	35 294	Investments in associated companies	5	37 504	9 804
149 265	235 211	Other securities	6	254 716	170 717
13 688	7 456	Other long-term receivables	7	16 687	23 920
0	0	Premium account	8	27 800	0
0	0	Pension funds	8	4 200	17 194
401 417	529 137	Total financial fixed assets		340 907	221 635
402 470	534 732	Total fixed assets		445 257	294 735
Current assets					
Receivables					
0	0	Trade receivables	9	2 895 957	1 287 895
9 473	17 798	Other receivables	17	0	0
9 473	17 798	Total receivables		2 895 957	1 287 895
Investments					
774 272	1 416 243	Securities	10	4 020 965	3 101 016
774 272	1 416 243	Total investments		4 020 965	3 101 016
44 576	13 509	Bank deposits	11	454 284	393 358
828 321	1 447 550	Total current assets		7 371 206	4 782 269
1 230 791	1 982 282	Total assets		7 816 463	5 077 004

› Balance Sheet Equity and Liabilities

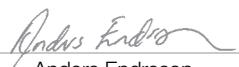
Parent company			Group	
(1000s of NOK)			(1000s of NOK)	
31.12.2006	31.12.2007	Notes	31.12.2007	31.12.2006
Equity				
Paid-in capital				
18 800	18 800	Share capital	18 800	18 800
439 427	439 427	Share premium reserve	0	0
458 227	458 227	Total paid-in capital	18 800	18 800
Retained earnings				
704 585	1 474 302	Other reserves	2 784 982	1 984 769
704 585	1 474 302	Total retained earnings	2 784 982	1 984 769
Minority interests			127 403	45 506
1 162 812	1 932 529	Total Equity	2 931 185	2 049 075
Liabilities				
Provision for commitments				
0	0	Pension commitments	5 000	2 041
0	0	Deferred tax	2 326	1 816
0	0	Total provision for commitments	7 326	3 857
Non-current liabilities				
0	0	Capital contributed by silent partners	81 211	82 305
0	0	Total non-current liabilities	81 211	82 305
Current liabilities				
12 505	20 449	Other current liabilities	4 101 266	2 183 124
0	52	Tax payable	447 027	417 567
55 298	29 116	Dividends	219 571	322 386
176	136	Public duties payable	28 877	18 690
67 979	49 753	Total current liabilities	4 796 741	2 941 767
67 979	49 753	Total liabilities	4 885 278	3 027 929
1 230 791	1 982 282	Total liabilities and equity	7 816 463	5 077 004

Oslo, 8 April 2008


Erik Bartnes (Chairman of the Board)


Ole Henrik Borge


Svein Støle
(Director/CEO)


Anders Endreson


Kristen S. Jakobsen


Petter W. Borg


Mette Andersen

› Cash Flow Statement

Parent company			Group	
(1000s of NOK)			(1000s of NOK)	
2006	2007		2007	2006
Cash flow from operational activities				
523 983	813 448	Ordinary profit before income tax	1 567 520	1 522 145
0	0	Tax paid in period	-415 918	-247 535
0	0	Gain on sale of tangible assets	-614	0
40	453	Ordinary depreciation	45 806	22 703
5 245	78 520	Securities adjustments	78 973	5 084
0	0	Net change in pensions without cash effect	-11 847	-1 993
-1 455	4 727	Share of profit in associated companies	4 499	-234
7 204	-8 325	Change in receivables	-1 608 062	-465 486
11 983	7 904	Change in other debt items	1 928 329	1 270 965
547 000	896 727	Net cash flow from operational activities	1 588 686	2 105 649
Cash flow from investment activities				
0	-3 532	Payments for purchasing tangible assets	-72 843	-52 186
0	0	Payments received on sale of tangible assets	969	0
-422 969	-720 491	Net cash flow short-term investments	-998 922	-2 030 748
-97 783	-145 173	Payments for purchasing financial fixed assets	-121 692	-26 352
9 881	12 727	Received from inv. in financial fixed assets	12 727	1 664
-510 871	-856 469	Net cash flow from investment activities	-1 179 761	-2 107 622
Cash flow from financing activities				
0	-71 325	Dividends paid	-338 413	-140 552
0	0	Change in long-term liabilities	-1 094	48 615
0	0	Payments of equity to/from minority interests	-8 492	1 588
0	-71 325	Net cash flow from financing activities	-347 999	-90 349
36 129	-31 067	Net change in bank deposits	60 926	-92 322
8 447	44 576	Bank deposits in hand at 1 Jan.	393 358	485 680
44 576	13 509	Bank deposits in hand at 31 Dec.	454 284	393 358

