SOLSTAD OFFSHORE ASA

2013
ANNUAL REPORT

www.solstad.no

OUR VISION *is to conduct profitable, integrated shipping operations with high specification vessels using both our own vessels and chartered vessels. The company's core business is petroleum-related operations.*

CONTENT

FINANCIAL CALENDAR 2014

Preliminary dates for quarterly reports and ordinary general meeting in SOFF is:

Annual Report 2013: **28. March 2014**
Result 1st quarter 2014 / Ordinary General Meeting: **19. May 2014**
Result 2nd quarter 2014: **18. August 2014**
Result 3rd quarter 2014: **10. November 2014**
Preliminary result 2014: **ultimo February 2015**

OUR BUSINESS

Solstad Rederi AS was established in 1964 by Captain Johannes Solstad, and is celebrating its 50 years anniversary this year. The Company's head office and home port are still located in Skudeneshavn, Norway. During the Company's first ten years of operation it acquired and operated 14 dry cargo vessels (liner type) and also took delivery of three new build semi-container vessels. The size of these vessels varied from 8,000 DW to 14,000 DW.

The Company's offshore activities began in 1973, when it ordered four supply vessels from a Dutch shipyard and by 1976 the Company operated 9 supply vessels of various types. Most of them were jointly owned with other Haugesund-based shipping companies and all were built at the same Dutch shipyard, Pattje.

From 1974 to 1982, the Company owned and operated a combined fleet of both offshore and dry cargo vessels and had several new builds on order. Two AHTS´s and three AHT´s were built in New Foundland and four semi-container vessels were built in Rostock in East Germany. However, the last dry cargo vessel was sold in 1982 and for the next eight years Solstad Rederi AS only operated offshore supply vessels.

In October 1997, the Company was listed on the Oslo Stock Exchange under the name of Solstad Offshore ASA. Solstad Shipping AS is wholly owned by Solstad Offshore ASA and is responsible for management and marketing.

At the end of the year the fleet consisted of 50 wholly owned and jointly owned vessels, including 2 vessel under construction in Norway. Including the signed letter of intent to construct a subsea construction vessel and sale of 2 vessels during 1st quarter 2014, Solstad Offshore ASA own and operate 20 construction vessels, of which tree are under construction. In addition, the fleet consists of 20 anchor handling vessels and 9 platform supply vessels. The vessels under construction will be delivered from the shipyards in the period between 2nd quarter 2014 and 2nd quarter 2016.

Our vessels currently operate world-wide and approximately 63% are operating outside the North Sea.

Solstad Offshore ASA has around 1.800 employees. In addition to its head office in Skudeneshavn, Solstad has branch offices in Aberdeen, Singapore, Rio de Janeiro, Perth and Manila.

M/S SOLDROTT - the company's first ship. Soldrott proved to be a 'lucky ship' which got the new Skudeneshavn owner off to a brisk and auspicious start.

HOW IT ALL BEGAN

Solstad Rederi was established in 1964. Two weeks after the inaugural general meeting the first ship had already been purchased. She took the name of Soldrott, the first part of her name being at the same time a reference to the owner Solstad and the Norwegian word for sun. The second part is in honour of the man who from 1964 became Johannes Solstad's investment partner for many years, Synek Drotkowski.

The motivation behind both the desire to set up the shipping company, and the purchase of the first hull, was a simple matter of return. Johannes Solstad has kept the calculation safe all these years, which is easy to understand. Most likely the equation was the most important he ever wrote. The whole exercise was committed to a sheet of A4 paper using a mechanical typewriter that demanded considerable strength and perseverance, without the slightest help from the digital age.

The narrative is simple enough: 'Rate of return on 8700 grt motor vessel, built 1939' is the title. Then we can read the owner's capital, loan capital and other details.

The calculation showed a total rate of return on total assets of 20 per cent - not bad! And no less than 38 investors subscribed for shares. They came aboard what turned out to be one of Norway's greatest shipping adventures.

CORPORATE STRUCTURE

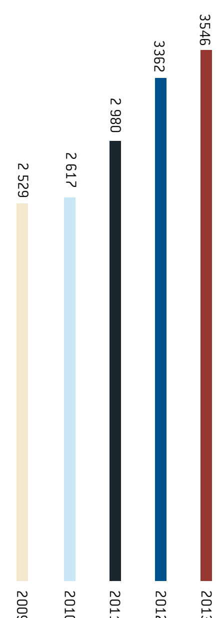
PER APRIL 2014

SOLSTAD OFFSHORE ASA

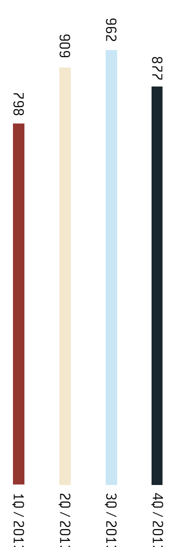
- SOLSTAD OFFSHORE ASIA PACIFIC LTD (100%)
  - NORCE OFFSHORE PTE LTD (100%)
- SOLSTAD SHIPPING AS (100%)
- SOLSTAD MANAGEMENT AS (100%)
- SOLSTAD OFFSHORE UK LTD (100%)
  - SOLSTAD CABLE UK LTD (62,5%)
    - SOLSTAD CABLE CUTTER LTD (62,5%)
    - SOLSTAD CABLE CLIPPER LTD (62,5%)
  - ADSI OFFSHORE UK LTD (100%)
  - SOLSTAD OFFSHORE SERVICE VESSEL UK LTD (100%)
    - PIONEER OFFSHORE LP (100%)
    - PROGRESS OFFSHORE LP (100%)
  - PIPRO (UK) LTD (100%)
    - PIONEER OFFSHORE LTD (100%)
    - PROGRESS OFFSHORE LTD (100%)
- NORMAND DRIFT AS (100%)
- SOLSTAD REDERI AS (100%)
  - TRYM TITAN AS (62,5%)
  - NORMAND FLOWER AS (100%)
- NISA INC (50%)
- NORMAND SKARVEN AS/KS (72,1%)
- SOLSTAD BRASIL AS (100%)
  - SOLSTAD OFFSHORE LTDA (100%)
    - SOLSTAD SERVICOS MARITIMOS LTDA (100%)
- NORMAND RANGER AS (100%)
- SOLSTAD OPERATIONS AS (100%)
- NORMAND OCEANIC AS (50%)
- NORMAND OCEANIC CHARTERING AS (50%)
- OCEAN SOLSTAD AS (8%)
- OCEAN SOLSTAD OPERATIONS AS (30%)

FINANCIAL HIGHLIGHTS

OPERATING INCOME
LAST FIVE YEARS (NOK million)



OPERATING INCOME
2013 QUARTERLY (NOK million)



	Ref	2013	2012	2011	2010	2009
PROFIT AND LOSS ACCOUNTS (NOK mill)	9					
Freight revenues		3 495	3 288	2 975	2 614	2 519
Other income / Gain on fixed assets		51	74	5	3	11
Operating result before depr./write-downs		1 497	1 438	1 070	981	1 195
Operating result		1 123	873	163	342	466
Net finance		-582	-420	-562	-209	401
Ordinary profit before tax		541	366	-399	133	866
Net profit for the year		485	400	-407	19	1 038
Hereof majority's share		491	380	-362	48	1 027
BALANCE	9					
Deferred tax asset		59	115	43	17	-
Long term assets		12 137	12 665	14 044	13 856	9 974
Current assets		2 285	1 624	1 582	1 693	2 293
Total assets		15 025	14 727	15 673	15 566	12 267
Equity		4 954	4 625	4 416	4 989	4 630
Deferred tax		-	3	-	-	27
Long-term liabilities		7 700	7 165	9 509	8 584	6 414
Current liabilities		2 264	2 815	1 657	1 884	1 176
Long-term interest bearing liabilities		9 964	9 980	10 387	9 606	6 379
Bank overdraft		91	65	102	103	100
Free and restricted bank deposits		1 240	807	646	872	1 445
Net interest-bearing liabilities		8 815	9 238	9 843	8 837	5 035
PROFITABILITY						
Operating margin	1	42 %	43 %	36 %	37 %	47 %
Earning on equity	2,6	11 %	8 %	-8 %	3 %	21 %
Earning on capital employeed	3	8 %	6 %	1 %	3 %	5 %
LIQUIDITY						
Liquid assets		1 240	807	646	872	1 445
Working capital		2 285	1 624	804	832	1 117
EBITDA	4	1 589	1 428	1 100	981	1 195
Current ratio	5	1,0	0,6	1,0	0,9	1,9
ASSETS						
Total assets		15 025	14 727	15 673	15 566	12 267
Equity		4 954	4 625	4 416	4 989	4 630
Equity ratio	6	33 %	31 %	28 %	32 %	38 %

KEY FIGURES
PER SHARE

KEY FIGURES PER SHARE	REF	2013	2012	2011	2010	2009
Result of the year	7	12,77	9,84	-9,63	1,29	27,28
EBITDA	4	41,33	36,94	29,27	26,10	31,72
Booked equity	8	128,88	119,56	115,09	132,73	123,09
Price/Earnings (P/E)		9,40	10,16	-8,88	90,05	3,96
Price/EBITDA		2,90	2,71	2,92	4,45	3,40
Dividend		5,00	2,50	1,50	1,50	2,00
Share capital (NOK mill)		77,37	77,37	77,37	75,59	75,59
Quoted share price 31.12. (NOK)		120,00	100,00	85,50	85,50	116,00
Market capitalisation (NOK mill)		4 642	3 869	3 308	4 384	4 082
Average no. of shares inclusive adj. for stock of treasury shares.		38 445 455	38 662 733	37 587 310	37 587 310	37 659 312
No. of shares per 31.12 incl. Adj. For stock of treasury shares		38 440 155	38 682 077	38 370 349	37 589 593	37 617 495

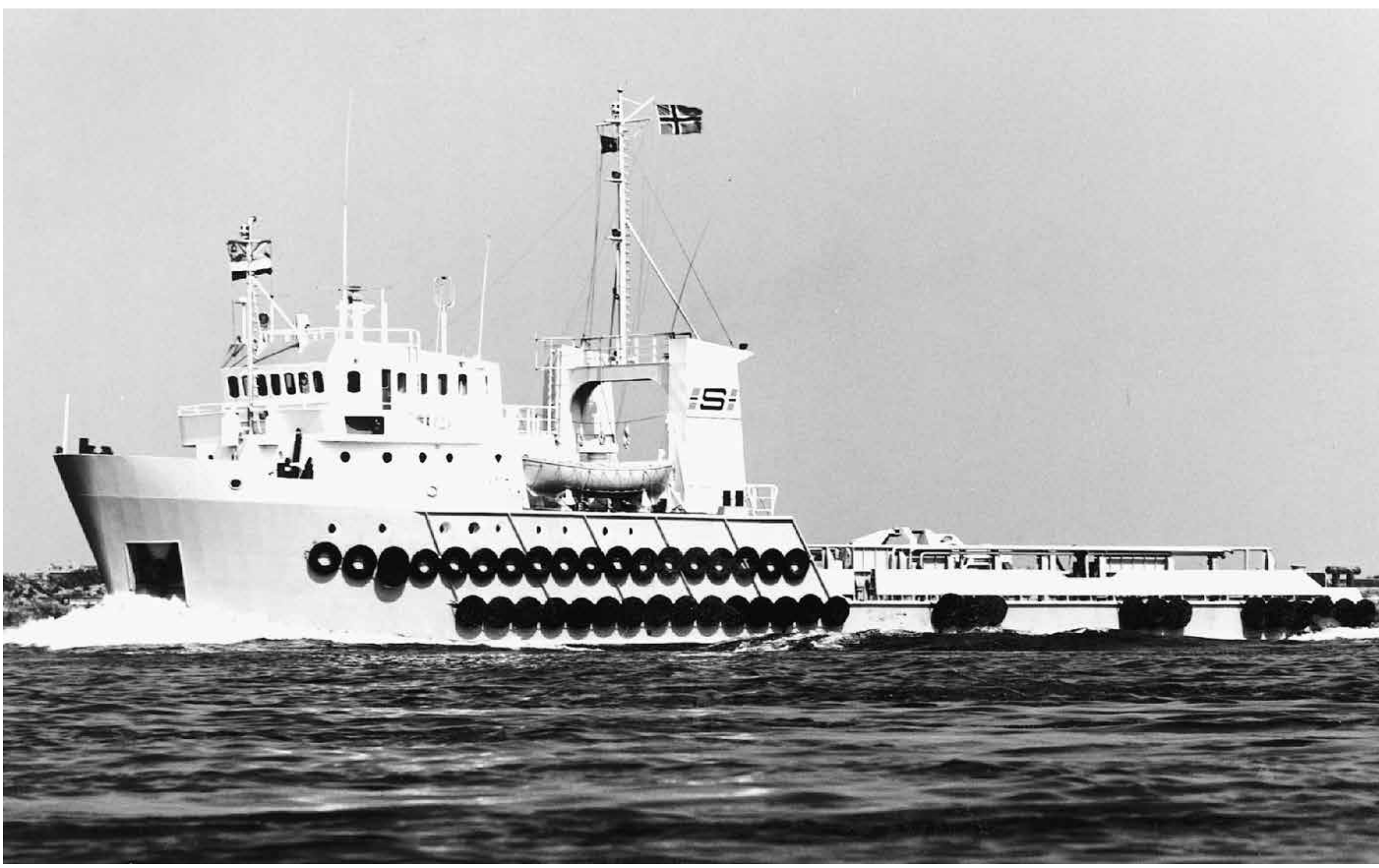
REFERENCES:

1. Operating result before depreciation in percentages of total operating income.
2. Result before tax, in percentage of average equity including minority interests
3. Operating result plus interest income and result from associated company divided by average book shareholders' equity and interest-bearing debt.
4. Operating result before depreciation adjusted for gain/(loss) on sale of fixed asset and other material noncash effects.
5. Current assets divided by current liabilities
6. Booked equity including minority interests in percentage of total assets.
7. Result of the year for the Group divided by average number of shares.
8. Shareholders' equity divided by outstanding number of shares per 31.12.
9. Joint ventures are booked according to the equity method from 2012. Comparative figures for 2011 are changed accordingly.

PLAY FOR THE NORTH SEA

As we all know, oil fever is raging in Norway nowadays and it is affecting us here, too. We also want to join in the play for black gold, where the dice are being rolled just outside our office windows.

This was the message from Johannes Solstad in October 1973. The management had reached a strategic decision which would prove to have wide-ranging consequences. After just 10 years in the traditional shipping business, trading in the Far East, Solstad turned to the petroleum market. And after just 10 years in oil, the company was established among the leading Norwegian offshore owners.



NORMAND PRODUCE - the company's first supply boat was launched on Norway's National Day, 17 May 1974, at the Pattje shipyard in Groningen. It was the start of Solstad's commitment to the oil saga in the North Sea.

ANNUAL REPORT

Solstad Offshore ASA Group reported earnings of MNOK 3,546 in 2013 compared to MNOK 3,362 the year before. The year's result after taxes was MNOK 485 compared to MNOK 400 in 2012. Cash flow (EBITDA) for the year was MNOK 1,589 compared to MNOK 1,428 in 2012.

The prospects for increased utilization and profit seem improved for 2014 compared to 2013, partly due to increase activity in Brazil. On the Norwegian Continental Shelf total investments for 2014 are assumed to reach a historical high level. This implies both expanded rig activity and a high and stable subsea activity. For the Group the share of revenue from activities in the North Sea was 37% in 2013 (39% in 2012).

The Company's Health, Safety and Environment Department showed positive safety results also for 2013. Through the company's own developed program for reducing carbon emissions "Solstad Green Operations", the Solstad fleet's offshore crew performed 19,084 "green operations". As a consequence, total estimated reduction of CO2 for the year was 130,000 tons.

At the end of the year, the company's fleet consisted of 50 offshore service vessels, two new builds included, divided in 20 construction service vessels (CSV), 21 anchorhandling vessels (AHTS) and 9 platform supply vessels (PSV). Market value for the vessels was NOK 17.6 billion, the Groups share of two vessels owned through joint ventures, but excluding the two vessels under construction.

The major transactions in 2013 related to sale one CSV, and refinancing of several vessels.

1. BUSINESS, OBJECTIVES AND STRATEGY

The company's mission is to operate an integrated shipping company with high specification vessels within their segments with both owned and chartered vessels. The company's core business is to provide services to petroleum-related offshore activities.

Our goal is to be a major player and provider of a wide range of services with our reputation in our vessels and high quality equipment and crew with strong maritime competency. In the North Sea, our target is to be one of the leading shipping companies. On an international level, we want to be one of the major players operating in deep waters and on subsea construction services.

In areas such as safety, the environment, solidity and profitability, the company focuses on achieving its targets. Our most important objective within our safety work is to prevent injury or damage to personnel and equipment whilst our most important environmental target is the continual reduction of potentially environmentally damaging spills from our vessels.

The company's strategy is to offer customer-focused solutions and quality services and, at the same time, to develop the services we offer in close cooperation with existing and new customers.

The company is generally responsible for the overall operations of the vessels including logistics, manning and technical management. Where it is natural to achieve cost-effective operations and the optimal return on capital employed it is also possible to seek cooperation, and long-term strategic cooperation with other players. It is also important to cooperate in terms of mitigating risk and capital investment.

2. THE COMPANY'S ACTIVITIES

Solstad Offshore ASA's activities are primarily directed towards the offshore petroleum industry. The majority of our vessels are equipped to carry out projects over and above traditional supply and anchor-handling services. Our activities also include projects for development of offshore wind farms.

In 2013, the company's net freight income was divided as follows: 51% from CSV's, 36% from AHTS's and 13% from PSV's. Geographically, the freight income was divided by 37% from the North Sea, 17% from South America, 7% from West Africa, 9% from Central and North America, 4% from the Mediterranean and Europe and 26% from Asia.

At the end of the year our fleet consisted of 50 wholly and jointly owned vessels, including two new builds. These vessels are managed from

offices in Skudesneshavn (head office), Aberdeen, Rio de Janeiro, Singapore and Perth. Currently we have 9 vessels operating on the Brazilian Continental Shelf, 4 in Mexico and the US Gulf, 3 in Africa, 8 in Asia, 4 in the Mediterranean and the remaining 20 in the North Sea.

Solstad Offshore ASA has two new builds under construction, both of which are due to be delivered in the second quarter of 2014. On handover, both vessels will go immediately on five year charters (plus options) with Ocean Installer AS and Reach Subsea ASA and operate in the subsea market. In addition a letter of intent was signed in March 2014 with a major international offshore company for building and operation of an advanced construction service vessel to be delivered in the second quarter of 2016.

For further details on the company's fleet refer to the Fleet Overview at the back of the Annual Report.

3. THE OFFSHORE MARKET

Despite a fluctuating economic climate in important areas world-wide, the overall demand has been enough to keep oil prices relatively high and stable for a longer period. This combination, together with several larger finds at different locations in later years, has resulted in increased investment. It is estimated that total investments increased by 10 per cent per year the last 3-4 years, while it for 2014 is predicted a leveling off in the level of investment. These investments, together with the increased demand for maritime services have been made in existing oil fields (to increase production and extraction rates) and in new exploration and development projects.

Our main types of offshore service vessel are AHTS's, PSV's and CSV's. The first two types are grouped in accordance with the vessels engine and loading capacity, as well as their technical specification. The CSV segment, that is, those vessels performing subsea activities, is more diverse, dependent on what the vessel can be used for. Various activities ranging from simple inspection work to more complex installation work requires a rage of vessel sizes and equipment.
The amount invested in the more advanced vessels is typically twice that of the simplest CSV.

The world fleet of AHTS's over 15,000 bhp at year end was around 230 vessels whilst there were 731 PSV's with a capacity of more than 3,000 dwt. There were around 60 and 277 respectively of these vessels operating in the North Sea.

