

Financial report 2H 2013

Seisranger AS (org.no. 961 126 142)

E Forland AS (org.no. 996 650 049)

Frode Bjørn AS (org.no. 989 233 084)

Including consolidated financial statements



General information

The interim accounts and the preliminary accounts for 2013 are prepared in accordance with NGAAP rules and are not audited.

Nature and location of activities

Seisranger AS owns the ROV/SV vessel *Seisranger*.

E Forland AS owns the Offshore Support Vessel *Fugro Saltire*.

Frode Bjørn AS is the holding company for the shares in E Forland AS and Seisranger AS.

The management of the vessels is performed by Forland Shipping AS from its office located in Bergen, Norway.

Operations

The vessels have operated in Brazil, Africa and North Europe in the period. The vessels have performed well with no major unexpected offhire. Fugro Saltire passed the five year classification at Orskov Shipyard in Fredrikshavn, Denmark, in November 2013, and the vessel went offhire in the drydocking period of 10-11 days. This offhire was less than expected in connection with the drydocking.

Contract situation

- **Seisranger**

The Seisranger was redelivered from the time charter party with Subsea 7 in late January 2014 in Aberdeen. The vessel then sailed to Bergen and has since its arrival to Bergen been in warm lay-up with safe manning onboard. The vessel is currently for sale, or potentially ready for the right chart, and Forland considers a cold lay-up from late February onwards, until a sale is concluded.

- **Fugro Saltire**

The Fugro Saltire is on a firm time charter party with Fugro Subsea Services Ltd. until July 2018. Fugro Subsea Services Ltd. has time options of 2 X 5 years thereafter.

Main events in the second half of 2013 and subsequent events

- Fugro Saltire passed the 5 year classification.
- Seisranger redelivered from TC with Subsea 7 in late January 2014.
- E Forland secured a Senior Secured Callable Bond Issue 2013/2018 of mNOK 525 in the early part of September.
- Forland Subsea AS, another fully owned subsidiary of Frode Bjørn AS, took delivery of the OSV Lewek Inspector from Havyard in November 2013.

Profit in 2013

Seisranger AS

Operating income in the second half of 2013 was NOK 33,6 million. Operating expenses amounted to NOK 20,1 million and the EBITDA was NOK 13,0 million.

The EBIT in the second half of 2013 totaled NOK 3,2 million. Net financial items was – NOK 7,7 million. Profit before tax amounted to – NOK 4,5 million.

The vessel generated more revenues in second half than during the first half of 2013. However, interest expenses to group companies were first recognized in second half, significantly affecting the EBT.

E Forland AS

Operating income in the second half of 2013 was NOK 55,0 million. Operating expenses amounted to NOK 33,3 million and the EBITDA was NOK 21,7 million.

The EBIT in the second half of 2013 totaled NOK 6,8 million. Net financial items was NOK 7,1 million. Profit before tax amounted to NOK 13,9 million.

E Forland had higher revenues and lower payroll expenses in second half of 2013 than in the first half of 2013. The recognition of interest income from group companies and income from investment in subsidiary boosted the result in second half 2013.

Frode Bjørn AS

Operating expenses amounted to approximately NOK 1,000 and the EBITDA and EBIT was - NOK 1,000.

Net financial items was - NOK 2,0 million. Profit before tax amounted to - NOK 2,0 million.

Frode Bjørn AS, consolidated accounts

Operating income in the second half of 2013 was NOK 96,1 million. Operating expenses amounted to NOK 62,2 million and the EBITDA was NOK 33,9 million.

The EBIT in the second half of 2013 totaled NOK 24,6 million. Net financial items was – NOK 36,1 million. Profit before tax amounted to - NOK 11,5 million.

The consolidated revenues and EBITDA was lower in the second half of 2013 than in the first half. This has to be seen in connection with the sale of the seismic vessel Seisquest in the first half of 2013, generating a profit of NOK 23,9 million.