› Notes

Note 1 Group structure

Pareto AS owns 75.0% of Pareto Securities AS, 81.55% of Pareto Private Equity AS, 81.33% of Pareto Forvaltning AS, 100.0% of Pareto Bassøe Shipbrokers AS, 100% of Pareto Commodity AS, 100% of Pareto PPN AS, 100% of Pareto Universal Fonds AS, 100% of Johan G. Olsen Shipbrokers AS, 100% of Gazza Eiendom AS.

Pareto Securities AS owns 100% of Pareto Offshore AS and 62.5% of Pareto Securities Asia Pte Ltd.

Pareto Private Equity AS owns 100% of Pareto Eiendom AS, Pareto Investorservice AS and Pareto Consulting AS.

Pareto Bassøe Shipbrokers AS owns 100% of the shares in P.F.Bassøe AS, Pareto Shipbrokers AS and Pareto Dry Cargo AS.

Pareto Commodity AS owns 100% of the shares in Pareto Commodity Consulting AS.

Consolidation principles

Investments in subsidiaries are valued at procurement cost. In the consolidated accounts, the cost price of shares in the subsidiaries is eliminated against the share capital in the subsidiaries at the time of purchase. Inter-company transactions, receivables and debts as of 31 December are eliminated in the consolidated accounts.

Accounting principles

The annual accounts are prepared in accordance with the rules provided for in the Norwegian Accountancy Act.

Income items are entered as earned and when the claim for payment arises. Income is recorded at the value of the payment at the time of the transaction.

Assets intended for permanent ownership or use are classified as fixed assets. Other assets are classified as current assets. Receivables that become payable within one year are classified as current assets. Corresponding criteria are applied for classifying current and long-term liabilities.

Fixed assets are valued at procurement cost, but are written down to the real value except when a drop in value is expected to be temporary. Assets that have a limited economic life are depreciated systematically. Long-term loans are entered in the balance sheet at the nominal sum received at the time of establishment.

Investments in companies in which the company owns from 20 to 50% and has considerable influence, are handled according to the equity method.

Current assets are valued at whichever is the lower of procurement cost and real value. Current liabilities are entered in the balance sheet at the nominal sum received at the time of establishment. Current liabilities are not written up to the real value resulting from changes in interest rates.

Some items are valued according to other principles, as explained below.

The operational subsidiaries are principals in the respective internal partnerships. Accounts for the internal partnerships are incorporated in the principals' accounts, based on gross values. Silent partners' shares of the internal partnerships' profits, are debited as personnel costs and other financial expenses respectively. Debts to silent partners are included under other current liabilities.

Provision for bad debts is based on individual assessments of the separate receivables. In addition a provision is made to cover estimated losses on other trade receivables.

Financial instruments included in the trading portfolio that are traded in an efficient market, are valued at their real value as of the balance sheet date. Other financial instruments are valued at whichever is the lower of the average procurement cost and the real value as of the balance sheet date.

Pensions are entered according to a straight-line earning profile with the estimated retirement salary as the contribution base. Deviations in estimates are amortised over the anticipated remaining earning period whenever they exceed 10% of the pension commitments or the pension assets, whichever is higher. The group companies established a defined contribution pension scheme in 2006. Contribution plans are periodized according to the matching principle.

Tax cost is matched with the pre-tax book profit. Tax related to equity transactions is set off against equity. Tax cost consists of payable tax, change in deferred tax and reimbursements pursuant to the Tax Act.

Monetary items in foreign currencies are translated at the rate of exchange on the balance sheet date.

Note 2 Operating revenues, consolidated

	2007	2006
Brokerage/Corporate Finance	3 131 981	3 009 754
Management/Business management	334 736	242 187
Other project revenues	3 121	24 553
Total operating revenues	3 469 838	3 276 494

Note 3 Salaries, number of employees, remuneration etc.