At the end of the year, 24 AHTS's over 15,000 bhp and 268 PSV's over 3,000 dwt were under construction. The majority of these are being built in Europe, Asia (Singapore, Vietnam, China, India and Indonesia), USA and Brazil. There are 50 larger vessels under construction at shipyards in Europe, USA and Asia.

The global demand for shipping services developed more or less as expected in 2013, except for the PSV segment which became better than anticipated. In Brazil the demand for CSV's has increased significantly, mainly based on newbuilds with delivery some years ahead. Demand for more traditional AHTS/ PSV's did not increase as expected, but there are several signals indicating increased demand in 2014 for these vessels.

The effect of more rigs in operation has increased the demand for AHTS/ PSV's, especially in the North Sea, West Africa and th US Gulf.

4. CORPORATE PARTICULARS

It is our goal to make the company attractive in the long-term by increasing the value of the company in terms of share value and dividends. The Board aims to ensure that, on average, the dividend represents from 20 to 40% of profit after tax, adjusted for any major currency effects and minority interests. The annual proposed dividend should always be considered in the light of the expectation of future earnings, cash flow, financing and other factors affecting the company's position.

The total number of issued shares at the end of the year was 38,687,377. The number of shareholders at 28 March 2014 was 2,855, 10% of which are foreign investors.

The Board will propose to the Annual General Meeting on 19 May 2014, that a dividend of NOK 5,- per share is paid for 2013. Payment will be made on 10 June 2014. The company's share price has performed well throughout the year. At the beginning of the year the price was NOK 100 and at the end of the year was NOK 120, that is, an increase of 20%. The company paid NOK 2.50 in dividends in 2013 (for the 2012 fiscal year).

Until the next Annual General Meeting, the Board has power of attorney to purchase 10% of treasury shares. The Board requested this power of attorney in order to carry out continuous evaluation of this as a short-term investment alternative as well as for strategic investment. At 31.12.13, 247,222 treasury shares were held compared to 5,300 the previous year. The repurchase program for own shares that started in November 2013 has continued in 2014. At March 24 2014 a total of 377,762 treasury shares are held.

At the Annual General Meeting in May 2013, the Board renewed their power of attorney to increase share capital by up to NOK 4 million. This

power of attorney, which is in place until the first ordinary general meeting has not been exercised to today's date. At the next general meeting on 19 May 2013, the Board will propose that this power of attorney be renewed relating to increased share capital and purchase of treasury shares.

Solstad Offshore ASA has been listed on the Oslo Stock Exchange since 1997. As the holding company for the Group, its primary activity is ownership of shares in subsidiaries together with other strategic company investments. Solstad Offshore (UK) Ltd (100%) with subsidiaries, Solstad Offshore Asia Pacific Ltd (100%) with subsidiaries in Singapore and Perth and Solstad Offshore Ltda (100%) in Brazil.

5. CORPORATE GOVERNANCE AND MANAGEMENT

Solstad Offshore ASA's governance and management are based on the company's vision and strategy. The company is listed on the Oslo Stock Exchange and is subject to the Norwegian companies, accounting, stock exchange listing and securities trading legislation. Solstad Offshore ASA adheres to the Norwegian Code of Practice for Corporate Governance dated October 23 2012. More information on corporate governance is given in a separate chapter in the annual report and on the Company's web site.

6. FINANCIAL POSITION AND DEVELOPMENT – THE GROUP

The Annual report for 2013 has been prepared in accordance with IFRS (International Financial Reporting Standards which are approved by the European Union, giving comparative figures for 2012.

Operating income in 2013 was NOK 3,546 million compared to NOK 3,362 the previous year. The increase is mainly related to better utilization and higher day rates in the construction service segment. Cash flow from operations for the year (defined as earnings before impairment or depreciation, adjusted for profit on disposal and cash flow from associated or joint ventures) was NOK 1,589 million (NOK 1,428 million).

The annual result after impairment and depreciation was NOK 1,123 million compared to NOK 873 million in 2012. There was not booked any impairment on vessels in 2013 (NOK 92 million in 2012).

The Group result for 2013 after tax was NOK 485 million (NOK 400 million in 2012). This year's result included a net financial loss of NOK 582 million (NOK 420 million in 2012). The year's financial loss primarily related to net interest expenses of NOK 450 million (NOK 524 million in 2012), net NOK 187 million in net realized/unrealized currency gain on receivables and debt, in additional to financial hedging agreements measured at year end (NOK 99 million in 2012) and gain from sale of shares NOK 27 million. Earnings per share was NOK 12.52 (NOK 9.84 in 2012).

Operating profit (excluding gain on disposals) before impairment and depreciation (operating margin) amounted to 43% of operating income compared to 41% in 2012.

The largest change in the Group Balance Sheet in 2013 related to the sale of a construction service vessel. The vessel was sold to the charterer that held a purchase option for the vessel. Further, the comparative figures for 2012 are changed. The change is a result of a new principle for accounting for pension obligations. Actuarial gains and losses must now be recognized through profit and loss. With retrospective effect from January 1, 2012, the Group's pension obligation increased by NOK 90 million (after tax). At 31.12.2012 an actuarial gain of NOK 34 million was posted. Net effect in the comparative figures relating to the pension obligation was NOK 34 million.

The market value of the Group's fleet at 31.12.2013 was NOK 17,574 million (NOK 18,414 million at 31.12.2012). This valuation is the average of valuations by three brokers based on charter-free vessels (excluding new builds. Value adjusted equity before tax, adjusted for minority interests was NOK 246 per share at the end of 2013, compared to NOK 237 at the same time last year. The value of the vessels has not changed significantly throughout the year. Posted equity at 31.12.2013 amounted to NOK 4,954 million or NOK 128 per share. The Board has assessed the reported value of the vessels in accordance with IAS 36 relating to impairment of assets, but found no reason for any impairment to be booked.

Long-term interest bearing debt at 31.12.2013 was NOK 9,332 million (NOK 9,222 million). NOK 1,631million (NOK 2,057 million) of which is classified as short-term debt. The debt is divided as 50% NOK, 37% USD and 13% GBP. At the end of the year, 2-5 year hedging agreements were entered for around 30% of the total long-term debt. Furthermore, some of the NOK debt is linked to USD so that the real debt exposure is 46% NOK, 41% USD and 13% GBP.

The Group's net interest-bearing debt at the end of 2013 was NOK 8,183 million (NOK 8,480 million).

The Group is exposed to financial market risk by the nature of its business. Financial market risk is changes in exchange rates, interest rates and freight prices which impact the value of the Group's assets, liabilities and future cash flow. To reduce and control these risks management regularly review and reassess the Group's main financial market risks. When a major risk factor is identified, actions to reduce the specific risk are evaluated. The Group is exposed to both interest and currency risk, mainly through its long-term financing and long-term charter contracts. The interest risk is partially mitigated by hedging agreements. The currency risk is eliminated by having loans and liabilities in the same currency as the charter agreements.

Definitions of the various financial used are found under the heading "Financial Key Figures" and "Key Rations per Share" together with a summary of the key figures from the consolidated accounts.

7. HEALTH, THE ENVIRONMENT, SAFETY AND QUALITY ASSURANCE

The company operates in compliance with a number of international regulations and standards and is certified to ISM, ISO 14001:2004, ISO 9001:2008 and ISPS (International Ship and Port Facility Security) requirements. Activity in Solstad Offshore Asia Pacific Ltd (and associated subsidiaries) will be certified in line with other operations under the annual renewal of the Document of Compliance in 2012. Crew are given training on board in compliance with the requirements of STCW '95 (Seafarers Training, Certification and Watch-keeping Code). Internal audits will be performed annually on all vessels and offices.

The company is committed to accident avoidance and the prevention of injury. In 2013, approximately 14,000 HSE reports were processed by our HSE and QA Systems. These reports are registered, processed and analysed in a database report system and form the basis for preventive action to avert future accidents and injuries.

Solstad Integrated Management System (SIMS) is a process-based quality assurance system includes overall aims and descriptions of all processes and activities involving personnel both onshore and offshore.

When a new charter is negotiated efforts are made to safeguard workplaces and to further reduce omissions to the air and sea.

The company had a total of 3 lost time incidents (LTI's) which resulted in an H factor (number of lost time incidents per 1,000,000 working hours) of 0.35 for 2013 (0.36 in 2012). None of these incidents resulted in serious personal injury and those involved are back in active service. The company's zero injuries philosophy will continue into 2014. Apart from avoiding LTI's, the company focuses on evaluation, facilitation, planning and prevention to prevent all types of personnel-related incidents. The fleet reported spills of 473 litres to sea in 2013. The company also has a program for recycling and reporting of waste generated by the vessels and onshore organizations.

Solstad Green Operations is the company's environmental program where the intention is to preserve the environment, first and foremost, through reduced use of fuel. From the start in 2009 the fuel consumption is reduced by 20%. In 2013 Solstad Offshore personnel performed 19,084 green operations (SGO). As a consequence, total estimated reduction of CO2 for the year was 130,000 tonns.

Solstad Green Operations has a co-operation with the "Rainforest foundation" in Norway. Each performed SGO results in a contribution to the foundation, which aim is to preserve the rainforest. In 2013 these contributions helped preserving 19,084,000 square meters of rainforest for one year.

Solstad Offshore ASA is in compliance with the Accounting Act's new regulations for reporting of Corporate Social Responsibility. The report for 2013 is available on the company's web site – www.solstad.com.

The working environment onshore and on board is considered to be good and there are continuous measures to prevent any form of discrimination due to age, gender, religion, colour or other factor. Sick leave amongst the marine crew in Norway (Solstad Shipping AS) was 4,4% in 2013 (5% in 2012).

The company's administrative personnel are divided into approximately 61% male and 39% female. At the end of the year there were 80 females at sea. Personnel recruitment focuses strongly on equality. However, female marine personnel are scarce, not only in Norway but internationally. The company is committed to the recruitment and training of cadets and apprentices and focuses on encouraging Norwegian youth to consider a maritime education. Despite this, there has been little success with schools and trade organizations to persuade a greater number of women to opt for a maritime education or occupation. The exception is Brazil in which the share of females in officer positions are higher than any place else. The Group aim to have about 10% of employees in trainee positions.

For recruitment at sea as well as onshore, the company is committed to equality on the basis of sex, nationality disability, religion or other factors that should not affect the hiring process.

In 2012 a process for establishing company values was initiated. This work was followed up in 2013 with information and compliance. The campaign will continue until the company's celebration of the 50th anniversary in 2014.

8. EXPECTATIONS FOR 2014

Solstad Offshore ASA has a diverse fleet equipped for a variety of services relating to offshore petroleum activities including exploitation, exploration and installation work. The need for modern tonnage that is equipped for specialized operations in various waters is expected to remain strong now and in the future. At the time of publishing these accounts, the contract cover for the company's fleet for the remainder of 2014 is 60% (the corresponding figure for last year was 65%) and in

2015 the figures are 38% (39%). Including options the contract cover for the remainder of 2014 and for the whole of 2015 is 70% and 57% respectively.

The company finds the basic conditions for a gradual improvement of the market balance in the future to be present. The forecast for improved utilization and revenue seems better in 2014 compared to 2013 because of activity in Brazil. On the Norwegian Continental Shelf it is anticipated that total investments will reach a historical high level. This leads to both increased rig activity and high and stable subsea activity.

Globally there are 97 new drilling rigs and drill ships under construction and 138 jack ups being delivered through to 2017. In addition, there are a number of floating production installations planned.

In later years larger oil and gas discoveries in deep water acreage in Brazil, Norway, Australia and East Africa have increased optimism for future exploitation. This, together with sustained high oil prices raises expectations that investment in exploration and development will increase in future years. The cost level in the oil- and gas business has had a significant increase the last years, hence the oil companies now have a major focus on cost reduction programs. This has also lead to postponements of some subsea installation projects.

The company has highest expectations related to subsea and deep water activities. Activity in Brazil is also expected to increase again with positive effect for vessels in all segments. In other important areas such as the North Sea, Africa (both East and West), the Mexican Gulf and parts of Asia and Australia activity will increase as a result of more rigs in operation.

9. FINANCE – PARENT COMPANY

The result for Solstad Offshore ASA in 2013 was a profit of NOK 256 million (NOK 263 million in 2012). The net financial profit of NOK 322 million (NOK 256 million in 2012) relates to income from dividends from subsidiaries of NOK 262 million, net interest costs of NOK 97 million and interest income from Group companies of NOK 33 million. Net financial items also include guarantee commission (NOK 27 million), net currency gain (NOK 42 million) and NOK 52 million in group contribution. Higher financial profit compared to 2012 is mainly due to group contributions and lower interest expenses. The operating result for the year was a loss of NOK 13.6 million (loss of NOK 13.6 million in 2012).

The company's assets are largely the value of shares in subsidiaries and associated companies and loans to group companies. Booked equity at year end was NOK 3,078 million. Debt at the same time was NOK 1,753 million, of which NOK 1,400 million is in bond loans, NOK 91 million in short-term credit and NOK 193 million set aside for dividend for 2013.

The annual accounts are prepared on the assumption of a going concern, in accordance with § 3-3 of the Accounting Act. The Directors affirm that this assumption is correct.

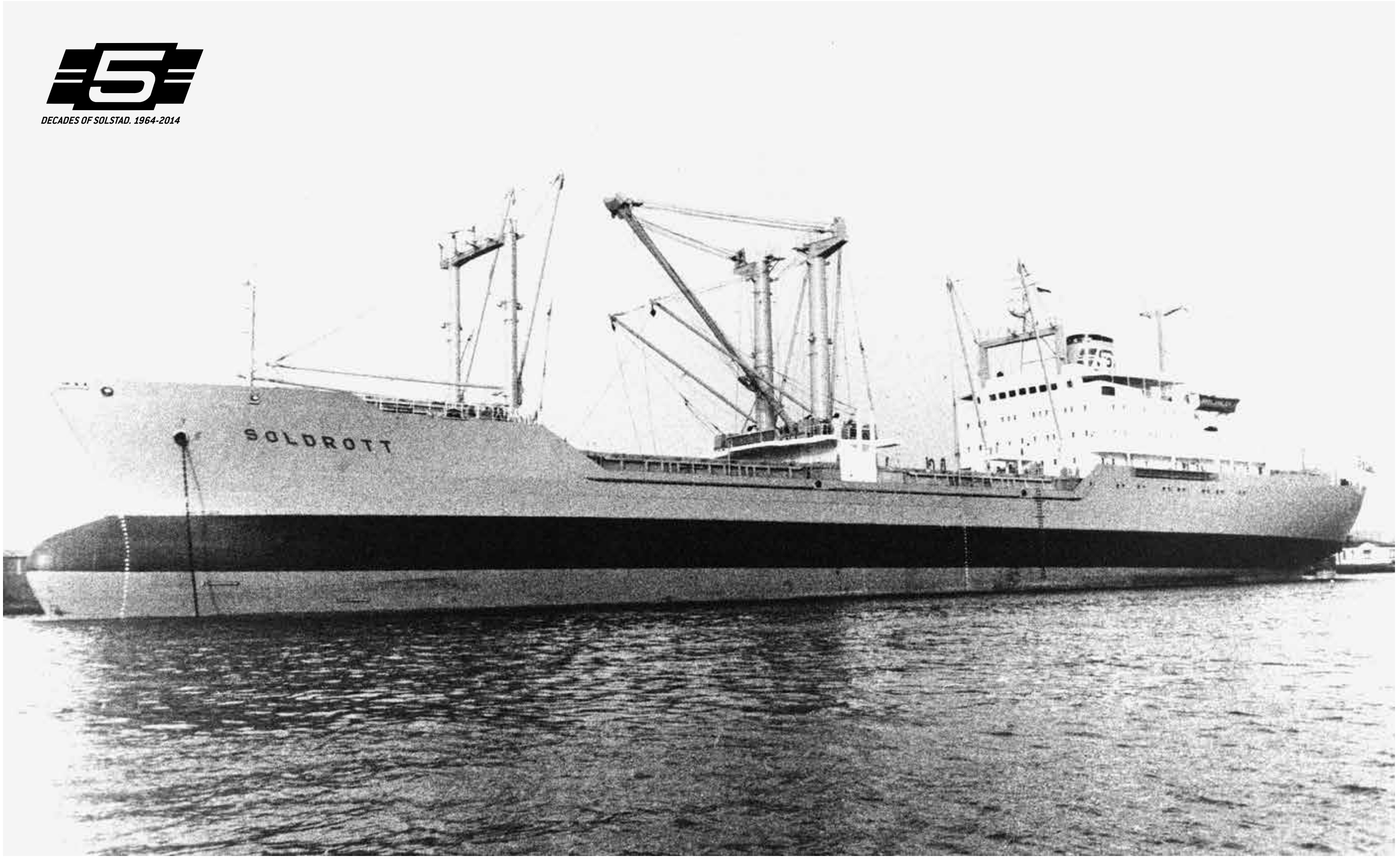
At the ordinary general meeting, the Board will propose that remuneration to the Directors for 2013 totalling NOK 1,125,000 should be approved. The audit fee of NOK 482,282 for the parent company for 2013 will be proposed to be approved relating to audit services only.

The Board proposed that the following distribution is made:

Allocated to dividend	NOK	193,436,885
Transfer from retained profits	NOK	62,965,036
Net applied/transferred	NOK	256,401,921

Board of Solstad Offshore ASA
Skudeneshavn 28.03.2014

Harald Eikesdal Chairman	**Terje Vareberg** Director	**Toril Eidesvik** Director
Anette Solstad Director	**Ketil Lenning** Director	**Lars Peder Solstad** Managing Director



M/S SOLDROTT - the company's first newbuild was launched on 4 October 1971. It was with great satisfaction that Solstad Rederi A/S was finally able to operate with a new and modern vessel.

▸ FROM GENERAL CARGO TO CONTAINER

The first time the company's house magazine, Solships, was published in colour, was the October issue of 1971. The occasion was an obvious photo opportunity: Solstad had launched its first new-build. New M/S Soldrott was christened at Warnow Yard in Warnemunde in East Germany:

It was a fine autumn day with sunshine from a clear sky as the ship was launched. A brass band was the perfect accompaniment to the festivities of the day. It was quite simply a majestic moment as Soldrott slid down the slipway to the national anthem, 'Ja vi elsker'...

... is what we can read in Solships.

The vessel was a brand new semi-container ship of 14 000 deadweight tons. Typical for her time, she embodied what has been called the 'containeri-sation' of cargo transport at sea. The old general cargo trader was on the way out. The new, clean container carriers were on the way in, but during the transition, ships were built that could take traditional general cargo in the holds and stack containers on the decks.

The company had six semi-container ships between 1971 and 1979, yet only three years later, in 1982, the company had none. What had changed?

This is one of the stories that will be told when Solstad Offshore celebrates 50 years on the water in an anniversary publication this September.