Cash flow in 2013

E Forland AS

Net cash flow from operating activities was NOK 13,4 million in 2013 (NOK 26,0 million in 2012).

Net cash flow from investing activities was – NOK 16,9 million in 2013 (NOK 11,0 million in 2012).

Net cash flow from financing activities was NOK 44,1 million in 2013 (- NOK 80,3 million in 2012).

Net change in cash was NOK 40,5 million in 2013 (- NOK 43,3 million in 2012).

Frode Bjørn AS, consolidated accounts

Net cash flow from operating activities was NOK 14,3 million in 2013 (NOK 72,5 million in 2012). Net cash flow from investing activities was – NOK 587,4 million in 2013 (- NOK 108,5 million in 2012).

Net cash flow from financing activities was NOK 670,2 million in 2013 (- NOK 34,4 million in 2012).

Net change in cash was NOK 97,0 million in 2013 (- NOK 70,5 million in 2012).

Balance sheet YE2013

Seisranger AS

The total assets per 31.12.2013 amounted to NOK 43,1 million (NOK 56,0 million per 31.12.12).

Interest bearing debt per 31.12.13 was NOK 218,6 million (NOK 224,5 million per 31.12.12).

The equity decreased from – NOK 168,8 million per 31.12.12 to – NOK 175,5 million per 31.12.13.

The equity ratio decreased from - 301 % per 31.12.12 to – 407 % per 31.12.13.

Cash and cash equivalents per 31.12.13 was NOK 0,58 million (NOK 0,27 million per 31.12.12)

E Forland AS

The total assets per 31.12.2013 amounted to NOK 887,6 million (NOK 771,8 million per 31.12.12).

Interest bearing debt per 31.12.13 was NOK 536,8 million (NOK 593,0 million per 31.12.12).

The equity increased from 27,7 million per 31.12.12 to NOK 204,3 million per 31.12.13.

The equity ratio increased from 4 % to 23 %.

Cash and cash equivalents per 31.12.13 was NOK 50,7 million (NOK 10,2 million per 31.12.12).

Frode Bjørn AS

The total assets per 31.12.2013 amounted to NOK 371,2 million (NOK 254,7 million per 31.12.12).

Interest bearing debt per 31.12.13 was NOK 191,2 million (NOK 0 million per 31.12.12).

The equity increased from 168,1 million per 31.12.12 to NOK 169,1 million per 31.12.13.

The equity ratio decreased from 66 % to 46 %.

Cash and cash equivalents per 31.12.13 was NOK 56,9 million (NOK 7,8 million per 31.12.12)

Frode Bjørn AS, consolidated accounts

The total assets per 31.12.2013 amounted to NOK 1 286,7 million (NOK 576,7 million per 31.12.12).

Interest bearing debt per 31.12.13 was NOK 1 039,2 million (NOK 369,0 million per 31.12.12).

The equity increased from 162,8 million per 31.12.12 to NOK 215,7 million per 31.12.13.

The equity ratio decreased from 28 % per 31.12.12 to 17 % per 31.12.13. The value-adjusted equity was 30 % as of year-end 2013.

Cash and cash equivalents per 31.12.13 was NOK 117,6 million (NOK 20,6 million per 31.12.12)

Financial risk

The revenues in E Forland AS are in NOK, whereas the revenues in Seisranger AS are in GBP.

E Forland's debt is in NOK and most of the companies' costs are in NOK. Seisranger AS applies FX forward contracts to reduce the currency risk.

E Forland's bond loan has a fluctuating NIBOR element, and the company is thus to some extent exposed to interest rate fluctuations.

Future outlook

We expect first half of 2014 to be in line with second half of 2013 for E Forland AS.

Concerning Seisranger AS, the Seisranger is likely to go into cold lay-up in the end of February 2014.