	Parent Company		Consolidated	
	2007	2006	2007	2006
Wages & Salaries, holiday pay, nat.insurance	1 501	3 992	185 512	159 665
Profit-related remuneration	18 500	10 000	642 789	573 615
Pensions and other personnel costs	1 280	916	8 512	18 944
Total	21 281	14 908	836 813	752 224
Number of man-years	2	2	357	283

The CEO was paid NOK 19 mill in remuneration. No provision has been made for remuneration for the directors in the parent company. A provision of NOK 140,000 has been made for remuneration for directors of subsidiaries.

Deloitte AS was paid NOK 120,000 for auditing the parent company and NOK 1,953,000 for the Group. Payment for other verification services for the Group amounted to NOK 495,000.

The law company Deloitte Advokatfirma DA was paid NOK 513,000 for the parent company and NOK 2,093,000 for the Group. Remuneration paid to other auditors in the Group amounted to NOK 292,000. These sums of remuneration are exclusive of VAT.

Note 4 Tangible fixed assets

	Parent Company		Consolidated	
	FF&E, IT		FF&E, IT	Goodwill
Procurement cost 1/1	553		87 627	74 143
Additions in year	3 532		61 837	10 127
Disposals/sale	0		355	0
Procurement cost 31/12	4 085		149 109	84 270
Cumulated depreciation 1/1	245		70 020	30 750
Depreciation this year	453		24 295	21 511
Cumulated depreciation 31/12	698		94 315	52 261
Book value 31/12	3 387		54 794	32 009
Economic life	3-6 år		3-6 år	3 år
Depreciation plan	Lineær		Lineær	Lineær

The last 25% of the shares in the subsidiary Pareto PPN AS was acquired at the end of 2007. Goodwill in the sum of NOK 10,127,000 arose in that connection.

A 5-year lease which expires on 13 July 2011, was concluded by the parent company for premises in Dr. Maudsgate 1-3. Annual rent excluding common expenses is NOK 11.7 mill.

Note 5 Shares in subsidiaries

Company	Office	% owned and voted	Book value 31/12
Pareto Securities AS	Oslo	75,00 %	50 728
Pareto Private Equity AS	Oslo	81,55 %	7 557
Pareto Forvaltning AS	Oslo	81,33 %	14 941
Pareto Bassøe Shipbrokers AS	Oslo	100,00 %	40 600
Johan G. Olsen Shipbrokers AS	Kristiansand	100,00 %	41 500
Gazza Eiendom AS	Oslo	100,00 %	23 906
Pareto Commodity AS	Oslo	100,00 %	7 205
Pareto Universal Fonds AS	Oslo	100,00 %	7 957
Pareto PPN AS	Bryne	100,00 %	56 782
			251 176

Shares in Associated Companies

Company	Parent Company			Total Group Associated companies
	Fondsforvaltning Oslo	Odin Marine New York	Nordic Partners New York	
Office municipality				
Pareto's interest	35,0 %	35,0 %	33,3 %	
Procurement cost	40 001	33 728	3 283	
Equity at time of purchase	23 939	11 518	3 043	
Goodwill at time of purchase	16 062	22 210	240	
Opening balance 1/1	7 822	0	1 982	9 804
Purchases in year	0	33 728	0	33 728
Share of year's profit/loss	1 132	0	308	1 440
Write-down goodwill	0	-5 859	-80	-5 939
Dividends received	-1 529	0	0	-1 529
Closing balance 31/12	7 425	27 869	2 210	37 504

The shares in Odin Marine Inc. were acquired by Pareto AS 15 March 2007.

Note 6 Other shares/bonds

	Quantity	Cost Price	Book Value
Other securities in parent company:			
International Maritim Exchange ASA	67 590	5 072	5 072
Pareto Bank ASA	127 500	53 700	53 700
Oslo Børs VPS Holding ASA	3 021 250	171 877	171 877
Norsk Tillitsmann ASA	5 925	4 562	4 562
Total other securities in parent company		235 211	235 211
Oslo Børs VPS Holding ASA	500 140	10 021	10 021
Other securities in subsidiaries		9 484	9 484
Total other securities in Group		254 716	254 716

The value of the shares is considered as a minimum to equal book value.

Note 7

The parent company's contribution to the Pareto Group's pension scheme amounts to NOK 2,490,000.

The parent company has granted the employees/partners in the subsidiaries an interest-bearing loan on which the outstanding balance as of 31/12 2007 is NOK 4,965,764.

The Group has granted Nordic Partners Inc. an interest-bearing loan which translated amounts to NOK 8,630,000 as of 31/12 2007.