THE BOARD

Harald Eikesdal, Chariman *(born 1946)*
Harald Eikesdal runs his own law practice, Eikesdal Adokatfelleskap. He previously worked as Divisional Head with the Norwegian Ministry of Finance and as a deputy judge and notary public at Haugesund's Magistrates Court. Harald Eikesdal has been our chairman since 2002 and is up for election in 2014 but has declined re-election. In addition, Harald Eikesdal holds a number of other directorships. He is independent of the company's main shareholders.
> **SHARES IN SOLSTAD OFFSHORE ASA: 0**

Toril Eidesvik *(born 1968)*
Toril Eidesvik is a trained solicitor from UiO (1993) and has worked as solicitor with Simonsen Musæus Advokatfirma (from 1994-1998) and Gjensidige NOR Sparebank (1998-2002). In the period from 2003 to 2008 she worked as solicitor in Caiano AS. From 2009 until 2012 she was Managing Director of Green Reefers ASA. Today, she is Managing Director in EMS Seven Seas ASA. She has long experience as a board member, and is today a board member in, among other companies, TTAS Group ASA. Toril Eidesvik has been a board member since 2005. She is independent of the company's main shareholders.
> **SHARES IN SOLSTAD OFFSHORE ASA: 0**

Terje Vareberg *(born 1948)*
Terje Vareberg has an MBA from Norwegian School of Business Administration 1974. He is chairman in Norsk Hydro. He has worked as Cheif Executive Officer in Sparebank 1 SR-Bank and as Executive Vice President / Deputy CEO in Statoil. Terje Vareberg has national and international experience from various positions / directorships. Terje Vareberg was elected as board member in 2011. He has an interest in Solstad Offshore ASA as chairman in Solstad Trading AS.
> **SHARES IN SOLSTAD OFFSHORE ASA: 0**

Anette Solstad *(born 1965)*
Anette Solstad has been living in the US since 1989. She has a B.A. in International Business and has previously worked for Wilhemsen Lines, US within operations and commercial analysis and as a system developer for Prudential Securities. She does not hold any other directorships. Anette Solstad has been a director since 2007. She holds an interest in Solstad Offshore ASA's shareholders SOFF Holding AS, Solstad Invest AS and Solhav Invest X AS.
> **SHARES IN SOLSTAD OFFSHORE ASA: 56.402**

Ketil Lenning *(born 1950)*
Ketil Lenning currently works for a consultancy firm as an independent consultant. Until the autumn of 2010, he worked as CEO for Oddfjell Drilling Ltd. and has extensive national and international experience from various companies and positions within the oil industry. He has a degree in Petroleum Engineering from NTNU, Texas A&M University, US. Ketil Lenning holds several other directorships. He has been director since 2010 and is up for election in 2014. Ketil Lenning is independent of the company's main shareholders.
> **SHARES IN SOLSTAD OFFSHORE ASA: 0**

CORPORATE GOVERNANCE

Corporate governance in Solstad Offshore ASA is based on the company's vision and strategy. The company is listed on the Oslo Stock Exchange and subject to Norwegian companies, accounting, exchange listing and securities trading legislation. Solstad Offshore ASA adheres to the Norwegian Code of Practice for Corporate Governance of 23rd October 2012.

Implementation and reporting
The company believes that it is important to clarify the division or roles between shareholders, the board of directors, and executive management, and has therefore chosen to report on the company's corporate governance as recommended in the Code of Practice. Solstad Offshore ASA maintains guidelines for ethical conduct and social responsibility aimed at securing values and corporate culture in the organization to provide a basis for value creation, safe and green operation, workplace satisfaction, positive reputation and innovation.

Business
The objects of the company are set out in the articles of association as "to operate shipping operations and everything connected therewith" Within these objects the company's business concept is to run an integrated shipping business with highly specified vessels in chosen segments on our own or chartered vessels. The core operations are primarily the provision of services to oil-related offshore activities. The company articles are available in full online at www.solstad.no. More details of the goals and strategy of the company are set out in Section 1 of the Annual Report.

Equity and dividends
The company's posted equity amounted to 33% of total assets at year's end 2013. The company thus maintains its sound financial standing in support of the stated strategy and dividend policy. The company is committed to securing for shareholders a high and stable return. This return is taken to mean the sum of share price increase and paid dividend.

The company aims each year to pay dividend to shareholders. The amount will in average correspond to 20%-40% of company profits after tax, adjusted as necessary for major currency variances and non-controlling interests. Dividend will nonetheless always take account of forecast future earnings and cash flows, as well as demand for financing and other matters affecting company standing. In 2013, Solstad Offshore ASA declared dividend of NOK 2,50 per share for the fiscal year 2012. The directors will propose to the General Meeting that this year's dividend shall be set at NOK 5,00 per share for 2013.

The General Meeting held on 14th May 2013 authorized the directors to make the following payments:

- Expand share capital in Solstad Offshore ASA by maximum NOK 4.000.000 by the issuance of maximum 2.000.000 new shares, each of face value NOK 2,-. The authorization, which remain in force until the General Meeting in 2014, also covers a decision to merge under the Public Companies Act, section 13-5.

- Acquire treasury shares to a total value of maximum NOK 7.737.475,- which is to say maximum 10% of shareholder capital. The directors are free to determine the means of acquisition and sale of treasury shares. The company will pay a minimum NOK 1,- and maximum NOK 250,- per share acquired under this authorization. The authorization remains in force until the General Meeting in 2014.

- Resolve to expand the shareholder capital by maximum NOK 280.000,- by the new subscription of maximum 140.000 shares each of face value NOK 2,-. Within these limits the directors will determine whether to offer one or several issues and their size. The capital expansion will be reserved for company personnel, and shareholders waive all preemptive rights to these shares. The directors will determine the subscription price and other condition of sale. The authorization remains in force until the General Meeting in 2014.

Equal treatment of shareholders and transactions with close associates
Solstad Offshore ASA has a single class of shares. The articles do not distinguish differences in voting rights, and all shares carry equal rights.

The rights of the directors to acquire treasury shares are contingent upon such acquisition taking place in the marketplace.

During 2013 there were no transactions between the company and the shareholders, the board of directors and the executive management and their close associates, expect as reported in the financial statements, see Note 15.

The company maintains rules to ensure that the board of directors and executive management report to the board in case of any direct or indirect material interest in any contract signed by the company.

Freely negotiable shares
The shares in Solstad Offshore ASA are freely negotiable. The articles set no limits on sale / negotiability.

General meeting and nomination committee
The annual general meeting is normally held in the month of May. According to the articles of association, documents up for consideration at the general meeting are posted on the company webpage. Efforts are made to ensure they contain all necessary information to enable shareholders to take a stand on all matters to be dealt with. The board chairman takes part in the general meeting, as does the company auditor. The meeting invitation and briefing documents for the general meeting are also published on the webpage (www.solstad.no) no later than three weeks before the meeting. The board is keen to enable as many shareholder as possible to take part. The deadline for attendance is put as close as possible to the meeting date. Shareholders who cannot attend, are urged to attend by proxy. The invitation sets out the information about procedures that shareholders must follow in order to take part and cast votes at the GM. They also describe how to appoint a proxy. Two people should be named who can vote on behalf of the shareholder by

proxy. The proxy authorization form is designed as far as possible to allow shareholders to vote on individual issues and individual candidates for election / re-election. The Agenda is determined by the board of directors, according to the article 6 of the Articles of Association . The chairman opens the general meeting and a meeting chair is elected. The minutes of the general meeting are published as a stock exchange notice, as well as on the company website. The articles do not require the company to have a nomination committee. The chairman of the board and Johannes Solstad form the nomination committee.

Board composition and independence

The nomination committee's primary goal is to propose candidates who will ensure that the company has a board of directors with the maximum relevant expertise, capacity and diversity. The bard should also be composed so that directors can act independently of special interests and have a minimum of two shareholder elected directors who are independent of the major shareholder. In connection with new directorship candidates the focus is on gender equality, in addition to looking for appropriate expertise and capacity. Directors are elected for a two-year term of office. Representatives from the executive personnel in the administration are not members of the board.

Board work

The directors draw up an annual plan for the board's work. Normally there will be six to eight regular board meetings, augmented by telephone conferences as needed. Instructions for the board and executive personnel have been drawn up. Company internal control is exercised according to the adopted guidelines and reviewed with the auditor and board each year. The board receives monthly financial report where economic standing and financial status are reviewed. The elected vice-chairman chairs the work of the board in the absence of the chairman. An audit committee consists of two members who are independent of the business and elected by and from the directors. Each year the board conducts a self-assessment of its work and qualifications if necessary.

Risk management and internal control

The board seeks through its work to ensure that the company maintains good standards of internal control and appropriate systems of risk management, in light of the scope and nature of the company's business, and the provisions that govern the business. The company has established a system of operation and administration that relies on work procedures and job descriptions. The system also covers social responsibility and ethical guidelines. There is a commitment to quality assurance. The board receives information about operational, administrative and financial developments in monthly reports. Each year the board reviews corporate strategy and the business plan, including also an analysis of the company's risk exposure. Exposure is monitored monthly through the reports from the administration.

Remuneration of directors

The remuneration paid to the board of directors reflects the board's responsibilities, expertise, time commitments and complexity of the business, and is not linked to performance. The amounts involved are reported in the financial statements. The directors do not have stock options. In cases where members of the board undertakes significant work for the company, all the directors are informed and the fees are approved by the board. These fees are reported in the financial statements. All transactions between directors or personnel (or companies that they represent or are associated with) on the one hand, and the company on the other, are implemented in accordance with the arm's length doctrine.

Apart from the details included in the Notes regarding remuneration and contracts with directors (or companies that they represent or are associated with) the company has no other obligations. Remuneration to directors is considered to reflect market conditions.

Remuneration to executive personnel

The remuneration to the managing director is determined by the board meeting. Other elements of the remuneration are reported in the Notes to the financial statements. The guidelines for remuneration of executive personnel are presented to the general meeting for information purposes.

Apart from the details included in the Notes regarding remuneration and contracts with the managing director and deputy managing director (or companies that they represent or are associated with) the company has no other obligation. Remuneration to the managing director is considered to reflect market conditions. There are no stock option programs for personnel.

Information and communications

To be confident of equal treatment of shareholders the company is committed at all times to ensure that the stock market has correct, clear and timely details about the company's business and standing. Presentation of the quarterly and annual accounts is made according to a schedule displayed in the financial calendar on the company webpage at www.solstad.no and filed as a Notice with the Oslo Stock Exchange. Beyond that, frequent briefings and discussions are held with analysts and investors. Information is disclosed through stock exchange notices, discussions with analysts, and general briefings for investors, as well as special briefings for stock brokers and investors. The company adheres to the recommendations of the OSE regarding Investor Relations reporting.

Take-overs

Solstad Offshore ASA has no defense mechanisms to prevent stock buy-ups in the Articles, nor have we implemented other measures to limit acquisition of shares in the company. If an offer is presented for company shares the board will work to inform shareholders and allow time to decide on the offer, and issue a statement that assesses the offer, and a recommendation to shareholders whether to accept it or not.

Auditor

Each year the auditor sets out the highlights of the audit plan to the audit committee. The auditor will also go through a report about his views and observations regarding accounting principles, risk areas, internal control routines, and other aspects. The auditor will also deliver a written report each year to affirm his compliance with certain impartiality and objectivity standards. The auditor attends board meetings to discuss the financial statements for the year, and the annual general meeting.

Important consultancy work performed by the auditor requires prior approval by the directors. The remuneration to the auditor is reported in the financial statements. The board of directors meet once a year without the managing director or other representatives from the administration present.

CONSOLIDATED

FOR SOLSTAD OFFSHORE ASA

NORMAND DROTT - the naming ceremony for what the press called 'the world's largest and most advanced ship of its kind' occurred on 18 May 1984. Immediately contracted to Shell, she showed that Solstad had made a bold, forward-looking decision in the tough 80s.

STATEMENT OF COMPREHENSIVE INCOME

1.1 - 31.12

GROUP			(NOK 1 000)
	Notes	**2013**	**2012**
Freight income	4	3 495 073	3 287 920
Other operating income	4,5	50 701	74 283
Total operating income		**3 545 774**	**3 362 203**
Personnel costs	5,6	-1 306 062	-1 225 124
Ordinary depreciation and write down	8	-274 651	-417 434
Depreciation on capitalised periodic maintenance	8	-156 715	-167 383
Other operating expenses	5	-753 402	-723 932
Insurance claims	10	10 769	25 065
Income from investment in joint ventures	9	57 207	19 929
Total operating costs		**-2 422 856**	**-2 488 879**
Operating profit/loss		**1 122 918**	**873 324**
Termination lease			-86 758
Income from investment in associated companies	9	6 120	3 132
Interest income		7 452	6 090
Other financial income		500 126	607 030
Interest charges		-449 970	-524 362
Other finance costs		-645 468	-512 134
Net financing	**7**	**-581 740**	**-420 244**
Ordinary profit before taxes		**541 178**	**366 323**
Tax on ordinary result	12	-56 409	34 103
Net profit for year		**484 769**	**400 425**
Comprehensive income			
Translation adjustments foreign currency		76 827	-91 273
Net gain on available for sale financial assets		81	50
Comprehensive income that may be reclassified in subsequent periods		**76 908**	**-91 224**
Actuarial gain/ (loss)		-9 664	33 539
Comprehensive income that may not be reclassified in subsequent periods		**-9 664**	**33 539**
Comprehensive income		**552 013**	**342 741**
Net profit attributable to:			
Minority shares		-6 221	19 927
Majority shares		490 990	380 498
Comprehensive income attributable to:			
Minority shares		-6 221	19 927
Majority shares		558 234	322 814
Earnings and diluted earnings per share (NOK)	14	12,77	9,84

BALANCE SHEETS

	NOTES	31.12.13	31.12.12
ASSETS			
Long-term assets			
Intangible fixed assets			
Deferred tax asset	12	58 934	115 397
Total intangible fixed assets		**58 934**	**115 397**
Long-term fixed assets			
Vessels and new build contracts	2,8	11 887 534	12 400 695
Capitalized periodic maintenance	8	230 255	245 830
Other tangible fixed assets	8	18 824	18 393
Total long-term fixed assets		**12 136 612**	**12 664 919**
Financial assets			
Investment in joint ventures	9	270 564	189 225
Loans to associated companies and joint ventures	15	24 517	41 687
Investments in associated companies	9	38 967	32 847
Investments in stocks and shares	9	2 991	5 031
Other financial assets	3	21 881	51 651
Other long-term receivables	19	50 183	2 462
Pension funds	6		
Total financial assets		**409 103**	**322 903**
Total long-term assets		**12 604 650**	**13 103 218**
Current assets			
Stock	21	68 893	73 470
Receivables			
Account receivables	20	707 846	518 041
Other short-term receivables	20	267 653	199 640
Other current financial assets	3		25 524
Total receivables		**975 499**	**743 204**
Investments			
Market based shares	9	475	394
Bank deposits and cash equivalents	**16**	**1 239 864**	**807 105**
Total current assets		**2 284 730**	**1 624 173**
Asset held for sale	**8**	**135 754**	
TOTAL ASSETS		**15 025 133**	**14 727 391**

BALANCE SHEETS

	NOTES	31.12.13	31.12.12
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital (38.687.377 a 2,-)	13	77 375	77 375
Treasury shares	13	-484	-11
Other paid-in capital		111 648	111 648
Share premium		1 654 186	1 654 186
Total restricted equity		**1 842 726**	**1 843 199**
Earned equity			
Other equity		3 160 846	2 823 675
Total earned equity		**3 160 846**	**2 823 675**
Minority interests		**-49 296**	**-41 941**
Total equity		**4 954 275**	**4 624 933**
Liabilities			
Provisions			
Deferred tax	12		3 000
Pension obligations	6	72 018	67 998
Other financial liabilities	3	34 428	51 112
Total provisions		**106 446**	**122 110**
Other long-term liabilities			
Other long-term loans	11	161 099	50 954
Debt to credit institutions	11	7 539 122	7 114 130
Total long-term liabilities		**7 700 222**	**7 165 084**
Current liabilities			
Accounts payable		111 495	187 303
Bank overdraft	3	90 933	64 938
Taxes payable	12	15 321	67 702
Accrued salaries and related taxes		89 083	46 388
Other current financial liabilities	3	2 653	
Other current liabilities	23	323 112	391 754
Current interest bearing liabilities	10,11	1 631 593	2 057 178
Total current liabilities		**2 264 190**	**2 815 264**
Total liabilities		**10 070 858**	**10 102 458**
TOTAL EQUITY AND LIABILITIES		**15 025 133**	**14 727 391**
Mortgages	11		
Guarantees etc.	3,7,11		

Skudeneshavn, March 28, 2014

Harald Eikesdal
Chairman

Terje Vareberg
Director

Toril Eidesvik
Director

Anette Solstad
Director

Ketil Lenning
Director

Lars Peder Solstad
Managing Director

STATEMENT OF CHANGES IN EQUITY

GROUP **(NOK 1.000)**

	Note	Share capital	Treasury shares	Share premium	Other paid-in capital	Translation adjustments	Value changes	Other equity	Total majority shares	Minority shares	Total equity
Equity 31.12.2011		**77 375**	**-51**	**1 654 182**	**111 648**	**-3 208**	**-85**	**2 637 354**	**4 477 215**	**-61 301**	**4 415 914**
Actuarial gain/ loss (-)								-76 993	-76 993		-76 993
Equity 01.01.2012		**77 375**	**-51**	**1 654 182**	**111 648**	**-3 208**	**-85**	**2 560 361**	**4 400 222**	**-61 301**	**4 338 921**
Annual result								380 498	380 498	19 927	400 425
Actuarial gain/ loss (-)								33 539	33 539		33 539
Translation adjustments						-91 273			-91 273		-91 273
Value changes in assets											
available for sale	9						50		50		50
Comprehensive income						-91 273	50	414 037	322 813	19 927	342 741
Purchase/ sale treasury shares	13		40					1 804	1 844		1 844
Paid dividend/ surplus	25							-58 031	-58 031	-568	-58 599
Unallocated dividend											
on treasury shares								38	38		38
Other adjustments				5				-17	-12		-12
Equity 31.12.2011		**77 375**	**-11**	**1 654 186**	**111 648**	**-94 481**	**-35**	**2 918 192**	**4 666 874**	**-41 941**	**4 624 933**
Equity 01.01.2013		**77 375**	**-11**	**1 654 186**	**111 648**	**-94 481**	**-35**	**2 918 192**	**4 666 874**	**-41 941**	**4 624 933**
Annual result								490 990	490 990	-6 221	484 769
Actuarial gain/ loss (-)								-9 664	-9 664		-9 664
Translation adjustments						76 827			76 827		76 827
Value changes in assets											
available for sale	9						81		81		81
Comprehensive income						76 827	81	481 326	558 234	-6 221	552 013
Purchase/ sale treasury shares	13		-473					-27 011	-27 485		-27 485
Paid dividend/ surplus								-194 065	-194 065	-1 135	-195 200
Unallocated dividend on											
treasury shares								13	13		13
Equity 31.12.2013		**77 375**	**-484**	**1 654 186**	**111 648**	**-17 655**	**46**	**3 178 455**	**5 003 572**	**-49 296**	**4 954 275**

STATEMENT OF CASH FLOW

1.1 - 31.12

GROUP		(NOK 1 000)	
		2013	**2012**
CASH FLOW FROM OPERATIONS			
Result before tax		**541 178**	**362 448**
Taxes payable		-54 420	-66 450
Ordinary depreciation and write downs		431 370	584 817
Loss/ gain long-term assets		-126 802	-78 738
Interest income		-7 452	-6 090
Interest expense		449 970	524 362
Interests reveiced		6 491	5 628
Interests paid		-453 382	-536 621
Effect of change in pension assets		-5 643	14 167
Change in value of financial instruments		44 263	-54 568
Unrealised currency gain/loss		240 128	-114 685
Change in short-term receivables/payables		-271 818	113 243
Change in other accruals		-83 172	100 969
Net cash flow from operations	**(A)**	**710 710**	**848 481**
CASH FLOW FROM INVESTMENTS			
Investment in tangible fixed assets		-150 083	-614 046
Payment of periodic maintenance		-145 254	-178 392
Sale of fixed assets		511 923	1 269 445
Payment of long-term receivables		-24 826	70 840
Investments in other shares/ interests		-27 735	-185 330
Realized shares and interests		32 049	1 975
Net cash flow from investments	**(B)**	**196 075**	**364 491**
CASH FLOW FROM FINANCING			
Payment to minority interests		-98 481	-568
Payment of dividends		-96 705	-57 993
Purchase/ sale treasury shares		-27 485	1 844
Bank overdraft		25 995	-37 267
Long-term debt		1 737 693	774 448
Repayment of long-term debt		-2 015 042	-1 732 416
Net cash flow from financing	**(C)**	**-474 026**	**-1 051 952**
Net change in cash and cash equivalents	(A+B+C)	432 759	161 021
Cash and cash equivalents at 01.01		807 105	646 084
Cash and cash equivalents at 31.12	**(Note 16)**	**1 239 864**	**807 105**

THE CONTRACT EVERYONE WANTED

The morning of 4 April 1984 brought Johannes Solstad an inkling of the news he had waited for with great anticipation. And at 3 p.m he received the formal and official word that one of the most important contracts in the firm's history had been won. The previous autumn the operator on the Statfjord field, Mobil Exploration, had announced the North Sea's largest supply contract to date. Previously, Solstad had contracted ships on a speculative basis - the Mobil contract could end this lottery. It was a contract that would assure employment for five years, with options for a further ten. A contract that was valued at 500 million kroner, for two ships!

