

HERNIS CCTV on the world's first FOIROT

(Fixed Offshore Ice Resistant Offloading
Terminal)



*Øystein Schulz Sandberg
takes over as General Manager at
HERNIS in Houston*



*Ole Iver Rusten
– new Purchase Manager*



Order Income all time high!

Q1 2008 – a peak quarter for HERNIS

Contents	Page
Order Income all time high	2
New General Manager at HERNIS in Houston	3
Introducing new Technical Support Team	3
HERNIS presents REFERENCE Explosion Proof Hand Torch	4
HERNIS CCTV on Gjøa	5
HERNIS CCTV on the world's first Fixed Ice-Resistant offshore offloading terminal	6
Taste of the World	8
Introducing new Purchase Manager	9
Agent seminar	9
New Contracts	10

HERNIS is these days enjoying a record breaking order income with nearly 70 million NOK in received orders in the first quarter of 2008. The success is a result of many years of determined effort to bring HERNIS to the front of CCTV technology, coinciding with a general boom in the oil & gas industry. Marketing Director Mr. Bjørn Fossetøl is pleased with the development.

“Our efforts over many years, introducing HERNIS quality products to the market, are paying off and the timing is just right. HERNIS’ backlog is improving substantially. The increase is mainly within the offshore market, but lately we also see a significant increase in the onshore market, where HERNIS has recently been selected to deliver CCTV systems to several facilities, among others the Pluto LNG plant in Australia and Q-chem phase II in Qatar.

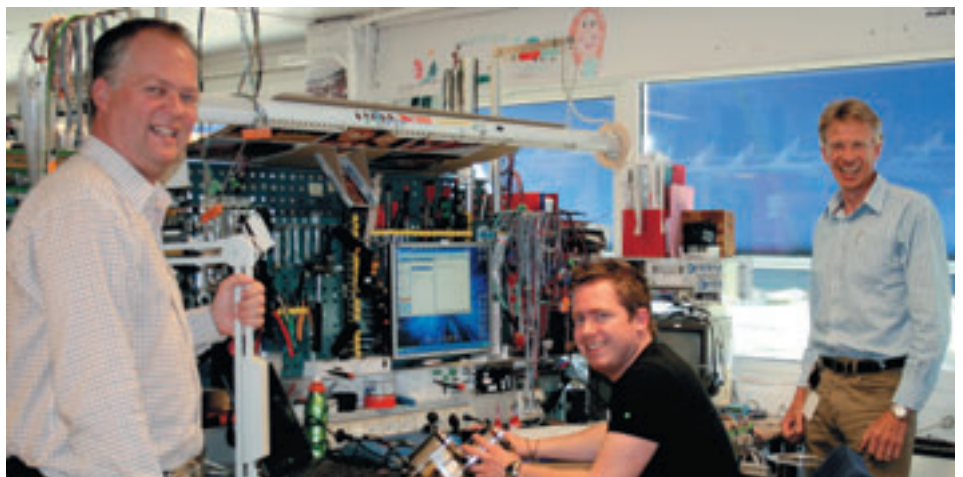
In addition there has been signed contracts for deliveries to seismic and anchor handling/supply vessels ” Mr. Fossetøl says.

The great demand for HERNIS CCTV systems has lead to an increase in the work force of more than 35% over the past 2 years. Managing Director, Mr. Egil Norman Olsen is clearly proud of his organisation. “There is a positive and energetic drive in the HERNIS team to fill all orders to the customers’ satisfaction, even when it means going at full

throttle and putting in extra work hours. Quality has always been our strength and with the current heavy workload we clearly see the benefits and importance of good routines throughout the entire organisation. Also our agent network has been strengthened by more training and is functioning very well”.

To accommodate the growth HERNIS is these days expanding the office area by 80m² as well as investing in two high tech vertical lift systems for storage, that will reduce the required warehouse space and increase our productivity.