Note 8 Pensions

The Group's closed pension scheme through the Pareto Group's pension scheme, was wound up as of 31/12 2007. In 2007 the group companies paid a total of NOK 840,000 into this scheme. The accumulated premium reserves and responsibility for all earned pension commitments, is transferred from the pension scheme to the insurance company Storebrand which issues free policies that cover all accumulated rights for each member. NOK 27,800,000 was transferred to the premium fund in the contribution-based scheme established in 2006. The sum is entered in the balance sheet as of 31/12 2007.

The Group has a defined contribution pension scheme that is in accordance with the Norwegian Act relating to mandatory occupational pensions. Premium paid for 2007 amounts to NOK 32,000 for the parent company and NOK 1,795,000 for the Group.

One of the Group's subsidiaries has a collective pension scheme that covers 12 persons. The actuarial assumptions for demographic factors and exits are based on those normally employed in insurance.

	2007	2006
Present value of year's pension earnings	385	5 344
Interest cost on pension commitments	555	2 822
Estimate adjustment entered in income statement	112	1 295
Return on pension funds	-664	-5 249
Net pension cost before employer's nat.ins. contributions	388	4 212
Accrued employer's nat.ins. contributions	0	-233
Net pension cost after employer's nat.ins. contributions	388	3 979
Estimated pension commitments	-9 782	-56 662
Pension funds (at market value)	11 251	77 936
Effect of estimate adjustments, not in income statement	2 731	-4 058
Accrued employer's nat.ins. contributions	0	-22
Pension funds in balance sheet (incl. nat.ins.contributions)	4 200	17 194
Unsecured pension commitments (incl. nat.ins. contrib.)	-5 000	-2 041
Financial assumptions:		
Anticipated return on funds	7,0 %	7,0 %
Discount rate	5,0 %	5,0 %
Anticipated wage growth	3,0 %	3,0 %
Anticipated adjustment of basic nat.ins. amount	3,0 %	3,0 %

Note 9 Trade receivables, subsidiaries

	2007	2006
Specified bad debt provision as of 1/1	959	719
Change in specified bad debt provision	13 829	240
Specified bad debt provision 31/12	14 788	959

Note 10 Securities

	Quantity	Cost Price	Book Value
Securities funds in parent company:			
Pareto Kreditt	81 293	81 462	79 249
Pareto World Wide Shipping AS	169 617	33 638	33 638
Pareto Eiendomsinvest Nordic AS	169 047	35 000	35 000
Pareto World Wide Offshore AS	93 750	18 750	18 750
Pareto Growth AS	25 000	5 000	5 000
Pluss Utland Etisk	1 415	1 528	1 497
Pareto Aksje Norge	234 093	712 788	712 788
Pareto Aksje Global	361 294	359 737	302 510
		1 247 903	1 188 432
Other securities in parent company:			
Kommunalbanken AIO	10 000	10 000	10 000
Crew Gold Corporation bonds	3 000	3 000	3 000
Shares (Norwegian)		108 170	103 638
Shares (US)		91 927	86 698
Other shares/securities		41 900	24 475
		254 997	227 811
Total securities in parent company			1 416 243
		Markedsverdi	
Shares			111 045
Norwegian government bonds			1 881 380
Bonds and certificates			540 871
Securities fund			71 426
Total securities in subsidiaries			2 604 722
Total securities in Group			4 020 965

Note 11 Bank deposits

The parent company has a non-distributable deposit of NOK 91,534 lodged in an account for withheld taxes. The Group's bank deposits include NOK 110,042,000 in non-distributable accounts, of which NOK 9,171,000 in accounts for withheld taxes.

Sums on client accounts belonging to clients (client's funds) are not entered in the balance sheet.

Note 12 Equity

Morselskapet	Share Capital	Share Premium Account	Other reserves	Total
Equity as of 1/1	18 800	439 427	704 586	1 162 813
Paid extraordinary dividends			-16 027	-16 027
Provision for dividends			-29 116	-29 116
Year's profit			814 859	814 859
Total equity as of 31/12	18 800	439 427	1 474 302	1 932 529

The Group	Share Capital	Other Reserves	Total
Equity as of 1/1	18 800	2 030 275	2 049 075
Paid extraordinary dividends		-16 027	-16 027
Provision for dividends		-219 571	-219 571
Net payment to minority interests		-8 492	-8 492
Year's profit after tax		1 126 200	1 126 200
Total equity as of 31/12	18 800	2 912 385	2 931 185

Share capital as of 31/12 is NOK 18,800,000, divided into 47,000 shares of NOK 400.