And when a couple of years later the offshore market temporarily collapsed, landing many owners in deep financial trouble, the Mobil contract warmed the cockles of Johannes Solstad's maritime heart. Indeed, after the crisis had passed in about 1986-87, it took Solstad another ten years before any new hulls were contracted.

NORMAND DRAUPNE - sisters Normand Draupne and Normand Mjolne were built for the Mobil contract.

NOTES

NOTE 1 ACCOUNTING PRINCIPLES

The Group, Solstad Offshore ASA (SOFF), operates a shipping business from its head office in Skudeneshavn, Norway, and its main activities are the operation of offshore service and construction vessels. The Group is listed on Oslo Stock Exchange. The financial statements were approved by the Board of Directors on 28th of March 2014, and will be presented for approval in the Annual General Meeting.

Statement of Compliance and basis for preparation

The consolidated financial statements have been prepared in accordance with the Norwegian Accounting Act, International Financial Reporting Standards (IFRS) and interpretations by the International Accounting Standards Board (IASB) which is approved by the European Union (EU).

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value, and are presented in Norwegian Kroner.

Changes in accounting principles

New and amended IFRS and IFRIC interpretations used during the year are presented below. Except for early implementation of IFRS 11 Joint Arrangements, the amendments have not had any material impact on the profit and loss account but more detailed information is given in the notes.

Changes in IFRS 7 Financial instruments - information

The change affect information to be presented in the notes when financial assets, in which the company is involved in, are transferred, with the aim to provide a better view of the exposure for the company that transfer the financial assets. The changes are effective for annual periods beginning on or after 1 July 2011. The Group have implemented the changes from 1 January 2012.

IFRS 13 Fair Value Measurement

The IASB clarified that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. Further, the portfolio exception in IFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendments are effective for accounting periods beginning on or after 1 January 2013. The Group has implemented the changes from 1 January 2013.

Changes in IAS 1 Presentation of Financial Statements

The amendments to IAS 1 introduce a grouping of items presented in OCI. Items that will be reclassified ('recycled') to profit or loss at a future point in time (e.g., net loss or gain on AFS financial assets) have to be presented separately from items that will not be reclassified (e.g., revaluation of land and buildings). The amendments affect presentation only and have no impact on the Group's financial position or performance. The amendments are effective for accounting periods beginning on or after 1 July 2012. The Group has implemented the changes from 1 January 2013.

Changes in IAS 19 Employee benefits

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording. Removing the corridor mechanism implies that actuarial gains and losses shall be recognised in other comprehensive income (OCI) in the current period. The amendments to IAS 19 will impact the net benefit expense, as the expected return on plan assets will be calculated using the same interest rate as applied for the purpose of discounting the benefit obligation.

The amendments are effective for accounting periods beginning on or after 1 January 2013, with retrospective effect from 1 January 2012. The Group has applied IAS 19 as of 1 January 2013. According to the standard the comparable figures for 2012 are changed, refer to Note 23.

APPROVED IFRS AND IFRIC INTERPRETATIONS NOT YET IMPLEMENTED

IAS 28 Investment in Associates and Joint Ventures

As a consequence of the new standards IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates has been renamed IAS 28 Investment in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. Within the EU/EEA area, the amendments are effective for annual periods beginning on or after 1 January 2014. The Group expects to apply to the changes from 1 January 2014.

IAS 36 Impairment of Assets

IAS 36 is amended to address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. These amendments are issued to align the disclosure requirements in IAS 36 with the IASB's original intention when consequential amendments to IAS 36 were made as a result of the issuance of IFRS 13 Fair Value Measurement. The amendments are effective for annual periods beginning on or after 1 January 2014. The Group expects to apply to the changes from 1 January 2014.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9, as issued, reflects the two first phases of IASB's work on the replacement of IAS 39, which are classification and measurement of financial assets and financial liabilities and hedge accounting. Third and last phase of this project will address amortised cost measurement and impairment of financial assets. The mandatory effective date of IFRS 9 has tentatively been set to 1 January 2018. The IASB have decided that a new date should be decided upon when the entire IFRS 9 project is closer to completion.
The Group will evaluate potential effects of IFRS 9 as soon as the final standard, including all phases, is issued. The Group expects to apply to the changes from 1 January 2015.

Consolidation

The consolidated financial statements comprise of the financial statements of Solstad Offshore ASA and its subsidiaries as at 31st December each year. Any deviating accounting principles are adjusted for in this consolidation.

The Group accounts state the total profit & loss and financial position of Solstad Offshore ASA and its controlling interests as a whole. The consolidated accounts include companies in which Solstad Offshore ASA has direct or indirect ownership of more than 50% of the voting shares, or otherwise has direct control, according to IFRS 10. Share options, convertibles and other equity instruments are evaluated when assessing whether control exists.

Subsidiaries are consolidated 100% line by line in the group accounts. A

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subsidiary is an entity where the Group has controlling interest, direct or indirect, of more than 50% of the voting shares.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Acquisitions of subsidiaries are accounted for using the purchase method of accounting. The cost of an acquisition is calculated as the fair value of assets acquired, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. Any excess cost of acquisition over the fair value of the net assets of the subsidiary or joint venture acquired calculated at the date of handover, will be posted as goodwill.

All inter-company transactions, receivables, liabilities and unrealized profits, as well as intra-group profit distributions, are eliminated. In the consolidation, the profit and loss accounts of foreign subsidiaries are translated using the exchange rate on the day of transaction. The balance sheet is translated using the balance sheet date exchange rate. Translation adjustments between local currency and functional currency are classified as financial items, while adjustments arising from translation from functional to presentation currency are booked in equity.

The minority interest in equity as well as net income is reported separately in the consolidated financial statements.

Investment in associates and joint ventures
The Group's investment in its associates and joint ventures are accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence but which is not a subsidiary. A joint venture is an entity in which the Group has significant influence, but where agreements are entered, requires that strategic decisions have to be unanimous.
The reporting dates of the associates, joint venture and the Group are the same and the same accounting principles are applied.
Investments in an associate and joint ventures are posted in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate or joint venture, less any impairment in value. The profit and loss for the Group reflects the associates' or joint ventures' share of profits under operating costs. Changes posted directly in the associates' or joint ventures' comprehensive income or equity, are recognized pro-rata in the Group accounts, and are, where applicable, disclosed in other income and in the statement of changes in equity. Profit and loss on transactions in the associated company or joint venture are eliminated in the Group accounts in the Group's equity.

Other investments
Other investments, such as shares, loans, receivables and others are classified under one of the following categories according to IAS 39:

- *Financial assets at fair value through profit and loss*
  This category consists of financial assets available for sale (trading) which normally are realized within 12 months after the balance day. Such assets are initially booked at fair value on the balance sheet. Changes in fair value are booked through profit and loss.

- *Available for sale assets*
  The category includes non-derivative financial assets which not fit into any of the other categories. If management's intention is to realize the investment within 12 months of the balance day, they are classified as current assets. The investments are initially valuated at fair value. Impairment is booked through profit and loss. All changes in fair value, including reversal of previously booked impairment, are booked directly to equity.

- *Held to maturity investments*
  Non-derivative financial assets with a fixed maturity date and which it is the management's intention to retain until maturity are included in this category. Such investments are initially valued at amortized cost. Any reduction in value is booked through profit and loss as impairment.

- *Loans and receivables*
  Loans and receivables are non-derivative financial assets with fixed payments not quoted in an active market. These financial assets are initially valuated at amortizsed cost. Any reduction in value is booked through profit and loss as impairment.

Financial investments
All investments are initially recognized at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.
Other long-term investments that are intended to be held to maturity, such as bonds, are subsequently measured at the amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the acquisition over the year to maturity. For investments booked at amortized cost, gains and losses are posted to income when the investments are devalued or depreciated as well as through the amortization process.
For investments that are actively traded in organized financial markets, the fair value is determined by reference to the stock exchange market value at the close of business on the balance sheet date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Financial investments are devalued if the right to receive cash flow from the investment no longer exists, or if the Group has undertaken an obligation to redeem the asset to a third party, without delay, on a pass-through-agreement. Furthermore, when financial investments are devalued, the right to receive cash flows from the investment is transferred together with almost all of the risk or profit from the asset, or if almost all of the risk and reward is retained, but control of the investment is transferred.

Financial liabilities are devalued when the obligation is fulfilled, cancelled or matured in accordance with the contract.

Classification of items in the balance sheet
Current assets and short term debt are posts which mature within one year of the balance sheet date as well as any posts relating to stock turnover if this occurs later. The short-term portion of the long-term debt is classified as current liability. Investments in shares not considered as strategic are classified as current assets. All other assets are classified as long-term assets.

Foreign currency translation
The functional and reporting currency of Solstad Offshore ASA is Norwegian

NOTES

Kroner (NOK). Transactions in foreign currencies are posted at the currency rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date. Non-monetary items such as vessels that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of initial transaction. Non-monetary items in companies where the functional currency deviates from the reporting currency are measured at the exchange rate at the date of the balance sheet. Any translation adjustments are included in comprehensive income.

The Group's most used currencies had the following exchange rates at the balance sheet date:

	GBP	USD	EUR	BRL
Per 31.12.12	8,9958	5,5664	7,3410	2,7189
Per 31.12.13	10,053	6,0837	8,3825	2,5755

Segment information
The Group's primary reporting format is business segments and its secondary format is geographical segments. The Group's three main business activities are Anchor-Handling Vessels (AHTS), Supply Vessels (PSV) and Construction Service Vessels (CSV). Any other activities, including vessels under construction, are included in a separate segment. Overhead costs are apportioned between these segments in the same way as any other operating expenses. All accounting policies applied in the segment reporting are the same as used in the Group reporting.

The Group's geographical segments are determined by the location of the Group's vessels and operations throughout the year.

Property, plant and equipment – write-offs and depreciation
Property, plant and equipment acquired by Group companies are stated at historical cost, except the assets of acquired subsidiaries that are stated at the fair value at the date of acquisition. Depreciation is calculated on a straight-line basis and adjusted for residual value and impairment, if any. Residual value is the current estimated amount that would be obtained from disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition anticipated at the end of its useful lifespan. The book value of the property, plant and equipment on the balance sheet represents the cost less accumulated depreciation and any impairment.

Each part of a fixed asset that is significant to the total cost of the item are separately identified and depreciated over that component's useful lifetime. The ships are divided into the following components: hull, anchor handling, loading and unloading equipment, thrusters, DP and lifting equipment and other equipment. Based on the Group's periodic maintenance program and running replacement the vessels vital parts, the expected lifetime of the assets is set to 30 years for all of the components, except for planned periodic maintenance.

The residual value and expected useful lifetime assumptions of long-lived assets are reviewed at each balance sheet date, and where they differ significantly from previous estimates, depreciation charges are amended accordingly.

Ordinary repairs and maintenance costs are charged to the income statement in the period in which they are incurred. The cost of major conversions and periodic maintenance of vessels is capitalised and depreciated over the useful lifespan of the parts replaced. The useful lifespan of periodic maintenance will normally be the period until the next docking, which usually is 24-36 months.

The book values of plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the booked value may not be recoverable. If any such indications exist and where the book value exceeds the estimated recoverable amount, the asset or cash-generating units are depreciated to their recoverable amount. The recoverable amount of plant and equipment is the greater of the net selling price and their recoverable value. When assessing recoverable value, estimated future cash flows are discounted to their current value using a pre-tax discount rate that reflects current market assessments of the monetary value and the specific risk to the asset. For an asset that does not generate cash inflow, a recoverable amount is calculated for the cash-generating unit to which the asset belongs. Any previously calculated depreciation is reversed if there are any amendments to the estimates used to calculate the recoverable amount. Reversal of previously calculated depreciation is limited to the book value of the asset if its value had not been impaired.

The business segments are the Group's strategic units of control. However, while calculating the recoverable amount, each vessel is treated as one cash-generating unit.

Gains and losses on disposal are determined by comparing the disposal proceeds with the book value and any profit or loss is included in operating profit.

New build contracts
Installments on new build contracts are posted in the balance sheet as fixed assets. Costs related to the on-site supervision and other pre-delivery construction costs including construction loan interest are capitalized per vessel. The depreciation starts from when a new build is delivered from the yard.

Leases
Lease of property, plant and equipment where the Group has all the risks and rewards of ownership, are classified as financial leases. Financial leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term interest-bearing liabilities. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful lifetime of the asset or the lease term.

Any leases where a significant amount of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases net of any incentives received from the lessor are charged to profit and loss on a straight-line basis over the period of the lease.

Trade and other receivables
Trade receivables are booked at their anticipated realizable value, which is the original invoice amount less an estimated amount for depreciation of these receivables. Assessment of provision for bad debts is calculated when there is objective evidence that the Group will not be able to collect all amounts due in accordance with the original terms and conditions.

NOTES

Cash and cash equivalents
Cash and cash equivalents comprise of cash in hand, short-term deposits and other short-term highly liquid investments with maturity dates of less than three months. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.
Tied bank deposits are funds on separate bank accounts for tax deductions.

Treasury shares
The nominal value of treasury shares held is deducted from registered share capital. Any differences between the nominal value and the acquisition price of treasury shares, together with any gains or losses on transactions therein, are recorded directly to reserves.

Interest-bearing loan and borrowings
All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial registration, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method; any difference between proceeds (net of transaction costs) and the redemption value is recorded in the profit and loss. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognized in net profit or loss when the liabilities are devalued or depreciated.

Provisions
Provisions are made in the financial statements if the Group considers it likely, based on the legal provisions or business liabilities of past events, that an outflow of resources will be required to cover its liabilities and if the amount can be accurately estimated. All provisions shall be reviewed on the balance sheet date and adjusted, if necessary, to reflect a more accurate estimate. In instances where the timeframe may be of significance, a provision is made for the current value of future payments to cover liabilities. Provisions are not made for future operating losses.

Tax
The tax expense in the Financial Statement consists of payable tax and changes in deferred tax.

Companies taxed under The Norwegian Shipping Tax Regime will not be taxed on its net operating profit. Taxation under the shipping tax regime requires compliance to stringent requirements, and voluntary or compulsory exit from the regime will result in taxation of net profits based on ordinary taxation. Net taxable financial income is taxed according to the shipping tax regime (28%).

Operations on foreign continental shelves are, in a number of cases, taxable to the state of operation. In such cases the tax is computed according to the tax legislation of the current state, combined with any double taxation avoidance agreement between the state where the ship owner is registered and the state where the operation is performed. Income tax based on a net result is classified as income tax. Other taxes are classified as contract related expenses.

Deferred tax is calculated using the liability method at 27% of all temporary differences between the taxable value of assets and liabilities and their booked amounts at the end of the accounting year. Any temporary differences that may increase or decrease tax are offset and posted as a net figure. Deferred tax is calculated for assets and liabilities for which future realization will lead to tax payable.

The recognized amount of deferred tax assets is reviewed at each balance sheet date. If it is no longer likely that adequate taxable profit will be generated, then the deferred tax asset will be reduced. Anticipated utilization of tax losses are not discounted when calculating the deferred tax asset.

The treatment of the exit-taxation from the former Shipping Tax Regime in Norway is explained in Note 12.

Tonnage tax paid under the tonnage tax regime is classified as operational expenses.

Pension obligations
The Group has a defined benefit plan for seamen and administrative personnel, and a contribution plan for administrative personnel hired after 1.1.2007, which is expensed on current basis. The liability of the defined benefit pension plan is the present value of the defined benefit liability at the balance sheet date minus the fair value of plan assets, together with adjustments for actuarial gains and losses and administration costs. The defined benefit liability is calculated by independent actuaries using the projected unit credit method and is measured as the present value of the estimated future cash outflows using interest rates of government securities that have terms maturing at the same time as the liability.

The cost of providing pensions is charged to profit and loss to spread the regular cost over the working lives of the employees. Actuarial gains and losses are recognised in comprehensive income in the period they occur.

POSTING TO INCOME

Charter income
Revenue and expenses relating to charter contracts are apportioned according to the number of days for each contract occurring before and after the end of the accounting period. The contract begins when the vessel is "delivered" to the charterer, and ends when the vessel is "redelivered". Freight revenue is posted net after deduction for direct, contract-related freight costs. Any loss on contracts is accrued when a loss is probable.

Rental income
Revenue classified as rental income is recognized in the period of which is performed, and is accrued at the end of the accounting period.

Dividends
Dividends are calculated when the shareholder's right to receive the payment is established (by resolution at the general meeting).

Other income
Other income, such as commissions, provisions, management fees, are recognized in the period in which they are performed.

Government grants
Grants related to the net tax agreement and crew subsidiaries are posted as a reduction in cost.

Financial deviates
The Group uses financial derivatives such as foreign currency contracts

NOTES

and interest rate swaps to reduce the risk associated with interest rates and foreign currency fluctuations. Such financial derivatives are stated at fair value. Gains and losses on derivatives are booked directly to profit and loss.

Related party transactions
All transactions and agreements with related parties are on an "arm's length" basis in the same way as transactions with third parties.

Stock
Stock consists mainly of bunkers onboard the vessels. Stock is valued at the lower of cost price and fair value. First-in-first-out method is used.

Earnings per share
The calculation of basic earnings per share is based on the majority's share of the result using the weighted average number of shares outstanding during the year after deduction of the average number of treasury shares held over the period.

Cash Flow
The Group applies the indirect method. Investment in shares and other liquid assets with maturity over three months are not included under cash equivalents.

Use of estimates and key measuring items
The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Accounting estimates are employed in the financial statements to determine reported amounts. Useful lifespan and residual value of vessels, depreciation of planned maintenance, pensions, contingent liabilities and taxes are items where the use of estimates may have significant impact on reported amounts.

Useful lives of vessels affect the ordinary depreciation. Useful life of the vessel's different components is based on the condition and experience of wear and tear of each group of components. With effect from January 1st, 2012 a strategic change of the useful lifetime of the vessels was made. The Group's useful life for the vessels was adjusted from 30 years to 20 years. The main change is an assumption to operate the vessels for 20 years instead of the full physical lifetime.

Residual value of vessels will also affect ordinary depreciation. Historically the residual value of the Group's vessels has been estimated based on the vessels weight in steal and the steel price at the balance sheet date. With effect from January 1, 2012 the vessels market values are used as basis for the residual value. Market values, less any sales related expenses, are multiplied with a percentage dependent on the age of the vessel. The factor is 50% for a newbuild, increasing to 100% for a 20 year old vessel.

Depreciation of planned maintenance is affected by the estimated interval between each dry docking. This interval is determined based on experience for the Groups' fleet combined with official requirement for classification of the vessels.

Pension is an estimate impacted by several assumptions. The discounted rate and expected regulation of salary has a significantly high impact. The regulation of salaries is based on experience and anticipation related to subsequent salary regulation in the business. The discounted rate is based on the Norwegian Covered Bonds Market interest rate.

Provision for contingent liabilities and taxes is based on collating information on a case by case basis. The probability of a contingent liability occurring which would affect the provision is evaluated. The discounting rate used for liabilities is based on a risk-free interest rate, adjusted to the maturity date.