The success calls for a celebration and cakes and pastries from our local bakery have already been ordered for the whole HERNIS team to enjoy at the next monthly briefing meeting as tradition has it!



A cheerful ambience at HERNIS despite heavy workload. Managing Director Egil N. Olsen (left) and Marketing Director Bjørn Fossetøl paying a visit in the test department. In the middle; Test Technician Arve Sommervold Nilsen.

New General Manager at HERNIS in Houston

After 2 years as General Manager at HERNIS in Houston, Mr. Jan Kleivene and his family headed back to Norway this January. Taking over Jan's seat is Mr. Øystein Schultz Sandberg who has previously worked as Area Sales Manager in the company for more than 4 years out of a total 10 years within the HERNIS organisation.

"I felt ready for a change and taking over as General Manager was an exiting opportunity that I did not want to let pass" Mr. Sandberg says. "Being present in the market gives HERNIS an advantage and important opportunity to further develop the relations with new and existing customers as well as our important partners. With determined collaboration we will also expand the business within our niche and into other markets and segments making HERNIS the preferred vendor for CCTV systems in the area".

Mr. Sandberg is pleased with his new situation in Houston and is particularly happy to see his wife and son of 3 years are adjusting well. "It was an exiting step for us to move from the outskirts of little Arendal to a big city like Houston, so coming here and finally settling in has been good" he rounds off.



From the left, Mr. Jan Kleivene and Mr. Øystein Schultz Sandberg.

Introducing new Technical Support Team

As an effort to keep response time to a minimum the service team is adjusting their efforts by allocating specific geographical areas to specific Technical Support Engineers.

"HERNIS has always taken pride in offering the best service possible to our customers and agent network. In fact, we consider this one of our strengths as a business and keep a constant eye on market feed-back to best meet customer expectations at all times" says Service Manger Mr. Ove Sandberget.

Sandberget is pleased with the geographical allocation among his team. "HERNIS has experienced a period of rapid growth over the past few years. For the service department in particular it is important to be easily available and able to respond quickly to customer needs. This geographical designation clarifies areas of responsibility and lets

our service engineers specialise in different cultural areas. The result is expected to be even lower response time and impeccable service to our customers all over the world."

The allocation is expected to increase capacity in the service department which is a bonus considering the increase in consignments HERNIS is experiencing these days. In the long run the service department is planning to engage in after sales and spare parts to a greater extent, in line with the company's overall market strategy.

The Technical Support Engineers are

Middle East and Asia

Mr. Karl Haslestad, dir: +47 37 06 37 26

The Americas, Europe and Africa

Mr. Stig Davidsen, dir: +47 37 06 37 18

Scandinavia

Mr. Robert Seiersnes, dir: +47 37 06 37 33

Requests to our general service mail box will be distributed to the appropriate Support Engineer.

HERNIS presents REFERENCE Explosion Proof Hand Torch

HERNIS Scan Systems' division REFERENCE is on the verge of setting a milestone for lighting equipment for hazardous areas by introducing the rechargeable TX40 explosion proof hand torch. The concept has been in development for almost 3 years and represents the most sophisticated solution the market has to offer.

The REFERENCE Ex torch project has been a joint venture between HERNIS and Wireless Power & Communication AS (WPC) from the very beginning. Whereas WPC had the brains developing the concept, HERNIS had the "looks" needed to bring the solution on to the market. As product potential grew through the development phase so did the relationship between the two companies. Today HERNIS holds 34% of the shares in WPC with one representative on the management board. By autumn 2007 the REFERENCE division was up and running overlooking operations and securing TX40s initial launch in the summer of 2008.

A multifunctional product

Throughout the development the main focus has been to exceed market expectations by improving existing product features and implementing new technology. Involvement from the Oil&Gas industry has played an important part in shaping TX40 into what it has become - a multifunctional product, aimed to reduce maintenance, increase durability and improve accessibility.

State of the art power solution

Introducing induction technology as a power source enables the REFERENCE TX40 to be recharged within a Zone 1 hazardous area.