	Number of shares	Owner & Voting %
Svein Støle	35 000	74,5 %
Castel AS / Erik Bartnes	3 000	6,4 %
Skoghøy Invest AS / Anders Endreson	6 000	12,8 %
Svele AS / Svein Støle	3 000	6,4 %
	47 000	100,0 %

There are two classes of shares. Shares owned by Svele AS are classified as B shares.

Note 13 Taxes

Parent company			Group	
2006	2007		2007	2006
523 983	813 448	Profit before income tax	1 567 520	1 522 145
-523 394	-818 486	Permanent differences	43 243	2 252
30	7 056	Change in temporary differences	26 897	3 558
-619	-1 833	Loss brought fwd from earlier years	-9 521	-25 701
0	185	Year's tax base	1 628 139	1 502 254
0	52	Payable tax	446 374	416 914
0	0	Payable tax supplement	653	653
0	52	Total payable tax	447 027	417 567
Specification of temporary differences				
-287	-7 442	Current assets	-7 742	-587
-69	-65	Tangible fixed assets	-16 920	1 654
-471	-377	Intangible assets	-29 678	-31 251
-1 833	0	Remaining loss for carrying forward	-20	-9 685
-2 660	-7 884	Basis for calculating deferred tax benefit/tax	-54 360	-39 869
-745	-2 208	28% deferred tax benefit/tax	-15 221	-11 163
Year's income tax				
0	52	Payable tax	446 375	416 914
0	0	Tax benefit acquired this year	0	2 153
0	0	Tax correction for earlier years	-998	663
165	-1 463	Change in deferred tax benefit/tax	-4 057	3 699
165	-1 411	Income tax	441 320	423 429
0,0 %	-0,2 %	Effective income tax	28,2 %	27,8 %
Reconciliation nominal to actual tax cost				
146 715	227 765	Anticipated tax cost at nominal rate	429 329	422 479
-146 550	-229 176	Permanent differences	12 174	631
0	0	Other items	-183	319
165	-1 411	Tax cost	441 320	423 429

Note 14

DnBNOR furnished guarantees for Pareto Securities AS and its participation in securities settlements with Norges Bank in the amount of NOK 600 mill and with VPS Clearing ASA in the sum of NOK 12 mill. These guarantees are secured by a first priority factoring lien on trade receivables and a lien on short-term securities.

Pareto Securities AS has given the Monetary Authority of Singapore an undertaking that it will cover any commitments its subsidiary Pareto Securities Asia Pte Ltd may have, to a maximum limit of NOK 41 mill.

Note 15

The parent company is exposed to the risk of fluctuations in the price of its own securities. In addition, the subsidiaries are subject to risks linked with their own trading, market making and payments from clients.

The financial market risk for the subsidiaries' activities is managed according to the rules of the Companies Act and the internal control regulations issued by Kredittilsynet.

Note 16

Transactions with close associate companies take place at market prices and on market conditions.

Note 17

The parent company has NOK 14,588,000 in receivable from the Group, and owes the Group NOK 78,000.

Deloitte.

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Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Pareto AS

AUDITOR'S REPORT FOR 2007

We have audited the annual financial statements of Pareto AS as of 31 December 2007, showing a profit of NOK 814.859.000 for the parent company and a profit of NOK 1.126.200.000 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 generally accepted accounting practice in Norway have been applied to prepare 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 other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We have conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and generally accepted 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 generally accepted 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 law and regulations and give a true and fair view of the financial position of the Company and of the Group as of 31 December 2007, and the results of its operations and its cash flows for the year then ended, in accordance with generally accepted accounting practice in Norway
- the Company's management has fulfilled its duty to see to proper and well arranged recording and documentation of accounting information in accordance with law and generally accepted 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 is consistent with the financial statements and complies with law and regulations.

Oslo, 8 April 2008
Deloitte AS

Jørn Borchgrevink (signed)
State Authorised Public Accountant (Norway)

Audit. Tax & Legal. Consulting. Financial Advisory.

Member of
Deloitte Touche Tohmatsu

Org.no: 980 211 282

 Pareto