Impairment testing bis based on numerous estimates. Main elements are future revenues (rates), expected prolonging of existing contracts, level of running costs, expected return on equity, general marked prospects and useful life of fixed assets. Relating to financial assets, measurements are based on observable marked prices, public accounting information and general and specific marked prospects relevant to the certain financial asset.

Allocation of excess value relating to any business combinations is, amongst other, based on expected cash flows and results from the certain items of the acquired assets.

Although these estimates are based on Management's best knowledge at the time of submitting the accounts, actual figures may differ from the estimates.

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NOTE 2 MAJOR TRANSACTIONS/EVENTS

Major transactions/ events in 2013:
In the first quarter two vessel loans were refinanced. Net cash effect wan NOK 180 million.

A NOK 36 million gain was booked in the second quarter related to the sale of one smaller anchor handling vessel. In the same quarter the shares in ResQ AS, a company providing training facilities for offshore personnel, with a NOK 27 million gain.

In the third quarter one of the Group's charterers declared an option to buy one of the construction service vessel in the fleet. The transaction was performed in the fourth quarter.

Major transactions/ events in 2012:
In the 1st quarter, the Group took delivery of the platforrm supply vessel (PSV) Normand Arctic. The vessel , with cost price NOK 475 million, is the Group's first vessel which can be operated on LNG.

The Group exercised purchase options for two anchor-handling vessels (AHTS) on bareboat in the 2nd quarter, at total price USD 38 million.

In the 3rd quarter the Group established a joint venture (50/50 ownership) with one of its customers. The Construction service vessel (CSV) Normand Oceanic was sold to the joint venture. Operation and administration remains with the Group. The transaction contributed with a net gain of NOK 53 million.

In the 1st quarter of 2013, a final settlement for termination of leasing structures for 3 vessels was performed. An accrual of approx NOK 87 million was charged to the accounts in the 4th quarter of 2012. For more details, see Note 12.

NOTES

NOTE 3 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

GENERAL. The Group is exposed to different financial market risks. Financial market risk is the impact of fluctuations on currency rates, interest rates and freight rates on the value of the Group's assets, liabilities and future cash flows.

To reduce and control these risks, management periodically evaluate the Group's most important financial market risks. Once a risk factor is identified, action is taken to reduce this risk. The main strategy to reduce financial market risk is the use of financial derivatives, both for the specific exposure and for the net exposure of the Group. If financial derivatives are appropriate, only conventional derivatives are used. The Group only uses recognized financial institutions.

Derivatives are only used to manage the risk to fluctuations in interest and currency rates. The Group does not use financial derivatives to achieve financial income if no underlying exposure exists.

Management performs a continuous evaluation of the effect of financial instruments on the accounts with a view to hedge accounting. Based on this evaluation, hedge accounting is not used.

The use of financial instruments is not significant when compared to the Group's level of activity, revenues and equity.

CREDIT RISK. The Group is exposed to possible losses on trade accounts receivables. However, no material losses are anticipated. As at December 31, 2013, accounts receivables were NOK 708 million (NOK 518 million in 2012). The Group is also exposed to losses if a counter party in a financial derivative contract fails to fulfil their payment obligations on the settlement date. Non-fulfilment of such contracts is not anticipated as the Group only uses well known conventional derivatives with recognized financial institutions.

Further, the Group is exposed through guarantees issued on behalf of subsidiaries, joint ventures and associated companies. As the value of the assets placed as security for the guaranteed mortgages exceeds the loans, the credit risk related to the guarantees is considered to be low. Further refer to note 11.

The following table shows the ageing trade accounts receivables:

per 31.12.2012	Not yet due	0 - 1 month over due	1- 3 months over due	Older than 3 months	Total
Trade accounts receivable	391 882	79 567	33 688	12 904	518 041

90% of the trade accounts receivable at year-end relates to 40 customers. The top 10 customers amount to 49% of total trade accounts receivable.

per 31.12.2013	Not yet due	0 - 1 month over due	1- 3 months over due	Older than 3 months	Total
Trade accounts receivable	438 622	132 656	73 850	62 718	707 846

90% of the trade accounts receivable at year-end relates to 58 customers. The top 10 customers amount to 46% of total trade accounts receivable. An accrual of NOK 12 million is booked relating to bad debt at 31.12.2013. As per 31.12.2012 there were no accrual as over due receivables was not considered bad debt.

The following table shows customers with more than 10% of total revenue:

			Segment	
Customer	Total revenue	PSV	AHTS	CSV
Petrobras - Brazil	488 183	132 889	355 294	

INTEREST RISK. The Group's exposure to fluctuations in interest rates is mostly due to its long-term liabilities with floating interest rates. With regard to interest rate fluctuations, the strategy is to limit the impact on cash flow due to fluctuations in the interest rate level. Depending on the development in the interest market, the Group enters into different types of interest rate contracts.

As at December 31, 2013 the Group has entered 6 fixed interest rate contracts, up to 5 years maturity, for approximately 28% of total debt. Further, 2 fixed interest rate contracts, as CIRR financing up to 6 years maturity, are entered in to for approximately 2% of the debt. The remaining 70% of the debt has floating interest. As at December 31, 2013, the interest swaps have a negative value of NOK 6 million (negative NOK 30 million in 2012). The Group has entered 2 interest and currency swap agreements up to 6 years maturity. At December 31, 2013 these agreements have a net positive value of NOK 12 million (NOK 77 million in 2012).

NOTES

The following table shows the sensitivity of the Group's result before taxes at a reasonable change in the interest rate, while all other variables are unchanged:

Increase/ decrease of basis points		Effect on result before tax
+ / - 100	2013	+ / - 83.315
+ / - 100	2012	+ / - 91.614

FOREIGN CURRENCY RISK. The Group's reporting currency is NOK. Revenues are divided into NOK, USD, GBP and EUR. The Group's future freight revenues are partly hedged using foreign currency loans. Furthermore, some revenue is sold forwards. This hedging reduces the effect of any fluctuation in currency rates on the profit and loss account. The Group's long-term debt has the following allocation as at December 31, 2013; NOK 46%, USD 41% and GBP 13%. The corresponding allocation for 2012 was 56% USD, 34% NOK and 10% GBP.

The following table shows the sensitivity of the Group's profit and loss before tax due to changes in USD, GBP and EUR versus NOK. All other variables remain unchanged. These variations are mainly due to changes in the Group's freight income.

Increase/decrease in all currencies		Effect on result before tax
+ / - 10%	2013	+ / - 297.173
+ / - 10%	2012	+ / - 281.550

Increase/decrease in USD		Effect on result before tax
+ / - 10%	2013	+ / - 181.387
+ / - 10%	2012	+ / - 184.256

Increase/decrease in GBP		Effect on result before tax
+ / - 10%	2013	+ / - 53.456
+ / - 10%	2012	+ / - 67.115

Further effect on equity is considered immaterial.

LIQUIDITY RISK. The Group's objective is to maintain a balance between external and equity financing. Use of loans, bank overdraft and financial leasing are instruments used to maintain this balance. Furthermore, the Group's objective is that unrestricted equity shall, at all times, exceed 10% of long-term interest bearing loans. This objective was met by the end of 2013, but not by the end of 2012.

Loans with maturity within the next 12 months are significantly lower than last year. A plan for refinancing is established.

The Group monitors the risk of lack of available capital by thorough evaluation of the maturity of its financial investments, financial assets and projected cash flows from operations. Risk management includes maintenance of sufficient liquid assets and the possibility of financing through credit facilities.

The following table shows the maturity for the Group's financial obligations based on contractual, un-discounted cash flows.

per 31.12.2013	Less than 3 months	3 to 12 months	2 to 3 years	4 to 5 years	over 5 years	Total
RInterest bearing loans	261 975	1 460 551	3 815 359	3 526 622	197 141	9 261 648
Other debt				161 099		161 099
Trade accounts payable	111 495					111 495
	373 470	**1 460 551**	**3 815 359**	**3 687 721**	**197 141**	**9 534 243**

per 31.12.2012	Less than 3 months	3 to 12 months	2 to 3 years	4 to 5 years	over 5 years	Total
Interest bearing loans	185 110	1 937 006	3 760 251	3 010 848	343 031	9 236 246
Other debt				50 954		50 954
Trade accounts payable	187 303					187 303
	372 414	**1 937 006**	**3 760 251**	**3 061 802**	**343 031**	**9 474 504**

NOTES

CAPITAL STRUCTURE. One of the Group's main goals is to maintain its strong creditworthiness and solidity to support the Group's business and to maximize the share value. The Group manages and adjusts its capital structure based on changes in economical structures and assumptions. Its policy is to maintain or adjust the Group's capital structure by changes in dividend to the shareholders, issuing of new shares or sale of assets to reduce debt.

The Group monitors the capital based on equity versus total assets. The ratio is calculated as booked equity divided by total assets. The aim is to have a ratio above 30%. At the end of the year the Group has two newbuilds to be delivered. Both vessel have firm contracts from delivery. This, combined with decrease of debt through ordinary installments of debt and improved contract coverage for 2014, are factors that assumably will have a positive effect on booked equity the comming years.

	December 31st	
	2013	**2012**
Total equity	4 954 275	4 624 933
Total assets	15 025 188	14 727 391
	33 %	31 %

FAIR VALUE. Estimated market values on financial instruments nominated in other currencies than NOK are determined using the currency rate at the balance sheet date. Fair value of the Groups interest- and interest-/currency swaps are determined using the currency - and interest rate at the balance sheet date. Nominal value of cash and loan obligations are a reasonable estimate of the items' market value. The estimated fair value of the Group's long-term loan obligations is based on the interest level at the balance sheet date. The fair value of the shares in a non registered organisation is estimated on the organisations latest financial report and therefore a thorough evaluation is required prior to estimating the market value.

INTEREST RATE RISK. The following table shows the book value and maturity of the Group's financial instruments exposed to changes in interest rates.

Fixed rate	Nominal value	Yearly regulation	Currency	Interest rate	Maturity	Value as at 31-12-13	Value as at 31-12-12
Contract 1	44 263	7 377	USD	1,98 %	05-01-18	-6 502	-11 520
Contract 2	20 750	2 100	USD	3,55 %	21-01-14	-232	-4 074
Contract 3	41 667	4 167	USD	0,93 %	20-04-16	-1 847	-2 973
Contract 4	10 719	1 875	USD	2,47 %	07-01-14	-605	-1 961
Contract 5	10 719	1 875	USD	2,48 %	07-01-14	-605	-1 966
Contract 6	10 719	1 875	USD	2,48 %	07-01-14	-605	-1 962
Contract 7	10 719	1 875	USD	2,48 %	07-01-14	-605	-1 673
Contract 8	104 812	10 656	USD	0,70 %	27-04-16	-2 439	-3 966
Contract 9	95 000	10 000	USD	0,93 %	09-04-18	5 055	
Contract 10	19 000	1 000	GBP	1,40 %	28-06-18	1 977	

Interest- and currency swap contracts	Nominal value	Yearly regulation	Currency	Maturity	Value as at 31-12-13	Value as at 31-12-12
Interest- and currency swaps NOK/USD	270 000	45 000	NOK	05-07-19	14 849	45 925
Interest- and currency swaps NOK/USD	99 260	20 713	NOK	29-05-15	-2 622	5 725
Interest- and currency swaps NOK/USD	316 498	35 000	NOK	23-09-13		21 243
Interest- and currency swaps USD/NOK	63 094	63 094	NOK	01-11-13		4 280
					12 226	**77 174**

NOTES

Financing risk
The following table shows the total mortgage loan based on existing financing and their maturity dates as per 31.12.2013:

	Mortgage loan	Drawn	Maturity	Duration	Interest
Loan 1 Floating interest - NOK	293 850	293 850	06-01-17	36	3,98 %
Loan 2 Floating interest - NOK	401 500	406 387	16-11-15	22	3,77 %
Loan 3 Floating interest - NOK	459 000	469 341	31-05-15	17	1,37 %
Loan 4 Floating interest - USD	110 000	110 000	01-10-18	56	3,43 %
Loan 5 Floating interest - NOK	365 978	390 818	01-10-14	9	4,32 %
Loan 6 Floating interest - NOK	270 000	270 000	06-07-19	65	4,19 %
Loan 7 Floating interest - NOK	80 000	80 000	06-07-15	18	1,31 %
Loan 8 Floating interest - NOK	95 000	95 000	14-03-16	26	3,79 %
Loan 9 Floating interest - USD	29 000	29 000	18-12-18	58	2,72 %
Loan 10 Fixed interest - NOK	104 133	104 133	29-03-19	62	5,49 %
Loan 11 Fixed interest - NOK	100 000	100 000	15-09-14	8	5,93 %
Loan 12 Floating interest - NOK	110 446	110 446	15-09-14	8	3,58 %
Loan 13 Floating interest - USD	35 417	35 417	29-06-17	41	3,41 %
Loan 14 Floating interest - NOK	408 750	408 750	05-11-17	45	3,90 %
Loan 15 Floating interest - NOK	503 125	503 125	09-04-17	74	5,72 %
Loan 16 Floating interest - NOK	172 500	172 500	31-12-17	47	3,67 %
Loan 17 Floating interest - USD	14 375	144 512	31-12-17	47	2,65 %
Loan 18 Floating interest - GBP	38 000	38 000	28-06-18	53	3,26 %
Loan 19 Floating interest - NOK	212 500	212 500	30-09-15	21	2,55 %
Loan 20 Floating interest - USD	99 206	99 206	18-07-16	30	1,39 %
Loan 21 Floating interest - USD	184 000	143 148	27-04-16	27	3,32 %
Loan 22 Floating interest - USD	30 875	30 875	27-06-16	29	3,70 %
Loan 23 Floating interest - USD	95 000	95 000	09-04-18	50	4,11 %
Loan 24 Floating interest - NOK	402 333	402 333	05-05-22	98	2,48 %
Loan 25 Floating interest - NOK	46 150	46 150	05-05-20	75	4,11 %
Loan 26 Floating interest - NOK	189 333	55 222	05-05-28	169	4,11 %
Total mortgage loan in NOK	**7 994 611**	**7 816 405**			
Bank overdraft - USD	17 500	14 647	31-12-14	12	2,28 %
Bond loan - NOK	700 000	700 000	11-12-14	11	6,51 %
Bond loan - NOK	700 000	700 000	25-02-16	25	6,21 %
Total bond loans	**1 400 000**	**1 400 000**			

NOTES

FAIR VALUE

The following table shows the booked and fair value of financial assets and obligations.

Financial assets		2013		2012	
	Note	Booked value	Fair value	Booked value	Fair value
Cash at bank	11,18	1 239 864	1 239 864	807 105	807 105
Investments in shares (long-term)	9	41 958	41 958	37 878	37 878
Other current financial investments				25 524	25 524
Other long-term financial investments		72 064	72 064	54 112	54 112
		1 353 886	**1 353 886**	**924 619**	**924 619**

Financial obligations		2013		2012	
	Note	Booked value	Fair value	Booked value	Fair value
Short-term part of long-term debt	11	1 631 593	1 631 593	2 057 178	2 057 178
Mortgage loan with floating interest	11	8 566 074	8 578 300	6 471 315	6 548 489
Mortgage loan with fixed interest	11	606 467	600 057	642 815	612 721
		10 804 133	**10 809 950**	**9 171 308**	**9 218 388**

Fair value hierarchy

The Group use the following hierarchy for valuation and presentation of financial instruments:

Level 1: quoted prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have significant effect on the recorded fair value that are not based on observable market data

The Group's level 1 includes shares in listed companies, refer to note 9 for further details.
Level 2 includes fixed interest contracts, interest and currency swap contracts and currency contracts, refer above for further details.
Level 3 includes non-registered shares, refer to note 9 for further details.

The following table show book value of financial instruments according to the hierarchy above:

		2013			2012	
Current financial assets	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Shares	475			394		
Total per level	**475**			**394**		
Total all levels	**475**			**394**		
Fixed interest contracts						
Interest- and currency swaps					25 524	
Total per level					**25 524**	
Total all levels				**25 524**		

		2013			2012	
Non current financial assets	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Shares			2 991			5 031
Total per level			**2 991**			**5 031**
Total all levels	**2 991**			**5 031**		
Fixed interest contracts		7 032				
Interest- and currency swaps		14 849			51 651	
Total per level		**21 881**			**51 651**	
Total all levels	**21 881**			**51 651**		

		2013			2012	
Current financial liabilities	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Fixed interest contracts		2 653				
Interest- and currency swaps						
Total per level		**2 653**				
Total all levels	**2 653**					

		2013			2012	
Non current financial liabilities	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Fixed interest contracts		10 788			30 095	
Interest- and currency swaps		2 622				
Guarantees			21 018			21 018
Total per level		**13 411**	**21 018**		**30 095**	**21 018**
Total all levels	**34 428**			**51 112**		

NOTES

NOTE 4 REPORTING BY SEGMENTS AND GEOGRAPHICAL MARKETS

The Group's main activity is to offer ships and maritime personnel in all geographical regions. The business is divided into three segments based on the different types of vessels: Anchor-Handling Vessels (AHTS) delivering services related to rig moves and anchoring of rigs and other devices at sea, Platform Supply Vessels (PSV) delivering services relating to transportation of material to offshore installations and Construction Service Vessels (CSV) delivering services relating to development of both sub sea and floating installations.

Results from associated companies (TS) are allocated to the segments based on number of ships per segment while the allocation of investments is based on book value of each ship in its current segment.

	AHTS		PSV	
Revenues	**2013**	**2012**	**2013**	**2012**
Net reveneus	1 239 057	1 266 656	446 414	439 197
Deferred income from assets	58 202	7 929	7 836	2 749
Total operating income	**1 297 259**	**1 274 585**	**454 250**	**441 946**
Results				
Operating result	356 767	268 200	88 895	78 648
Operating result (1)	**356 767**	**268 200**	**88 895**	**78 648**
Assets and liabilities				
Fixed assets	3 999 794	4 048 847	1 696 108	1 733 508
Total assets	**3 999 794**	**4 048 847**	**1 696 108**	**1 733 508**
Segment liabilities	2 801 024	3 165 141	1 150 764	1 043 299
Total liabilities	**2 801 024**	**3 165 141**	**1 150 764**	**1 043 299**
Other segment information				
Annual investment	21 346	230 479	2 536	448 299
Depreciations and write-downs (2)	153 023	224 237	65 645	62 217

	CSV		Other	
Revenues	**2013**	**2012**	**2013**	**2012**
Net reveneus	1 763 313	1 582 067		
Deferred income from assets	30 951	63 605		
Total operating income	**1 794 265**	**1 645 672**		
Results				
Operating result	657 745	503 400	-727	-727
Result from associated companies	57 207	21 613	6 120	3 151
Operating result (1)	**714 952**	**525 013**	**5 393**	**2 424**
Assets and liabilities				
Fixed assets	6 290 086	6 647 182	56 123	18 393
Investments in associated companies	280 530	200 898	29 001	22 877
Total assets	**6 570 616**	**6 848 080**	**85 124**	**41 270**
Segment liabilities	3 865 338	3 607 782		
Total liabilities	**3 865 338**	**3 607 782**		
Other segment information				
Annual investment	82 735	3 224	43 466	-72 708
Depreciations and write-downs (2)	211 971	297 636	727	727

NOTES

	Total	
Revenues	**2013**	**2012**
Net reveneus	3 448 785	3 287 920
Deferred income from assets	96 989	74 283
Total operating income	**3 545 774**	**3 362 203**
Results		
Operating result	1 102 679	849 520
Result from associated companies	63 327	24 764
Operating result (1)	**1 166 006**	**874 285**
Assets and liabilities		
Fixed assets	12 042 111	12 447 930
Investments in associated companies	309 531	223 776
Unallocated assets	2 673 546	2 055 685
Total assets	**15 025 188**	**14 727 391**
Segment liabilities	7 817 126	7 816 222
Unallocated liabilities	1 353 589	1 355 086
Total liabilities	**9 170 715**	**9 171 308**
Other segment information		
Annual investment	150 083	609 294
Depreciations and write-downs (2)	431 367	584 817

(1) The segment result is presented exclusive interests, currency gain/ loss and other financial items.