Even though household products have been based on induction principles for decades, the patented technology imbedded inside the TX40 has been upgraded to achieve a significantly higher efficiency level than ever previously demonstrated. The induction based recharge system also eliminates common conductivity issues resulting from corrosion, oil, mud, or other debris build-up, thus reducing the overall need for inspection and maintenance.

A torch with a mind of its own

The REFERENCE torch has been developed with low maintenance in mind. Intelligent routines perform system checks on both torch and charger in order for the unit to be fully operational at any given time. Battery capacity is self-maintained using imbedded operations which also prevents the torch from being deeply discharged. This technology not only prolongs the product's lifecycle, but combined with auto illumination during power outage it makes TX40 the ideal permanently installed safety device.

Looking ahead

Although our initial goal has already been achieved the journey has only just begun! Our range of products will continue to expand, with an intelligent penlight version based on the same technology already well underway. Feedback from the industry will continue to play an important part in assuring that our products evolve to meet market expectations. REFERENCE Sales and Marketing Manager Einar Lende together with Operations Manager Arne Martin Gjøseid are both confident that the benchmark for future REFERENCE has now been set.



HERNIS CCTV on Gjøa

- security in the high seat

When a surveillance system was chosen for the semi-sub Gjøa, to be located in the crowded shipping lane in the North Sea, 60 km west of Florø, HERNIS once again pulled the longest straw. The exposed location boosting the need for security, as well as demanding operation requirements set forth by the contractor made this particular CCTV project a technological titbit for HERNIS.

It was with great pride HERNIS was selected to deliver the CCTV surveillance system for the semi-sub production unit Gjøa in the North Sea. The platform will be located in the middle of the shipping lane where it will be exposed to heavy marine traffic, thus requiring a high level of security. Strict requirements of a fully operational surveillance system in critical situations furthermore made this project an interesting challenge and a perfect match for HERNIS' CCTV equipment.

To monitor all critical areas of the platform a HERNIS 500 CCTV control system was installed. The system was designed with a master and a sub-system, with a total of 45 camera stations, all Ex approved. Both fixed and Pan&Tilt type camera stations were deployed for different areas of use, among them the EX291 and HERNIS' "flagship" the EX286.

The Gjøa field is developed via a joint operatorship with StatoilHydro. Whilst StatoilHydro is the operator during the development phase, Gaz de France will take over operation at production start in 2010. Gjøa will be Gaz de France's first operatorship of a floating installation and HERNIS is pleased to join in their expansion into the northern seas.

The Gjøa contract once again consolidates HERNIS position as the leading CCTV supplier on the Norwegian shelf. HERNIS is also providing the CCTV systems for "Skarv", the other main project currently under development in these waters.



From the Gjøa kick-off meeting conducted at HERNIS in January 2008, from the left: Mr. Jan Kenneth Henriksen (HERNIS), Mr. Espen Christensen (HERNIS), Mrs. Mette Margrethe Furre (Aker Solutions), Mr. Stephan Wold Eide (Aker Solutions), Mrs. Lise Thomassen (HERNIS), Mr. Gudmund Johan Nordbagen (StatoilHydro) and Mr. Erling Karlsen (Aker Solutions).

HERNIS CCTV on the world's first Fixed Ice-Resistant offshore offloading terminal

In August 2007 the world's first Fixed Offshore Ice-Resistant Offloading Terminal (FOIROT) was installed on the Arctic shelf in the South-Eastern Barents Sea. The Varandey FOIROT is part of the Varandey Oil-Loading Terminal (VOLT) and is intended for all-year-round contact-free mooring and loading of 20,000-70,000 ton tankers with stock-tank oil piped from the nearby onshore facility SOTF. - As the Varandey FOIROT is these days being prepared to load the first tanker with stock-tank oil it is all supervised by the help of an advanced HERNIS CCTV system on board the terminal!