There is of course a significant risk related to how long the vessel will be in lay-up and the final outcome of the process of finding a Buyer/Charterer for her. That being said, we experience a lot of interest in the vessel from potential buyers for the time being. The sales process was more complicated when the vessel was on chart with Subsea 7, but after the redelivery of the vessel from the chart with Subsea 7, the process has accelerated.

Statement from the CEO/Chairman of the Board

I hereby declare that to the best of my knowledge the interim accounts for second half of 2013 and the preliminary accounts for 2013 are prepared in accordance with NGAAP, and that the information in the financial statements gives a true picture of the companies' and group's assets, liabilities, financial position and result as a whole, as well as the most important risk and uncertainty factors to which the companies might be exposed in the next financial period.

Bergen, 25 February 2014



Frode Bjørn Forland

CEO/Chairman of the Board

Seisranger AS
Profit & Loss 2H FY13

<i>Figures in NOK 1,000</i>	2H 2013	2013	2012
Operating revenue	30 684	55 845	56 895
Other income	2 898	4 565	4 120
Total operating revenue	33 582	60 410	61 015
Payroll expenses	10 501	21 685	23 958
Operating expenses	10 055	19 824	24 458
EBITDA	13 027	18 901	12 599
Depreciation	9 870	18 851	17 859
EBIT	3 156	49	-5 260
Interest income from group entities	51	51	-
Other interest income	3	3	48
Other financial income	2 221	3 651	501
Interest expenses to group entities	9 092	9 092	9 665
Other interest expenses	-	-	0
Other financial expenses	851	1 366	2 708
Net financial items	-7 669	-6 754	-11 825
EBT	-4 513	-6 704	-17 084
Taxes	-	-	-
Profit for the year	-4 513	-6 704	-17 084

Seisranger AS
Balance Sheet YE FY13

<i>Figures in NOK 1,000</i>	Dec2013	Dec2012
Vessels	35 337	51 826
Operational fixed assets	35 337	51 826
Long-term receivables	-	1 050
Financial fixed assets	-	1 050
Total fixed assets	35 337	52 876
Stores	695	1 562
Short-term loan to group entities	6 503	1 290
Bank deposits, cash	584	266
Total current assets	7 783	3 118
TOTAL ASSETS	43 119	55 994

<i>Figures in NOK 1,000</i>	Dec2013	Dec2012
Paid-in equity	-132 860	-132 860
Retained earnings	-42 646	-35 941
Total equity	-175 505	-168 801
Long-term debt to group entities	218 568	224 505
Total long-term debt	218 568	224 505
Other short-term debt	57	290
Total short-term debt	57	290
Total debt	218 625	224 795
TOTAL EQUITY AND DEBT	43 119	55 994

NOTES

Note 1 General information

Seisranger AS' accounts for second half 2013 is unaudited. The report is prepared in compliance with NGAAP using the same principles as with the last financial year.

Note 2 Close Associates

Transactions with close associates are carried out at regular commercial terms.

Note 3 Taxes

The tax rate in 2H 2013 is set to zero. The tax for 2013 is a best estimate.

Note 4 Events after the balance date

There have been no significant events after the balance date, except for the redelivery of the Seisranger from TC Charter with Subsea 7 and the potential cold lay-up until a sale/chart is secured.

**E Forland AS
Profit & Loss 2H FY13**

<i>Figures in NOK 1,000</i>	2H 2013	2013	2012
Operating revenue	50 852	98 671	94 408
Other income	4 150	6 871	6 135
Total operating revenue	55 002	105 541	100 543
Payroll expenses	15 194	31 671	24 116
Operating expenses	18 139	36 063	37 599
EBITDA	21 669	37 807	38 827
Depreciation	14 878	9 501	28 407
EBIT	6 791	28 306	10 420
Interest income from group entities	11 456	7 986	11 308
Other interest income	178	179	188
Other financial income	16 080	16 085	22 954
Interest expenses to group entities	-	-	5 288
Other interest expenses	16 532	23 430	17 535
Other financial expenses	4 127	20 503	1 775
Net financial items	7 054	-19 683	9 852
EBT	13 845	8 623	20 272
Taxes	-	-	-
Profit for the year	13 845	8 623	20 272