(2) Depreciation includes both ordinary depreciation and depreciation of periodic maintenance. For allocation of revenues and cost on different segments see note 1.

The Group's vessels operate in several geographical areas during a year. Allocation between the different areas is based on freight revenue.
In 2013, PSV revenue is mainly from activity in the North Sea, Brazil and West Africa, while revenues for AHTS and CSV activity are divided over all geographic areas.

Net revenues are allocated to the following areas:		**2013**		**2012**
North Sea	37 %	1 307 307	39 %	1 285 799
North- and Central America	9 %	310 089	8 %	250 379
Mediterranean/remaining part of Europe	4 %	144 008	7 %	216 127
West Africa	7 %	228 088	1 %	38 915
South America	17 %	601 071	23 %	765 494
Asia	26 %	904 511	22 %	731 205
Total	**100 %**	**3 495 073**	**100 %**	**3 287 920**

The Group's vessels generally operate in more than one geographic region during the year. Therefore assets cannot be allocated per segment in accordance with IFRS 8.

NOTES

NOTE 5 OTHER INCOME, OTHER EXPENSES, WAGES, EMPLOYEES AND DISTINCTIVE CONTRIBUTIONS

Other operating income	**2013**	**2012**
Gain on sale of vessels	36 453	53 702
Management fees	10 499	3 808
Rental of personnel and equipment	3 749	16 773
Total other operating income	**50 701**	**74 283**

Other operating expenses	**2013**	**2012**
Technical cost	456 850	431 340
Bunkers and lube oil	67 938	66 018
Insurance	68 792	71 557
IT, communications and other costs	159 822	155 017
Total other operating expense	**753 402**	**723 932**

Wages and personnel costs	**2013**	**2012**
Employees, vessels	1 146 287	1 119 492
Employees, administration	159 775	109 507
Total employee cost	**1 306 062**	**1 228 999**

Wages and employee cost	**2013**	**2012**
Wages	790 122	793 692
Social security	81 377	99 676
Pension costs	26 978	38 644
Other benefits	65 781	50 075
Travelling costs, courses and other personnel costs	341 804	246 911
Total employee cost	**1 306 062**	**1 228 999**

Average number of employees	1 869	1 687

The Group has received grants in respect of crew subsidiaries and net wage agreements totalling NOK 44 million (2012 NOK 64 million) which have been booked as a reduction of personnel costs.

REMUNERATION TO DIRECTORS, MANAGING DIRECTOR AND AUDITORS

Charged cost during the year	**Director's fee**	**Wages**	**Other benefits**	**Pension cost**
Key personnel (*):				
2013	12	4 099	266	221
2012	12	3 719	217	193

There are no distinctive agreements regarding remuneration for the Chairman of the Board and neither are there any distinctive bonus or option programmes for any Board Member or Group Management. No loans have been given to the company management. The Managing Director has an agreement securing 12 months salary.

Board of Directors:	**Directors fee**
Harald Eikesdal, Chairman	325
Toril Eidesvik	200
Terje Vareberg	150
Anette Solstad	150
Ketil Lenning	150
Per Gunnar Solstad (deputy)	150

(*) For further details refer to Parent company note 4.

	2013	**2012**
Audit - statutory accounts	2 645	2 265
Other attestation services	39	83
Tax related services	3 155	3 016
Other services	67	829
Total	**5 906**	**6 194**

Audit fees relates to statutory audit of accounts. Fee for tax advice includes, amongst other, assistance related to tax reporting to authorities in other countries. Auditor-related services include consultancy, reports and assistance on accounting matters.

NOTES

NOTE 6 PENSION

The Group has one defined benefit pension plan both for administrative and seafaring personnel employed in Norway. The pension plan is insurance based. As at December 31, 2013, there are 778 members of the pension plan.

The Group also has a contribution plan for its administrative staff. Personnel employed prior to 1.1.2007 could choose membership of either scheme. Employees joining the firm after 1.1.2007 are automatically members of the contribution plan. At 31st December 2013 the plan had 65 members.

The following assumptions are used:	**2013**	**2012**
Discounted interest	4,00 %	3,80 %
Expected return	4,00 %	3,80 %
Regulation of salaries	3,75 %	3,50 %
Regulation of base amount	3,50 %	3,25 %
Regulation of pension	3,50 %	3,25 %

Changes in pension obligation	**2013**	**2012**
Estimated liability at beginning of the year	224 874	235 599
Interest expense	8 349	6 044
Annual pension earnings	25 595	29 918
Benefits paid	-8 258	-6 302
Actuarial (gain)/ loss on the obligation	6 462	-40 386
Estimated liability at year end	**257 020**	**224 874**

Changes in plan assets		
Opening value of plan assets	156 876	144 197
Expected return	5 867	6 225
Contributions by employer	33 500	22 959
Benefits paid	-8 258	-6 302
Administration expense	219	-1 382
Actuarial gain/ (loss)	-3 202	-8 822
Estimated plan assets at year end	**185 002**	**156 876**

Expected contribution by employer in 2012 is NOK 25 million.

Net plan assets/liabilities:		
Pension liabilities	257 020	224 874
Plan assets	185 002	156 876
Net plan assets/ (liabilities) incl sosial security:	**-72 018**	**-67 998**
Social security	-8 900	-8 403

Pension cost:		
Present value of pension obligation	22 152	29 918
Interest expense on obligation	8 349	6 044
Expected return on plan assets	-5 867	-6 225
Administration expense	-219	1 382
Changes in assumptions charged		6 473
Social security	3 442	4 388
Pension cost	**27 857**	**41 980**

Payments on contribution plan	2 563	2 471
Actual return on plan assets	2 665	-2 596
Total pension cost	**30 420**	**44 451**

Pension liability for 2012 and 2013 is based on table K2005.
Plan assets are invested in a wide portfolio by an external insurance company. The insurance company is responsible for total administration of the pension plan.

For both years the "Norwegian Covered Bonds Market"-interest rate is used as basis for determination of the discounting rate.
Expected returns on plan assets are based on market prices at year end and expected development during the remaining period of the pension plan. The rate of return has been adjusted from 3.8% to 4.0% in 2013.
According to revised IAS 19 - Employee benefits the "corridor mechanism" is not allowed from January 1st, 2013. Unrecognized actuarial loss, NOK 107 million, is charged to equity with retrospective effect as per 1 January 2012.
Comparative figures are changed accordingly, ref note 23.
No "3rd balance" is presented as the change of principle is regarded having material effect on equity or total balance.

NOTES

NOTE 7 FINANCIAL ITEMS

Financial items	2013	2012
Interest expense	-449 970	-524 362
Interest income	7 452	6 090
Currency loss	-583 816	-488 282
Currency gain	417 319	519 784
Income from investment in associated companies	6 120	3 132
Gain financial derivatives	41 464	87 011
Loss financial derivatives	-61 652	-18 971
Gain sale shares (ref note 2)	27 880	224
Dividends	11	11
Other financial expense	13 451	-4 881
Net financial items	**-581 740**	**-420 244**

Currency gain and -loss is mainly relating to change in currency rates in the period from posting of invoices and actual timing of payments, and unrealized currency gain and -loss on assets and liabilities in foreign currency.

NOTE 8 TANGIBLE FIXED ASSETS

	Vessel	Vessel under construction	Fixtures	Total
Cost price 01.01.2012	17 692 656	65 969	79 407	17 838 032
Acc. depreciation/ write down 01.01.2012	-4 140 958		-55 986	-4 196 944
Book value 01.01.2012	**13 551 698**	**65 969**	**23 421**	**13 641 088**
Additions	600 957	6 415	1 922	609 294
Transfer	72 384	-72 384		
Disposals	-1 255 812		-2 777	-1 258 589
Disposal of acc. depreciations/ write downs	52 319		797	53 116
Translation adjustment	-208 233		-153	-208 386
Cost price 31.12.2012	**16 901 952**		**78 399**	**16 980 350**
Acc. depreciations/ write downs 31.12.2012	-4 501 256		-60 006	-4 561 262
Book value 31.12.2012	**12 400 695**		**18 393**	**12 419 088**
Depreciation/ write down current period	-412 617		-4 817	-417 434
Cost price 01.01.2013	16 901 952		78 399	16 980 350
Acc. depreciation/ write down 01.01.2013	-4 501 256		-60 006	-4 561 262
Book value 01.01.2013	**12 400 695**		**18 393**	**12 419 088**
Additions	103 852	37 299	8 931	150 083
Disposals	-771 940		-3 755	-775 695
Transfer to asset helt for sale	-135 754			-135 754
Disposal of acc. depreciations/ write downs	280 896		992	281 889
Translation adjustment	241 546		-148	241 398
Cost price 31.12.2013	**16 339 656**	**37 299**	**83 427**	**16 460 382**
Acc. depreciations/ write downs 31.12.2013	-4 489 422		-64 603	-4 554 025
Book value 31.12.2013	**11 850 234**	**37 299**	**18 824**	**11 906 357**
Depreciation/ write down current period	-269 062		-5 589	-274 651

NOTES

Capitalized periodic maintenance:	2013	2012
Capitalized periodic maintenance at 01.01	245 830	234 822
Additions this year	141 140	178 392
Depreciation of planned periodic maintenance this year	-156 715	-167 383
Capitalized periodic maintenance at 31.12	**230 255**	**245 830**

The vessels are divided into the following categories; hull, anchor-handling-, loading- and unloading equipment, main- auxiliary engine, thruster, DP and cranes and other equipment. Assumed physical lifetime for all categories are 30 years, while estimated useful life is 20 years.

Estimation of residual value are based on marked values/ brokers values in the beginning of the year.
The brokers values, sales related expenses deducted, are multiplied with a factor dependent on the vessels age. The factor is 50% for a newbuild, inreasing to 100% for a 20 year old vessel.
Periodic maintenance is depreciated over the period until the next planned docking takes place. The normal interval for docking is 24-36 months.
The depreciation rate for other equipment is 15-25%.
Vessels with a book value of NOK 11,917 million are held as a guarantee for the Group's loans, see note 11.
Included in these additions is capitalized interest of NOK 844,000 (NOK 40,000). The applied interest rate is 4.70%.

Impairment valuation of fixed assets

Once a quarter the Group evaluate any issues that might indicate impairment of fixed assets. Throughout 2013 the Group's stock value has been lower than the book value of equity. This is an indicator for impairment. Management has therefore estimated the vessels value in use based on the Group's approved budgets for 2014, and prognosis for 2015-2018. The main assumptions used in the computations are charter rates, escalation of expenses, operational area, interest rate and the market as general. The computations are performed using several levels for the different assumptions. The assumptions's corresponding sensitivty is the evaluated, and a probability assessment for each result is performed. The discounting rate (WACC) used in the recoverable amounts calculation is 8.25%.

The calculations did not lead to any write downs as per 31.12.2013.

NEW BUILD CONTRACTS

As at 31.12.2013 the following ships are under construction:

New build contracts	Delivery	Owner	Solstad Share	Contract Price	Paid Instalments	Remaining 31.12.2013	Due Date 2014
NB "811" TBN Normand Vision	June 2014	Ocean Solstad AS	8 %	1 400 000	140 000	1 260 000	1 260 000
NB "825" TBN Normand Reach	June 2014	Solstad Rederi AS (*)	100 %	665 000	29 725	635 275	635 275

At 31.12.2012 the following ships were under construction:

New build contracts	Delivery	Owner	Solstad Share	Contract Price	Paid Instalments	Remaining 31.12.2012	Due Date 2013
NB "811" TBN Normand Vision	Juni 2014	Ocean Solstad AS	8 %	1 400 000	140 000	1 260 000	

The company has the option to change some of the equipment on the vessels and therefore there may be some variation in the prices above.
Vessel under construction at year end is fully financed.

Asset held for sale

Two of the Group's vessels are agreed sold by the end of 2013. Total sales proceed is NOK 162 million. The corresponding assets are presented as held for sale on the balance sheet as per 31.12.2013.

NOTES

NOTE 9 SHARES IN JOINT VENTURES, ASSOCIATED COMPANIES AND OTHER INVESTMENTS

The Group has the following shares in joint ventures (JV) and associated companies (AC):

		Place of Business	Owner-ship	Date of Financial statement
Deep Well AS (DWAS)	AC	Karmøy	39 %	31-12-13
Ocean Solstad AS (OSAS)	AC	Stavanger	8% (*)	31-12-13
Ocean Solstad Operations AS (OSOP)	AC	Stavanger	30 %	31-12-13
Solstad Offshore Crewing Services Philippines	AC	Manilla, Philippines	25 %	31-12-13
Normand Installer SA (NISA)	JV	Marly, Switzerland	50 %	31-12-13
Normand Edda AS (NOED) - discontinued	JV	Haugesund	50 %	31-12-12
PT Meratus Solstad Offshore (PTSO)	JV	Jakarta, Indonesia	49 %	31-12-13
Normand Oceanic AS (NOCE)	JV	Karmøy	50 %	31-12-13
Normand Oceanic Chartering AS (NOCH)	JV	Karmøy	50 %	31-12-13

Joint ventures				**2013**		
	NISA	**NOED**	**NOCE**	**NOCH**	**PTSO**	**Sum**
Cost price 01.01.	1 631	75	173 808	23	1 364	176 901
Acc result and adjustments	4 592	5	7 840	453	-566	12 324
Book value 01.01.	**6 223**	**80**	**181 648**	**477**	**798**	**189 225**
Share of result	24 691		32 137	951	-567	57 212
Other adjustments	24 133	-80			74	24 127
Book value 31.12.	**55 047**		**213 785**	**1 427**	**305**	**270 564**
Share of balance sheet:						
Current assets	47 755		33 916	10 255	786	92 712
Long-term assets	211 099		612 211		3 845	827 154
Short-term liablilities	-40 757		-6 469	-8 781	57	-55 949
Long-term liabilities	-192 650		-424 528		-4 511	-621 690
Net assets	**25 446**		**215 130**	**1 474**	**176**	**242 227**
Share of revenues and profit:						
Revenues	73 650		63 893	32 758	265	170 566
Operating expense	-37 660		-17 137	-31 397	-497	-86 690
Financial expense	-11 299		-14 619	-5	-335	-26 258
Result before tax	**24 691**		**32 137**	**1 356**	**-566**	**57 618**
Taxes				-405		-405
Result	**24 691**		**32 137**	**951**	**-567**	**57 212**

Joint ventures				**2012**		
	NISA	**NOED**	**NOCE**	**NOCH**	**PTSO**	**Sum**
Cost price 01.01.	1 631	75				1 706
Acc result and adjustments	-7 561	5				-7 556
Book value 01.01.	**-5 930**	**80**				**-5 850**
Share of result	12 202		7 840	453	-566	19 929
Other adjustments	-48		173 808	23	1 364	175 147
Book value 31.12.	**6 223**	**80**	**181 648**	**477**	**798**	**189 225**
Share of balance sheet:						
Current assets	40 873	80	23 232	15 580	1 073	80 838
Long-term assets	246 188		628 573		4 565	879 325
Short-term liablilities	-43 861	-1	-4 904	-14 919	-4 840	-68 525
Long-term liabilities	-236 977		-463 752			-700 729
Net assets	**6 223**	**80**	**183 148**	**661**	**798**	**190 910**
Share of revenues and profit:						
Revenues	**74 635**		**28 076**	**13 930**	**265**	**116 906**
Operating expense	-36 359		-7 994	-13 344	-497	-58 193
Financial expense	-25 942		-12 242	52	-335	-38 467
Result before tax	**12 335**		**7 840**	**638**	**-566**	**20 246**
Taxes	-133			-184		-317
Result	**12 202**		**7 840**	**453**	**-566**	**19 929**

NOTES

Associated companies			2013		
	OSOP	**OSAS**	**DWAS**	**SOCS**	**Sum**
Cost price 01.01.	89	9 911	19 367		29 367
Acc result and adjustments	-8	-22	3 511		3 480
Book value 01.01.	**80**	**9 889**	**22 877**		**32 847**
Share of result	-	-4	6 124	-772	5 348
Other adjustments				772	772
Book value 31.12.	**80**	**9 886**	**29 001**		**38 967**
Share of balance sheet:					
Current assets	90	196	24 168	10 373	34 826
Long-term assets	3	12 510	56 785	357	69 655
Short-term liablilities	-13	-318	-15 030	-11 790	-27 152
Long-term liabilities		366	-44 018		-43 652
Net assets	**80**	**12 753**	**21 905**	**-1 061**	**33 677**
Share of revenues and profit:					
Revenues			85 467	332	85 798
Operating expense	-6	-2	-72 995	-1 173	-74 177
Financial expense	6	-2	-3 966	70	-3 893
Result before tax	**-**	**-4**	**8 505**	**-772**	**7 728**
Taxes	-	1	-2 382		-2 381
Result	**-**	**-4**	**6 124**	**-772**	**5 348**

Associated companies			2012		
	OSOP	**OSAS**	**DWAS**	**SOCS**	**Sum**
Cost price 01.01.			19 367		19 367
Acc result and adjustments			282		282
Book value 01.01.			**19 648**		**19 648**
Share of result	-8	-22	3 229	-67	3 132
Other adjustments	89	9 911		67	10 067
Book value 31.12.	**80**	**9 889**	**22 877**		**32 847**
Share of balance sheet:					
Current assets	84	394	21 782	25	22 284
Long-term assets	3	11 327	62 643	63	74 036
Short-term liablilities	-7	-367	-20 497	-151	-21 023
Long-term liabilities		-1 464	-49 655		-51 119
Net assets	**80**	**9 889**	**14 273**	**-63**	**24 179**
Share of revenues and profit:					
Revenues			73 525		73 525
Operating expense	-7	-1	-66 022	-66	-66 096
Financial expense	-4	-30	-4 273	-1	-4 308
Result before tax	**-12**	**-31**	**3 229**	**-67**	**3 120**
Taxes	3	9			12
Result	**-8**	**-22**	**3 229**	**-67**	**3 132**

(*) The company is deemed to be an associated company even though owner share is only 8%, based on representation in Board of Directors and future options for shares.

NOTES

Investments available for sale - long term

	2013		2012	
		Book		Book
Unlisted shares	**Share**	**value**	**Share**	**value**
ResQ AS	0,00 %		22,44 %	5 031
Bleivik SIM Holding AS	29,54 %	2 991		

Based on, amongst others, lack of board representatives, the Group does not have significant influence on the above mentioned companies.

Investments available for sale - current		2013			2012	
			Book			Book
Listed shares	**Cost price**	**Share**	**value**	**Cost price**	**Share**	**value**
Rem Offshore ASA	429	0,04 %	475	429	0,04 %	394

Investments available for sale are shares which have no fixed maturity or return.
Shares in listed companies are valued at fair value at year end. Fair value of shares in unlisted companies is based on the companies' latest financial report.

Net change in value on available for sale financial assets:

	2013	**2012**
Opening balance	-35	-85
Change in value of Rem Offshore shares	81	50
Ending balance	**46**	**-35**

NOTE 10 INSURANCE SETTLEMENTS

In cases of damages to vessels and equipment, the Group pays for the repairs in advance. After payment of insurance excesses the Group has received the following compensation from its insurance companies:

	2013	**2012**
Received compensation	10 769	25 065

Advance payments are included in Other operating expenses.

During the last two years the Group has posted Loss of Hire-revenues of NOK 5.5 million and NOK 7.1 million respectively.

NOTES

NOTE 11 MORTGAGE DEBT AND OTHER LONG-TERM LIABILITIES

	2013	2012
Mortgages	7 539 122	7 114 130
Total long-term debt	**7 539 122**	**7 114 130**
Short-term portion of long-term debt (1st year instalment)	1 631 593	2 057 178

For maturity profile, please refer to Note 3.