The FOIROT is located in Russian Federation territorial waters, 12 miles offshore of Varandey city, at a water depth of about 18 meters. The terminal is equipped with facilities for monitoring and controlling oil offloading, and communication with the tanker and onshore tank farm. These facilities are part of the total integrated monitoring and control system of the complete Varandey Oil-Loading Terminal.

"HERNIS was the natural choice for LUKOIL, considering the co-partners involved", says HERNIS Area Sales Manager Mr. Gaute Mørland.

After LUKOIL's approval of HERNIS, the CCTV system was bought by the companies, Aker Pusnes - also situated in Arendal, Norway and Briz-Marine in Murmask. Both companies are well supported by HERNIS' own agent in Russia; MNS - Marine Bridge & Navigation Systems in St.Petersburg.

To supervise the oil offloading activities, mooring, transfer and connection of the offloading hose to the shuttle tankers, as well as cargo operations, a combined HERNIS 400/500 & 8/8 CCTV system was installed. The strict external and internal environmental protocols also required supervision of the sea water area and engine-boiler room. Central controller items were placed in the LER & ECR. The system included camera stations EX291C, EX286W designed for use in hazardous areas and PT9W and RDC400WP designed for use in safe areas. The CCTV system was designed as an integrated system for various surveillance purposes, hence the 2 individual customers with separate contract obligations. The system installed complies with LUKOIL's security philosophy and demands.

"HERNIS is proud to be the selected supplier of CCTV systems to a project of this magnitude and importance" Mr. Mørland goes on. "This is a milestone for us, positioning

ourselves both in terms of a new geographical market and in a "world's first" arctic offshore oil offloading niche. Our Agent in Russia, MSN, has played an important part in this business deal and we are very happy to see our cooperation carrying fruits in this relatively new and prestigious market for us".

"The demanding areas in Russia fit the HERNIS product range perfectly and Russia is hence an important market for HERNIS. We feel confident we'll see more success stories here as we go along. Being newly wed to a Russian speaking wife will be an even greater asset to me now" Mørland rounds off with a big smile on his face.

HERNIS have also been awarded other CCTV contracts with LUKOIL recently. The LSP-1 and LSP-2 are both offshore platforms in the Russian territory of the Caspian Sea.



*Mr. Øyvind Skarstad, Project Engineer - HERNIS,
Mr. Alexey Mikhaylovich Makarov - LUKOM-A,
Mr. Andrey Ryabets - Lukoil-KMN,
Mr. Igor Sergeev, Deputy Commercial Director - MNS
and Mr. Gaute Mørland, Area Sales Manager - HERNIS.*



The world's first Fixed Offshore Ice-Resistant Offloading Terminal in place, 12 miles offshore of Varandey city, Russia.

An idea to build an offshore fixed terminal as part of VOLT was studied by LUKOIL for several years and in 2005 particular steps were taken to implement the project: LUKOIL-Kaliningradmorneft was assigned general construction for the FOIROT Construction whereas CDB Corall (Sevastopol) got the responsibility for designing the FOIROT.

FOIROT process equipment and piping provide maximum oil offloading capacity of 8000 m³/h. The oil is piped to FOIROT through two pipeline runs of 800 mm diameter each. FOIROT annual capacity is 12 million tons of oil.

The rotary tower is 19 m in diameter and accommodates the Main Control Room from which operations like tanker mooring, oil offloading into the tanker and sea water area surveillance are controlled and monitored. Helicopter control room, communication, navigation, CCTV facilities etc. are installed on the roof of the rotary tower.

The FOIROT crew consists of eight people each with a single-person cabin at their disposal. An additional four can stay in two-person cabins.



Poles are forced down into the seafloor to stabilise the FOIROT Russia.

Taste of the World

Danish national course

From our Agent in Denmark, Mr. Peer Heidemann of Heidemann Ing. & Handelsfirma APS, we have received this very typical Danish recipe.