E Forland AS
Balance Sheet YE FY13

<i>Figures in NOK 1,000</i>	Dec2013	Dec2012
Vessels	391 639	383 820
Operating equipment, furnishings, IT	110	592
Operational fixed assets	391 749	384 412
Loan to group entities	419 608	284 384
Investment in subsidiary	-	83 060
Capitalized costs refinancing	15 606	-
Pension fund	3 280	3 613
Financial fixed assets	438 495	371 057
Total fixed assets	830 243	755 469
Stores	791	999
Short-term receivables group entities	-	53
Other short-term receivables	5 880	5 114
Bank deposits, cash	50 697	10 193
Total current assets	57 369	16 360
TOTAL ASSETS	887 612	771 829

<i>Figures in NOK 1,000</i>	Dec2013	Dec2012
Paid-in equity	168 100	100
Retained earnings	36 183	27 561
Total equity	204 283	27 661
Long-term interest-bearing debt	525 000	368 976
Long-term debt to group entities	11 837	224 043
Deferred income	132 960	132 960
Total long-term debt	669 797	725 980
Accounts payable	-	-
Tax payable	-0	2 544
Public duties payable	5 998	4 027
Short-term debt to group entities	3 681	1 329
Other short-term debt	3 852	10 289
Total short-term debt	13 531	18 189
Total debt	683 329	744 168
TOTAL EQUITY AND DEBT	887 612	771 829

E Forland AS
Cash flow statement

<i>Figures in NOK 1,000</i>	2013	2012
Cash flow from operating activities		
Profit before income taxes	8 623	20 272
Paid in taxes	-2 544	-2 544
Depreciation	9 501	28 407
Result from investment in subsidiary	-	-22 667
Change in stores	208	-208
Change in the difference between pension cost and pensions paid	-170	-1 331
Changes in receivables from group entities	2 405	1 052
Changes in other short-term receivables and liabilities	-4 675	3 014
Net cash flow from operating activities	13 349	25 996
Cash flow from investing activities		
Purchase/sale of fixed assets	-16 893	-4 999
Purchase/sale of financial assets	-	15 991
Net cash flow from investing activities	-16 893	10 992
Cash flow from financing activities		
Change in long-term liabilities	156 024	-34 432
Change in long-term receivables	-111 976	-45 892
Net cash flow from financing activities	44 048	-80 324
Net changes in cash and cash equivalents	40 504	-43 337
Cash and cash equivalents at 01.01	10 193	53 530
Cash and cash equivalents at 31.12	50 697	10 193

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Note 2 Close Associates

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Note 3 Taxes

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There have been no significant events after the balance date.

Frode Bjørn AS
Profit & Loss 2H FY13

<i>Figures in NOK 1,000</i>	2H 2013	2013	2012
Operating expenses	1	74	65
EBITDA	-1	-74	-65
Depreciation	-	-	-
EBIT	-1	-74	-65
Interest income from group entities	91	3 561	2 579
Other interest income	190	190	13
Interest expenses to group entities	2 326	2 326	9
Other interest expenses	-	7	5
Other financial expenses	-	-	108
Net financial items	-2 045	1 417	2 469
EBT	-2 047	1 343	2 404
Taxes	-	378	1 049
Profit for the year	-2 047	965	1 355

Frode Bjørn AS
Balance Sheet YE FY13

<i>Figures in NOK 1,000</i>	Dec2013	Dec2012
Investment in subsidiaries	306 475	74 486
Loan to group entities	7 853	172 408
Financial fixed assets	314 328	246 895
Total fixed assets	314 328	246 895
Bank deposits, cash	56 901	7 788
Total current assets	56 901	7 788
TOTAL ASSETS	371 229	254 683