Book value of assets

	2013	2012
Account receivables	707 846	518 041
Vessels	11 917 575	12 083 057
Total booked value	**12 625 421**	**12 601 098**

Some vessels are placed as security for the mortgages. In addition, accounts receivables are tied. As security for completion of the lease agreements, guarantees from the Parent Company and subsidiary are secured.

The Group's long-term debt was apportioned 50% NOK, 37% USD and 13% GBP at 31.12.2013. The long term debt in NOK is partly linked to the USD through financial instruments. Actual apportionment is 46% USD, 41% NOK and 13% GBP.

The loan agreements are subject to the owner's working capital being positive at all times and that the market value of the vessels amounts to at least 110-135% of the outstanding loans. The first year's loan instalments are exempt from calculation of working capital.

The company satisfies all conditions of the loan agreements at 31.12.13. In addition to the tied assets/negative security clauses the agreements include re-assignment of factoring agreements and insurance terms.

Borrowing cost	**2013**	**2012**
Capitalized borrowing cost	46 411	44 914

Borrowing cost is presented net with the loans and is amortizised until maturity of the loan.

NOTES

Operational lease

ESome of the Group's ships are rented out on long-term charter parties. Revenue from these vessels is posted as operational leases.

	31-12-13		31-12-12	
	Minimum payment	**Present value minimum payment**	**Minimum payment**	**Present value minimum payment**
Next year	2 649 769	2 585 141	2 230 251	2 175 854
Next 2-5 years	3 581 496	3 340 176	2 018 591	1 878 326
I Over 5 years				
Finance cost		305 948		194 662
Total minimum lease payment	**6 231 265**	**6 231 265**	**4 248 842**	**4 248 842**

Other lease agreements:

The Group has entered the following lease agreements:	**Yearly payment**	**Maturity**	**Extension**	**Adjustment of rent**
Offices Skudeneshavn	3 349	2026	4 times 5 years	Consumer price and 5 years swap-rate
Workshop Husøy, Karmøy	2 531	2016		Consumer price
Offices Aberdeen	434	2018		Fixed for the next 3 years

Future minimum payments of lease agreements:	
During the next year	6 314
In next 2-5 years	20 193
Beyond 5 years	25 116
Total minimum lease payments	**51 622**

Other long-term liabilities

Other long-term loans of NOK 161 million (NOK 50.9 million in 2012) are loans from minority shareholders to two of the group's subsidiaries.

Solstad Offshore ASA has furnished the following guarantees (NOK million):

Solstad Offshore UK Ltd	265	- for purchase of vessels
Solstad Offshore Service Vessel UK Ltd	382	- for purchase of vessels
Trym Titan AS	302	- for purchase of vessels
Solstad Offshore Asia Pacific Ltd	1.637	- for bare-boat rental and purchase of vessels
Normand Installer SA	45	- for financial lease of vessels
Deep Well AS	52	- for financial lease of fixed assets
Normand Ranger AS	252	- for purchase of vessels
Normand Oceanic AS	425	- for purchase of vessels

NOTES

NOTE 12 TAXES

	2013	2012
Taxes payable	12 657	13 016
Under/over accrual of tax payable	-9 707	5 237
Change in deferred taxes	53 458	-52 356
Tax on ordinary result	**56 409**	**-34 103**
Apportionment of tax on ordinary result		
Norwegian exit tax - old shipping regime		
Norwegian tax - ordinary	53 458	-52 356
Foreign	2 951	18 253
Total tax	**56 409**	**-34 103**
Outside Shipping Tax Regime		
Temporary differences:		
Shares/ownership (current assets)	-1 016	-1 699
Over funding of pension	-72 018	-59 314
Fixed assets/ provisions	-111 014	-110 269
Unrecovered loss carried forward	-195 792	-230 136
Total temporary differences	**-379 841**	**-401 418**
Tax effect of temporary differences:		
Shares/ownership (current assets)	-274	-476
Pension over funding	-19 445	-16 608
Fixed assets/provisions	-29 974	-30 875
Unrecovered loss carried forward	-52 864	-64 438
Deferred tax asset not recognised	43 623	
Net deferred tax/ deferred tax asset (-)	**-58 934**	**-112 397**
Changes in deferred tax in the balance sheet		
Opening balance deferred tax	-112 397	-43 107
Charged to equity (change pension)		-16 934
Booked to profit and loss	53 458	-52 356
Translation adjustment	5	
End balance deferred tax/ deferred tax asset (-)	**-58 934**	**-112 397**
Payable tax in the balance sheet consist of		
Payable exit tax - old shipping tax regime - current		44 562
Tonnage tax	144	153
Other payable corporation tax	15 177	22 987
Total payable tax in the balance sheet	**15 321**	**67 702**

Tonnage tax is classified as operational expense.

Analysis of effective tax rate

28% of pre-tax result	151 530	102 570
Effect of deferred tax asset not recognised	43 623	
Effect of change in tax rate (27% vs 28%)	3 800	
Differential in tax rates foreign entities	414	8 822
Permanent differences/ Shipping Tax Regime	-142 958	-145 495
Estimated tax	**56 409**	**-34 103**

NOTES

The Group's tonnage taxed companies has no firm plans to exit the new tonnage tax regime.

Deferred tax on deviating values in associated companies with foreign partnerships has been included in the Group accounts. Further, deferred tax is calculated on scenarios where a future realization will lead to a tax liability.

Deferred tax assets from losses carried forward are recognized under the assumption that companies under the ordinary tax regime will have taxable income in the future. This taxable income is related to gain from sale of fixed assets and taxable financial income.

The Group has an international business. The taxable treatment of transactions, operations and structures in foreign countries may be challenged by local tax authorities, and may result in future tax obligations. Contingent liabilities are recognized in the accounts if they are more likely than not to occur. At the end of the year there are no issues that may lead to taxes in foreign countries for which no specific provision has been booked.

At the end of 2012 the Group had one such issue, which related to import taxes in Brazil. Brazilian authorities indicated a possible claim for full import tax for a vessel that had been imported under the temporary regime in Brazil. The Group considered the probability of this claim to be be low. Hence, no provision was booked per 31.12.2012. The case was closed without any expenses for the Group in 2013.

The accounts reflect the Groups best estimate for contingent liabilities at the end of the year.

NOTE 13 SHARE CAPITAL, SHAREHOLDERS AND TREASURY SHARES

	Share capital	Treasury shares
31-12-11	77 375	-51
Sale treasury shares (20,000)		40
31-12-12	**77 375**	**-11**
31-12-12	77 375	-11
KPurchase treasury shares (254,947)		-510
Sale treasury shares (13,025)		26
31-12-13	**77 375**	**-494**

At 31.12.13, the Company's share capital represents 38,687,377 shares at NOK 2. The number of shareholders at 31.12.13 was 2,891.
The Board have the power of attorney to implement a capital appreciation of up to 140,000 shares at NOK 2 for employees of the Group.
Furthermore, the Board has power of attorney to increase the share capital by NOK 4 million by issuing 2 million shares.
The Board also have the power of attorney to acquire treasury shares limited to 10% of share capital. This power of attorney is retained until the next General Meeting.

As at 31.12.2012 the Group had 247,222 treasury shares with cost price of NOK 28.2 million
As at 31.12.2013 the Group had 5,300 treasury shares with cost price of NOK 0.4 million

NOTE 14 EARNINGS PER SHARE

Earnings per share are calculated by dividing the Group result by the average number of shares, adjusted for the stock of treasury shares.
There are no instruments that allow the possibility of dilution.

	2013	2012
Majority result from ordinary operations	490 990	380 498
Average number of shares	38 693	38 668
Treasury shares	247	5
Average number of shares to calculate earnings per share	**38 445**	**38 663**
Earnings per share (NOK)	12,77	9,84

NOTES

NOTE 15 TRANSACTIONS WITH RELATED PARTIES

The Group accounts consists of the financial statements of Solstad Offshore ASA and the following subsidiaries, and line-by-line consolidated accounts from joint ventures and associated companies booked as equity investments:

		Solstad Offshore ASA share ownership	
Name:	**Country:**	**2013**	**2012**
Solstad Offshore (UK) LTD	UK	100 %	100 %
Solstad Cable (UK) LTD	UK	63 %	63 %
Solstad Offshore Service Vessel (UK) LTD	UK	100 %	100 %
Pioneer Offshore LP	UK	100 %	100 %
Progress Offshore LP	UK	100 %	100 %
Pioneer Offshore Ltd	UK	100 %	100 %
Progress Offshore Ltd	UK	100 %	100 %
PIOPRO (UK) Ltd	UK	100 %	100 %
Solstad Cable Cutter Ltd	UK	63 %	63 %
Solstad Cable Clipper Ltd	UK	63 %	63 %
Solstad Cable Holland BV - discontinued	UK	0 %	63 %
ADSI Offshore (UK) Ltd	UK	100 %	100 %
Solstad Management AS	Norway	100 %	100 %
Normand Drift AS	Norway	100 %	100 %
Solstad Rederi AS	Norway	100 %	100 %
Trym Titan AS	Norway	63 %	63 %
Solstad Shipping AS	Norway	100 %	100 %
Normand Skarven AS	Norway	100 %	100 %
Normand Skarven KS	Norway	69 %	69 %
Solstad Brasil AS	Norway	100 %	100 %
Normand Ranger AS	Norway	100 %	100 %
Normand Flower AS	Norway	100 %	
Solstad Operations AS	Norway	100 %	
Deep Well AS	Norway	39 %	39 %
Solstad Offshore Asia Pacific Ltd	Singapore	100 %	100 %
Nor Asia Pte Ltd	Singapore	100 %	100 %
Nor Offshore Labuan Pte Ltd	Singapore	100 %	100 %
Nor Supply Pte Ltd	Singapore	100 %	100 %
Nor Supporter Pte Ltd	Singapore	100 %	100 %
Norce Offshore Pte Ltd	Singapore	100 %	100 %
Norce Offshore Pty Ltd	Singapore	100 %	100 %
Norce Offshore Thailand Ltd	Singapore	100 %	100 %
Solstad Offshore Ltda	Brazil	100 %	100 %
NISA INC (FKV)	Switzerland	50 %	50 %
Normand Edda AS (FKV) - discontinued	Norway	0 %	50 %
Normand Oceanic AS (FKV)	Norway	50 %	50 %
Normand Oceanic Chartering AS (FKV)	Norway	50 %	50 %
Ocean Solstad AS	Norway	8% (*)	8% (*)
Ocean Solstad Operations AS	Norway	30 %	30 %
Solstad Offshore Crewing Services Pte	Singapore	100 %	100 %
Solstad Offshore Crewing Services Philippines	Philippines	25 %	25 %
PT Meratus Solstad Offshore	Indonesia	49 %	49 %

Solstad Offshore UK LTD is the parent company of Solstad Cable (UK) LTD, Solstad Offshore Service Vessel (UK) LTD, ADSI Offshore (UK) Ltd, and PIOPRO (UK) Ltd.
Solstad Cable (UK) Ltd is the parent company of Solstad Cable Cutter, Ltd, Solstad Cable Clipper Ltd and Solstad Cable Holland BV.
Solstad Offshore Service Vessel (UK) Ltd is the parent company of Pioneer Offshore LP and Progress Offshore LP, whilst PIOPRO (UK) Ltd is the parent company of Pioneer Offshore Ltd and Progress Offshore Ltd. Solstad Rederi AS is the parent company of Trym Titan AS.
Solstad Brasil AS is the parent company of Solstad Offshore Ltda. Solstad Offshore Asia Pacific Ltd is the parent company of Nor Asia Pte Ltd, Nor Offshore Labuan Pte Ltd, Nor Supply Pte Ltd, Nor Supporter Pte Ltd, Norce Offshore Pte Ltd. and Solstad Offshore Crewing Services Pte.
Norce Offshore Pte Ltd is the parent company of Norce Offshore Pty Ltd and Norce Offshore Thailand Ltd.
Solstad Offshore ASA is the parent company for the remaining companies, and also has ultimate control of all companies.

NOTES

In addition to general management services, the Group has entered the following transactions with associated parties:

	Income		Expenses		Receivables		Payables	
Associated company	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Deep Well AS	870	873			7 314	6 946		
Ocean Solstad AS	10 498				4 159	1 761		
Ocean Solstad Operations AS					45	25		
PT Meratus Solstad Offshore		3	819					
Joint venture companies								
NISA		50 138		17 666		161	49	
Normand Oceanic AS		99			99	808		
Normand Oceanic Chartering AS		1 746			5 483	9 773		
Other associated parties								
Owner of office and base premises	259	325	5 846	5 845	37	40	736	487
Owner of shipyard for repairs			627	536			303	10

The Group's affiliation with associated parties:
Deep Well AS is an associated company in which the Group has a 39,2% share. Receivables are subordinated loans and guarantee commission.
Ocean Solstad AS is an associated company in which the Group has a 7,8% share. Recievables are inter-company costs payable to manager
Ocean Solstad Operations AS is an associated company in which the Group has a 29,7% share. Recievables are inter-company costs payable to manager

The Group's affiliation with joint ventures:
NISA is a joint venture company in which the Group has a 50% share. Cost is related to a bare-boat rental, whilst income is related to a time charter income
Normand Oceanic AS is a joint venture company in which the Group has a 50% share. Recievables are inter-company costs payable to manager
Normand Oceanic Chartering AS is a joint venture company in which the Group has a 50% share. Recievables are inter-company costs payable to manager
The Group rents offices and a warehouse at market price from a company controlled 100% by the main shareholder.
The Group also uses a shipyard for repairs and conversions of the Group's vessels where the main shareholder controls 100%.
Associated parties are considered to be Board Members (including associated companies) and the company management.
There are no management agreements with associated parties outside the Group that charge management fees.
Transactions with related parties are completed at normal market prices. Interest is not calculated on outstanding balances at year end that are normal accounts receivable or accounts payable. Current assets are included in the ordinary evaluation of bad debt.

NOTE 16 BANK DEPOSITS

The Group's tied deposits total NOK 38.9 million (NOK 31.5 million) on which tax is withheld.

NOTE 17 ENVIRONMENTAL CONDITIONS

All of the company's vessels comply with current environmental requirements. In 2013, none of the company's vessels had conditions imposed on them for upgrading or improving technical equipment or any other measures necessary to satisfy current environmental standards.
The company's HSE and ISPS system complies with international regulations (IMO's International Safety Management Code). All vessels and our administration hold ISM certification from Det Norske Veritas or relevant Flag State. The company's Quality Assurance system is certified in accordance to NS-EN ISO 9001:2000.

NOTE 18 PAID OUT AND PROPOSED DIVIDEND

Approved and paid out during the year:	**2013**	**2012**	**2011**
Ordinary dividend	96 718	58 031	75 588
Proposed dividend at general meeting:	**2013**	**2012**	**2011**
Ordinary dividend	193 437	96 718	58 031
Per share (NOK)	5,00	2,50	1,50

NOTES

NOTE 19 OTHER LONG-TERM ASSETS

	2013	2012
Sellers credit	47 970	
Loan to other companies	2 182	2 315
Other receivables	31	147
Total other long-term assets	**50 183**	**2 462**

The loans are secured convertible loans. Interest rate during 2012 has been 2,6%.

NOTE 20 ACCOUNTS RECEIVABLE AND OTHER SHORT-TERM RECEIVABLES

	2013	2012
Accounts receivable	696 080	493 586
Receivable from associated and joint venture companies	11 766	24 455
Total accounts receivable	**707 846**	**518 041**
Prepaid expenses	13 490	8 572
VAT raceivable	1 131	670
Other short-term receivables	243 294	169 041
Receivable from associated and joint venture companies	9 737	21 356
Total short-term receivables	**267 653**	**199 640**

Other short-term receivables are mainly refundable insurance claims, accrued revenue and prepaid docking expenses.

NOTE 21 STOCK

Stock consists of provisions, bunkers and lube oil on the Group's vessels:

	2013	2012
Bunkers	36 423	36 394
Lube oil	15 516	20 344
Provisions	9 170	10 141
Other	7 784	6 592
Total stock	**68 893**	**73 470**

NOTE 22 OTHER CURRENT LIABILITIES

Other current liabilities consist mainly of accrued interests and provision for planned periodic maintenance at year end.

NOTE 23 RESTATED COMPARATIVE FIGURES IN THE BALANCE SHEET

According to revised IAS 19 - Employee benefits the "corridor mechanism" is not allowed from January 1st, 2013. Unrecognized actuarial loss, NOK 107 million, is charged to equity with retrospective effect as per 1 January 2012. Comparative figures for 2012 are changed accordingly. The effects on the 2012 accounts are shown below.

PROFIT & LOSS	
Personnel costs	-3 875
Net profit for the year	3 875
Actuarial loss	-33 539
Comprehensive income	37 414

BALANCE	
Deferred tax asset	-16 934
Ohter equity	-39 579
Pension obligation	56 513

NOTE 24 SUBSEQUENT EVENTS

In the first quarter Solstad Offshore ASA has signed a Letter of Intent with a major international offshore contracting company to construct and operate a large subsea construction vessel. The intention is that the client will charter the vessel for a period of 8 years firm, in addition to 3 x 1 yearly options. Expected delivery of the vessel is 2nd quarter 2016.

CORPORATE ACCOUNTS

FOR SOLSTAD OFFSHORE ASA (PARENT COMPANY)

NORMAND CARRIER on assignment in the USA. In the background, New York's famous skyline one year before the collapse of the World Trade Centre.

PROFIT AND LOSS ACCOUNT

1.1 - 31.12

PARENT COMPANY **(NOK 1.000)**

	Notes	2013	2012
Other operating income		1 949	1 900
Total operating income		**1 949**	**1 900**
Personnel costs	4	-6 642	-6 058
Other operating expenses	4	-8 984	-9 460
Total operating costs		**-15 626**	**-15 518**
Operating loss		**-13 677**	**-13 618**
Interest income from companies in the Group		35 379	28 241
Other interest income		1 321	2 000
Other financial income	5	397 933	357 094
Interest costs from companies in the Group		-2 118	-3 174
Other interest charges		-98 618	-109 486
Other financial charges	5,7	-11 422	-18 558
Net financing		**322 475**	**256 118**
Ordinary profit before taxes		**308 799**	**242 500**
Tax on ordinary result	10	-52 397	20 695
Net profit for year		**256 402**	**263 195**
Transfers and disposable income			
Dividends	11	193 437	96 718
Transfer from other equity	11	62 965	166 477
Total transfers and disposable income		**256 402**	**263 195**

BALANCE SHEET

PARENT COMPANY **(NOK 1 000)**

	Notes	31.12.2013	31.12.2012
ASSETS			
Fixed Assets			
Intangible fixed assets			
Deferred tax asset	10	9 443	61 840
Financial fixed assets			
Investments in subsidiaries	6	3 709 592	3 657 082
Loan to companies in the Group	9	786 693	649 756
Investment in jointly-owned companies	7	198 870	175 538
Investment in associated companies	7	29 367	29 367
Other long-term receivables	8	22 032	49 639
Total financial fixed assets		**4 746 553**	**4 561 381**
Total fixed assets		**4 755 996**	**4 623 221**
Current assets			
Receivables			
Other short-term receivables	9	55 748	85 203
Bank deposits and cash equivalents		**61 924**	**10 700**
Total current assets		**117 673**	**95 902**
TOTAL ASSETS		**4 873 669**	**4 719 123**

BALANCE SHEET

PARENT COMPANY (NOK 1 000)

	Notes	31.12.2013	31.12.2012
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital (37.794.160 at NOK 2.00)		77 375	77 375
Treasury shares		-484	-40
Share premium		112 367	112 367
Other paid-in capital		111 648	111 648
Total restricted equity	**11**	**300 906**	**301 350**
Earned equity			
Other equity	11	2 777 560	2 741 623
Total earned equity		**2 777 560**	**2 741 623**
Total equity	**11**	**3 078 466**	**3 042 973**
Liabilities			
Provisions			
Other provisions	16	21 018	21 018
Total provisions		**21 018**	**21 018**
Other long-term liabilities			
Debt Group companies	9	25 095	72 603
Bond Loan	17	1 400 000	1 400 000
Total long-term liabilities		**1 425 095**	**1 472 603**
Current liabilities			
Accounts payable	9	12 633	12 299
Bank overdraft		90 933	64 938
Dividends	11	193 437	96 718
Other current liabilities		52 087	8 575
Total current liabilities		**349 090**	**182 530**
Total liabilities		**1 795 203**	**1 676 150**
TOTAL EQUITY AND LIABILITIES		**4 873 669**	**4 719 123**
Guarantees etc.	14		

Skudeneshavn, March 28, 2014

Harald Eikesdal
Chairman

Terje Vareberg
Director

Toril Eidesvik
Director

Anette Solstad
Director

Ketil Lenning
Director

Lars Peder Solstad
Managing Director

STATEMENT OF CASH FLOW

1.1 - 31.12

PARENT COMPANY		(NOK 1 000)	
		2013	2012
CASH FLOW FROM OPERATIONS			
Profit/loss before taxes		**308 799**	**242 500**
Unrealised currency gain/loss		40 080	-18 513
Change in short-term receivables/payables		335	5 291
Change in other accruals		72 967	1 404
Net cash flow from operations	**(A)**	**422 180**	**230 682**
CASH FLOW FROM INVESTMENTS			
Disposal of bonds			
Investments in shares		-75 917	-183 831
Payment of long-term receivables		-158 016	-4 514
Net cash flow from investments	**(B)**	**-233 858**	**-188 345**
CASH FLOW FROM FINANCING			
Payment of dividends		-96 705	-57 993
Purchase and sale of treasury shares		-27 485	1 844
Bank overdraft		34 601	-37 177
New/ repayment of (-) long-term debt		-47 508	48 621
Net cash flow from financing	(C)	-137 097	-44 706
Net change in cash and cash equivalents	(A+B+C)	51 225	-2 369
Cash and cash equivalents at 01.01		10 700	13 069
Cash and cash equivalents at 31.12	**(Note 15)**	**61 924**	**10 700**

NORMAND PIONEER - 27 800 hp, 5 000 dwt, built in 1999.