Peer wrote us:

"A very typical Danish course is "Frikadeller", a type of meat balls that must be considered one of Denmark's national courses and found on the dinner table of every Danish family probably at least once a week. It is a very old recipe handed over through generations.

This is truly a mouthful from heaven!

Enjoy!

Best regards Peer"

We wish our readers Bon Apetite!

For his family of six Per uses:

- 1 kg. lean minced pork**
- 2 dl. flour (wheat - ground)**
- 3 – 4 dl. low-fat milk**
- 2 eggs**
- 4 teaspoons of salt & some pepper**
- 2 onions – finely chopped or shredded.**

Mix all the ingredients well in a bowl. Use your hands or a blender for this.

Shape nice meat balls in your hand using a wet table spoon. Heat the frying pan with some butter and fry the "frikadells" on medium heat for 4-5 minutes before turning them over. Give them another 4-5 minutes in the frying pan before serving. Frikadells are traditionally served with boiled potatoes, vegetables and melted butter. "Personally I like to add a potatosalad of sliced potatoes turned in creme fraiche mixed with a little raw onion and a hint of sugar to the table" Per concludes.



Introducing new Purchase Manager

On March 1st. 2008 Mr. Ole Iver Rusten took on the Purchase Manager responsibilities at HERNIS.

Ole Iver will be heading a team of 2 purchasing assistants aiming to seek out the best sub suppliers for HERNIS in terms of price and quality, and to become an internal resource for other departments in HERNIS like the Production department, R&D and the Technical department.

After completing his ElectroTechnology Engineering education in Trondheim in 1992, Ole Iver was employed as Test Technician and later Operation Supervisor at Ericsson for 7 years, before working one year as operation Manager at Actebis Computer. For the past 8 years however Ole Iver has been Operations Manager at Nidelv

Båtbyggeri, a local boat builder's yard.

Ole Iver who turned 40 last October is married to Grete and together they have the two little girls, Mari of 9 and Line of 6. Up until one year ago Ole Iver played soccer for the local club and he takes a general interest in sports, including children's sports and Hisøy handball club in particular. After working 1 month at HERNIS Ole Iver feels he is already a member of the HERNIS team and looks forward to continuing his work here. The purchasing team of 3 recently moved into new shared offices to work closely together towards their goals.

A warm welcome to Ole Iver!



Mr. Ole Iver Rusten, and purchase assistants Mr. Frode Svendsen and Mrs. Monica Mibaila Aanonsen.

Agent seminar

It was with great pleasure HERNIS was able to welcome a record number of Agents on our Annual Agent Seminar (outside Norway) on April 7th and 8th. This time the Seminar was held at Langkawi Lagoon Resort on the warm and exotic island of Langkawi in Malaysia.

20 Agents participated discussing solutions, products and future plans for HERNIS, as well as voicing their opinions on "what to focus on" and "how to keep the champions belt" in our niche marked. The seminar was

conducted in a true traditional manner with time for networking and social happenings as well. The feedback was clear; the seminar is a win-win enterprise for both HERNIS and the agent network.

We at HERNIS would like to thank all the participants for their good feedback and for allocating time to attend this important seminar. We are looking forward to seeing you all again next year!



HERNIS 500 System

ABB Inc.
BP Norge AS
ConocoPhillips Norge
National Oilwell L.P.
SeaBirds Exploration FZ-LLC

Anadako Petroleum/StatoilHydro
BP Norge AS
ConocoPhillips Norge
PETROBRAS/UN-BC/SOP/CMP
SeaBird Exploration

Peregrino Wellhead Project
Skarv & Idun Development
Ekofisk B-11
Norbe VI (NOV #2892)
M/V Hugin Explorer, Seismic Vessel

HERNIS 8/8

National Oilwell L.P.
National Oilwell L.P.
National Oilwell L.P.
National Oilwell L.P.
National Oilwell L.P.
SENSE EDM

National Oilwell L.P.
National Oilwell L.P.
National Oilwell L.P.
National Oilwell L.P.
National Oilwell L.P.
Offshore Group Corporation

AC Ideal #7167
AC Ideal #7168
AC Ideal #7170
AC Ideal #7171
AC Ideal #7175
PPL Shipyard, PPLI Jackup rig

HERNIS Basic

Maritime Systems AS
Maritime Systems AS
Vumii, Inc.