<i>Figures in NOK 1,000</i>	Dec2013	Dec2012
Paid-in equity	166 792	166 787
Retained earnings	2 314	1 349
Total equity	169 106	168 135
Long-term debt to group companies	191 176	-
Total long-term debt	191 176	-
Tax payable	378	1 049
Short-term debt to group entities	10 569	82 462
Debt to shareholder	-	3 037
Total short-term debt	10 947	86 548
Total debt	202 123	86 548
TOTAL EQUITY AND DEBT	371 229	254 683

**Consolidated Frode Bjørn AS
Profit & Loss 2H FY13**

<i>Figures in NOK 1,000</i>	2H 2013	2013	2012
Operating revenue	88 171	168 150	176 010
Other income	7 888	12 510	11 837
Income from sale of vessel	0	23 861	-
Total operating revenue	96 059	204 521	187 847
Payroll expenses	38 152	71 945	61 036
Operating expenses	24 024	50 008	50 529
EBITDA	33 883	82 569	76 282
Depreciation	9 311	31 573	46 533
EBIT	24 571	50 996	29 749
Interest income	1 016	1 030	1 118
Financial income	2 068	3 989	1 856
Interest expenses	18 189	25 263	17 552
Financial expenses	20 962	23 084	6 325
Net financial items	-36 067	-43 328	-20 903
EBT	-11 496	7 668	8 846
Taxes	-	770	1 361
Profit for the year before minority interests	-11 496	6 898	7 485
Profit for the minority interests		688	-
Profit for the year		6 210	7 485

**Consolidated Frode Bjørn AS
Balance Sheet YE FY13**

<i>Figures in NOK 1,000</i>	Dec2013	Dec2012
Vessels	1 117 956	530 748
Operating equipment, furnishings, IT	244	121
Operational fixed assets	1 118 200	530 869
Long-term receivables	15 606	1 050
Pension fund	3 280	3 613
Financial fixed assets	18 887	4 663
Total fixed assets	1 137 087	535 531
Stores	2 009	6 301
Accounts receivable	18 088	7 134
Other short-term receivables	11 945	7 171
Bank deposits, cash	117 594	20 568
Total current assets	149 636	41 174
TOTAL ASSETS	1 286 723	576 706

<i>Figures in NOK 1,000</i>	Dec2013	Dec2012
Paid-in equity	1 444	1 439
Retained earnings	167 544	161 333
Minority interests	46 699	-
Total equity	215 687	162 772
Long-term interest-bearing debt	1 039 183	368 976
Deferred taxes	4	4
Total long-term debt	1 039 187	368 980
Accounts payable	13 833	5 389
Tax payable	770	3 901
Public duties payable	8 282	5 337
Debt to shareholder	300	2 708
Other short-term debt	8 665	27 618
Total short-term debt	31 850	44 953
Total debt	1 071 036	413 934
TOTAL EQUITY AND DEBT	1 286 723	576 706

Consolidated Frode Bjørn AS
Cash flow statement

<i>Figures in NOK 1,000</i>	2013	2012
Cash flow from operating activities		
Profit before income taxes	7 668	8 846
Paid in taxes	-3 901	-3 459
Depreciation	31 573	46 533
Change in stock	4 292	-4 596
Changes in trade receivables and creditors	-2 511	7 258
Change in the difference between pension cost and pensions paid	-170	-1 331
Changes in other short-term receivables and liabilities	-22 698	19 233
Net cash flow from operating activities	14 252	72 484
Cash flow from investing activities		
Purchase/sale of fixed assets	-587 433	-124 529
Purchase/sale of financial assets	-	15 991
Net cash flow from investing activities	-587 433	-108 539
Cash flow from financing activities		
Change in long-term liabilities	670 206	-34 432
Net cash flow from financing activities	670 206	-34 432
Net changes in cash and cash equivalents	97 026	-70 487
Cash and cash equivalents at 01.01	20 568	91 055
Cash and cash equivalents at 31.12	117 594	20 568

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