A.P. Møller, Maersk Contractors DK
Noble Engineering & Developmen
Pemex

Maersk Jackup # 2, Cement Unit
Noble Scott Marks, Cement Unit
Vumii

SHIPPING

HERNIS CraneTV

Dongnam Marine Crane Co.Ltd DMC
Dongnam Marine Crane Co.Ltd DMC

Prosafe Production Services Pte Ltd
Prosafe Production Services Pte Ltd

H468 FDP SO Prosafe
H468 FDP SO Prosafe

HERNIS 400 System

Fugro-Geoteam AS
Interbon S.L.
Interbon S.L.
Interbon S.L.
Interbon S.L.
Subsea 7 - UK

Fugro-Geoteam AS
Eastern Echo
Eastern Echo
Eastern Echo
Eastern Echo
Subsea 7 - UK

Geo Natuna, Seismic vessel
Barreras H-1657, Seismic vessel
Barreras H-1658, Seismic vessel
Barreras H-1659, Seismic vessel
Barreras H-1660, Seismic vessel
Subsea 7: Seven Sisters, Siem / Kleven H-319

HERNIS Basic

Dongnam Marine Crane Co.Ltd DMC
Triplex AS
Triplex AS
Triplex AS
Triplex AS
Triplex AS
Triplex AS
Dan Marine (Far East) Ltd

Prosafe Production Services Pte Ltd
Siem Offshore AS
Siem Offshore AS
Siem Offshore AS
Siem Offshore AS
Solstad Technology AS
Solstad Technology AS
Sevan Marine ASA

H-606 Prosafe
Siem Newbuild Kleven verft #327
Siem Newbuild Kleven verft #329
Siem newbuild Kleven verft #330
Siem newbuild Kleven verft#328
Solstad newbuild #30 Karmsund
Solstad newbuild #31 Karmsund
SSP 300 #4, FPSO

HERNIS EX equipment passed ATEX “combustible dust test” with flying

As an added assurance to our customers the EX286 camera station and the EX287P pump was recently tested for use in presence of combustible dust.

HERNIS is proud to announce that the equipment passed the test with flying colours with no modifications or remarks whatsoever. As a result the ATEX Certificates for HERNIS EX camera stations have been extended for use in Zone 21, i.e. areas in which explosive atmospheres caused by

air/dust mixtures are likely to occur. Because neither the equipment nor the production methods are modified, all HERNIS EX286 camera stations and EX287P pumps carrying the ATEX marking plate will subsequently be marked for both Zone 1 (Gas) and Zone 21 (Dust).



Part of the Vislink Plc.



Agent:



P.O. Box 619, NO-4809 Arendal, Norway, Tel: +47 37 06 37 00, Fax: +47 37 06 37 06, e-mail: cctv@hernis.com
Singapore office: 6 Changi North Street 1, Spanners Building, Singapore 498825, Tel: +65 654 59 068, Fax: +65 654 29 068, e-mail: cctv.singapore@hernis.com
USA office: Dairy Ashford Plaza, Suite # 495, 2000 Dairy Ashford, Houston, TX 77077, USA, Tel: +1 281 560 8050, Fax: +1 281 560 8054, e-mail: cctv.houston@hernis.com
Brasil-office: Rua Acadêmico Paulo SC Vasconcelos 207, Granja dos Cavaleiros, 27930-260, Macaé, RJ Brasil, Tel: +55 22 2773 5465, Fax: +55 22 2773 5462, e-mail: cctv.brasil@hernis.com

www.hernis.com