LISTING ON THE STOCK EXCHANGE

Solstad invited investors to join in all the owner's offshore activities starting in 1997. Deputy CEO Mr Sven Stakkestad, who has been with the company since 1981, explains the listing in 1997 like this:

We operated 6-7 partnerships for a fleet of 12-14 boats. In order to renew the fleet - which we had to do if we were to keep in business - there was nothing else for it but to radically rationalise our organisation. With listing in mind as a welcome source of risk capital, it was absolutely essential to gather all shipping activities in the one leading company.

Once again, Solstad won the confidence of investors. There is no other way to describe it. The market value of the business up for listing had been estimated at 900 million kroner, and investors were asked to supply an extra 310.5 million of fresh capital. In fact the issue was oversubscribed seven times, by almost 7 billion kroner!

It is hard to imagine a better report card for Johannes Solstad after 33 years of operation.

NOTES

NOTE 1 ACCOUNTING PRINCIPLES

GENERAL
The annual accounts have been prepared in accordance with the Accounting Act and best practice accounting principles in Norway. The most important accounting principles are described below.

USE OF ESTIMATESR
In the preparation of the accounts, estimates and assumptions are used which affect the accounts. Actual figures may differ slightly from the estimates.

FOREIGN CURRENCY
Monetary items in foreign currency are converted at the exchange rate at the balance sheet date.
The following exchange rates have been used in the accounts:

	GBP	USD	Euro
Pre 31.12.12	8,9958	5,5664	7,3410
Per 31.12.13	10,053	6,0837	8,3825

COST OF BORROWING
The cost of borrowing is capitalized at the time of borrowing and the cost is charged over the maturity period of the loan.

EVALUATION AND PRESENTATION OF CURRENT ASSETS
Stocks are valued as the lowest of either the acquisition or the estimated sales value.
Receivables are posted at face value with deduction for anticipated loss.

FINANCIAL FIXED ASSETS
Long-term investment in shares and other investments are valued at the lowest of either the acquisition cost or the estimated sales value if the reduction in the sales value is not considered temporary.

TAXES / DEFERRED TAX
Deferred tax/ deferred tax assets are calculated, using the liability method, at 27% based on temporary differences between the accounting and tax-related values existing at the end of the financial year and any tax deficits are carried forward.
Temporary tax increases and decreases are recorded in the balance sheet as net figures.

CLASSIFICATION OF ITEMS IN THE ACCOUNTS
Assets determined for long-term ownership or use and receivables which are due more than one year after the expiry of the financial year are posted as fixed assets. Any remaining assets are classified as current assets.

Liability which is due more than one year after the expiry of the financial year is posted as long-term debt.

CONTINGENCIES
Contingent losses that are probable and quantifiable are posted to the accounts, whilst contingent gain/income is not.

SHARES AND HOLDINGS IN OTHER COMPANIES
0Short-term investments related to shares are not treated as a trading portfolio and are valued at the lowest of cost price and market value.

SHARES IN SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY-OWNED COMPANIES
Shares in subsidiaries, associated and jointly-owned companies are posted in the parent company accounts at cost and written down to the extent that there is a significant deficit value which is not considered temporary.

TREASURY SHARES
Treasury shares are posted as a nominal value under the item "share capital". The difference between nominal and acquisition cost is entered as "other equity".

CASH FLOW
The Group applies the indirect method. Investment in shares and other liquid assets with maturity over three months are not included under cash equivalents.

NOTES

NOTE 2 MAJOR TRANSACTIONS/EVENTS

In June 2012 the company acquired shares in Ocean Solstad AS and Ocean Solstad Operation AS. Ownership in the two companies is 8% and 30%.
In July 2012 the company acquired shares in Normand Oceanic AS and Normand Oceanic Chartering AS. Ownership in the two companies is 50%.

NOTE 3 FINANCIAL RISK

The company is exposed to various financial risks in its activities. Financial risk is the risk incurred from any changes in currency and interest rates together with counter parties ability to pay, and which impacts the value of the company's assets, liabilities and future cash flows.

NOTE 4 OTHER EXPENSES, WAGES, EMPLOYEES AND DISTINCTIVE CONTRIBUTIONS

	2013	2012
Wages	5 144	4 472
Employer's National Insurance	810	732
Pension costs	221	193
Other benefits	230	424
Travelling costs, courses and other personnel costs	237	237
Total employee costs	**6 642**	**6 058**
Average number of employees	2	2

REMUNERATION TO DIRECTORS, MANAGING DIRECTOR AND AUDITORS

Charged cost during the year	Wages	Other benefits	Pension cost
Key employees:			
2013			
Lars Peder Solstad (man.dir)	2 151	184	67
Sven Stakkestad (dep.man.dir)	1 948	82	154
	4 099	**266**	**221**
2012			
Lars Peder Solstad (man.dir)	1 921	143	64
Sven Stakkestad (dep.man.dir)	1 798	73	128
	3 719	**217**	**193**

Board of Directors:	*Director's fee*
Harald Eikesdal, styreleder	325
Toril Eidesvik	200
Terje Vareberg	150
Anette Solstad	150
Ketil Lenning	150
Per Gunnar Solstad (deputy)	150

In 2013, NOK 482,282 is charged as auditors fees and NOK 338,674 relating to other non-audit related services.
Both amounts are exclusive VAT.
There are no distinctive agreements regarding remuneration for the Chairman of the Board and nor are there any distinctive bonus or or option programmes for any Board Member or Group Management. No loans have been given to key employees.
The Managing Director has an agreement that secures 12 months salary.

The employees are included in the Group's standard pension plan. Pension fund liability is posted in Solstad Management AS.

NOTES

NOTE 5 FINANCIAL ITEMS

Other financial income, totalling NOK 398 million includes guarantee commission of NOK 27 million, dividends from subsidiaries NOK 262 million, unrealized currency gain of NOK 53 million, income from investments in subsidiaries of NOK 3 million, and group contributions of NOK 52 million.
Comparative figures for 2012 of NOK 357 million includes guarantee commission of NOK 18 million, dividends from
Solstad Rederi AS of NOK 332 million, unrealized currency gain of NOK 4 million, income from investments in subsidiaries of NOK 2 million, and and group contributions of NOK 2 million.
Other financial costs of NOK 11 million consist of realized currency loss.
Comparative figures for 2012 of NOK 18.6 was realized currency loss.

NOTE 6 SHARES IN SUBSIDIARIES

31.12.2013	Place of Business	Ownership	Number of Shares	Nominal Value	Share Capital	Cost price/ Book value
Solstad Shipping AS	Skudeneshavn	100 %	10 000	1 000	10 000	52 480
Solstad Rederi AS	Skudeneshavn	100 %	71 500	100	7 150	2 428 271
Solstad Operations AS	Skudeneshavn	100 %	30 000	1	30	10 030
Normand Drift AS	Skudeneshavn	100 %	150	1 000	150	150
Solstad Offshore UK Ltd	Aberdeen	100 %	11 000 100	GBP 1	GBP 11.000	145 284
Solstad Management AS	Skudeneshavn	100 %	2 000	1 000	2 000	10 000
Normand Skarven AS	Skudeneshavn	100 %	1	950 000	950	1 250
Solstad Brasil AS	Skudeneshavn	100 %	480	1 000	480	1 554
Normand Skarven KS	Skudeneshavn	69 %				35 350
Normand Ranger AS	Skudeneshavn	100 %	100	1 000	100	120
Solstad Offshore Asia Pacific Ltd	Singapore	100 %	20 000 000 000	(*)	USD 175.877	1 025 103
Total						**3 709 592**

31.12.2012	Place of Business	Ownership	Number of Shares	Nominal Value	Share Capital	Cost price/ Book value
Solstad Shipping AS	Skudeneshavn	100 %	10 000	1 000	10 000	10 000
Solstad Rederi AS	Skudeneshavn	100 %	71 500	100	7 150	2 428 271
Normand Drift AS	Skudeneshavn	100 %	150	1 000	150	150
Solstad Offshore UK Ltd	Aberdeen	100 %	11 000 100	GBP 1	GBP 11.000	145 284
Solstad Management AS	Skudeneshavn	100 %	2 000	1 000	2 000	10 000
Normand Skarven AS	Skudeneshavn	100 %	1	950 000	950	1 250
Solstad Brasil AS	Skudeneshavn	100 %	480	1 000	480	1 554
Normand Skarven KS	Skudeneshavn	69 %				35 350
Normand Ranger AS	Skudeneshavn	100 %	100	1 000	100	120
Solstad Offshore Asia Pacific Ltd	Singapore	100 %	20 000 000 000	(*)	USD 175.877	1 025 103
Total						**3 657 082**

(*) Singapore shares does not have nominal value.

NOTE 7 SHARES IN JOINTLY OWNED AND ASSOCIATED COMPANIES

Shares in jointly owned and associated companies

	Place of	Owner-	Number of		Equity	Result
		Business	ship	Shares	Nominal Value	31.12.13 (100%)
2013 (100%)NISA Inc. (FKV)	Marly (Switzerland)	50 %	501	25 038	50 893	49 382
Normand Oceanic AS (FKV)	Karmøy	50 %	112 134 346	173 808	357 256	64 274
Normand Oceanic Chartering AS (FKV)	Karmøy	50 %	15 000	23	2 948	1 901
Total				**198 870**	**411 097**	**115 557**
Deep Well AS (TS)	Haugesund	39 %	94 817	19 367	54 061	19 923
Ocean Solstad AS (TS)	Stavanger	8% (*)	166 004	9 911	136 191	-49
Ocean Solstad Operation AS (TS)	Stavanger	30 %	1 483	89	269	-1
Total				**29 367**	**190 521**	**19 872**

(*) The company is deemed to be an associated company even though owner share is only 8%, based on representation in Board of Directors and future options for shares.

NOTES

NOTE 8 OTHER LONG TERM ASSETS

Other long term assets include:

	31.12.2013	31.12.2012	Interest
Shareholders loan NISA SA	9 218	25 855	2,26 %
Shareholders loan Normand Oceanic AS		7 089	4,15 %
Loan to DeepWell AS	6 443	6 074	6% - fast
Posted financial cost	6 371	10 621	
Total	**22 032**	**49 639**	

The loans are convertible subordinated loans.

NOTE 9 INTER COMPANY GROUP

Solstad Offshore ASA had the following receivables/debt from companies in the Group:	31.12.2013	31.12.2012	Interest
Solstad Cable (UK) Ltd	43 454	38 888	1,63 %
Solstad Offshore (UK) Ltd		175 849	2,73 %
Normand Ranger AS	264 269	234 452	6mths NIBOR + 5%
Normand Drift AS		3 465	6 mths NIBOR + 1,5%
Solstad Brasil AS	68 052	53 826	6 mths NIBOR + 5,75%
Trym Titan AS	190 357		6 mths LIBOR + 2,5%
Solstad Offshore Asia Pacific Ltd	94 562	60 386	5,00 %
Norce Offshore LTD	125 999	82 890	5,00 %
Inter company loans	**786 693**	**649 756**	
Solstad Shipping AS	42 480	81 506	
Solstad Operations AS	1 236		
Solstad Management AS	8 705	2 242	
Other current assets	**52 421**	**83 748**	
Solstad Rederi AS	25 095	72 603	6 mths NIBOR + 3,75%
Inter company loans	**25 095**	**72 603**	
Solstad Shipping AS	-9 954		
Solstad Management AS	-2 679	-12 299	
Trade account payable	**-12 633**	**-12 299**	

Group receivables, due more than one year after expiry of the financial year, are around NOK 786 million.

NOTES

NOTE 10 TAX	**2013**	**2012**
Taxable income		
Result before tax	308 799	242 500
Changes in temporary differences	-659	2 821
Permanent differences	156	385
Share of result in limited partnerships	1 400	6 095
Dividends/ repayments from limited partnerships	-2 765	-1 383
Dividend received- (participation exemption method)	-262 244	-331 462
3% taxable dividend		
Loss sale of shares	-9	2
Used of loss carry forward	-44 678	
Taxable income		**-81 041**
Tax payable		
Change in deferred taxes	52 397	-20 695
Tax on ordinary result	**52 397**	**-20 695**
Shares/ownership (current assets)	949	290
Long term receivables	-2 000	-2 000
Unrecovered loss carried forward	-184 420	-229 098
Total temporary differences	**-185 471**	**-230 807**
Calculated deferred tax asset	50 077	64 626
Unrecognized part of deferred tax asset	-40 634	-2 786
Booked deferred tax asset	**9 443**	**61 840**
Analysis of effective tax rate:		
28% of Profit before Tax	86 464	67 900
Tax effect of dividends and gain/ loss sale of shares	-76 599	-91 489
Effect of change in tax rate (27% vs 28%)	1 855	0
Deferred tax asset not recognised	40 634	2 786
Tax effect of permanent differences	44	108
Estimated tax	**52 397**	**-20 695**

Provisions for deferred tax are posted for accounting position where a future realization will result in payable taxes.

NOTES

NOTE 11 EQUITY, SHAREHOLDERS AND TREASURY SHARES

	Share Capital	Treasury shares	Share premium reserve	Other paid-in equity	Other Equity	Total Equity
Equity 31.12.2012	77 375	-11	112 367	111 648	2 741 594	3 042 973
Purchase/ sale of treasury shares		-473			-27 011	-27 485
Unallocated dividend on treasury shares					13	13
Annual result					256 402	256 402
Allocated dividend					-193 437	-193 437
Equity 31.12.2013	**77 375**	**-484**	**112 367**	**111 648**	**2 777 560**	**3 078 466**

At 31.12.13, the Company's share capital represents 38,687,377 shares at NOK 2. The number of shareholders at 31.12.11 was 2,891.
The Board have the power of attorney to implement a capital appreciation of up to 140,000 shares at NOK 2 for employees of the Group.
Furthermore, the Board has power of attorney to increase the share capital by NOK 4 million by issuing 2 million shares.
The Board also have the power of attorney to acquire treasury shares limited to 10% of share capital. This power of attorney is retained until the next General Meeting.
Aksjonærer med større enn 1% eierandel pr. 31.12.2013:

	Number of shares	Ownership
Soff Holding AS	13 906 506	35,95 %
Ivan II AS	2 358 158	6,10 %
Pareto Aksje Norge	2 244 368	5,80 %
Skagen Vekst	1 938 650	5,01 %
Solstad Invest AS	1 861 604	4,81 %
Fidelity Low-Priced Stock Fund	1 150 000	2,97 %
Odin Offshore	1 035 204	2,68 %
Pareto Aktiv	945 018	2,44 %
Skips AS John	638 757	1,65 %
Solhav Invest X AS	563 080	1,46 %
Vindbalen AS	540 375	1,40 %
MP Pensjon PK	535 355	1,38 %
Banque Int. Luxemburg SA	468 487	1,21 %
Pareto Verdi	451 591	1,17 %
	28 637 153	74,02 %

BOARD OF DIRECTORS AND MANAGING DIRECTORS SHARE INTEREST IN THE COMPANY

In accordance with the definition in corporation law, the Directors had the following holdings at 31.12.13:

Harald Eikesdal	0	shares
Toril Eidesvik	0	shares
Terje Vareberg	0	shares
Anette Solstad	56 402	shares
Ketil Lenning	0	shares

The Managing Director Lars Peder Solstad controlled 540.475 shares at 31.12.2013.
The Deputy Managing Director Sven Stakkestad owned 2,900 shares at 31.12.2013. The company's auditor does not hold shares in the company.

Pr 31.12.2013 the company has acquired 241,922 treasury shares at a cost price of NOK 28.2 million.

NOTE 12 EARNINGS PER SHARE

In 2013, earnings per share was NOK 6.67. The equivalent value in 2012 was NOK 6.80.
Earnings per share is calculated by dividing the Group result by the average number of shares, adjusted for the stock of treasury shares.
There are no instruments that allow the possibility of dilution.

NOTES

NOTE 13 TRANSACTIONS WITH RELATED PARTIES

Related parties are considered to be Board Members (including associated companies) and the company management.
There are no management agreements with related parties outside the Group that charge management fees.
Inter-company debt/receivables are interest-bearing.

NOTE 14 GUARANTEES

Solstad Offshore ASA has placed the following guarantees (NOK million):

Solstad Offshore UK Ltd	265	- for purchase of vessels
Solstad Offshore Service Vessel UK Ltd	382	- for purchase of vessels
Trym Titan AS	302	- for purchase of vessels
Solstad Offshore Asia Pacific Ltd	1.637	- for bare-boat rental and purchase of vessels
ADSI Inc	45	- for financial lease of vessels
Deep Well AS	52	- for financing of fixed assets
Normand Ranger AS	252	- for purchase of vessels
Normand Oceanic AS	425	- for purchase of vessels

NOTE 15 ADDITIONAL INFORMATION RELATING TO CASH FLOW

The Group utilizes the indirect method. Investment in stocks and shares with a maturity of more than three months are not included in the cash equivalents.

NOTE 16 PROVISIONS

In relation to the increased ownership in Solstad Offshore Asia Pacific Ltd a parent company guarantee was issued for parts of the company's external debt. The guarantee was included in the calculation of the cost price for the new shares. The estimated future guarantee obligation is accounted for as a provision.

NOTE 17 BOND LOAN

The company has issued the following bond loans:	Book value	Book value	
	31.12.2013	31.12.2012	Maturity
SOFF02	700 000	700 000	12/2014
SOFF03	700 000	700 000	02/2016
	1 400 000	**1 400 000**	

Building a better working world

Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6, NO-0191 Oslo
Oslo Atrium, P.O.Box 20, NO-0051 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00
Fax: +47 24 00 29 01
www.ey.no
Medlemmer av den norske revisorforening

To the Annual Shareholders' Meeting of
Solstad Offshore ASA

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of Solstad Offshore ASA, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the balance sheet as at 31 December 2013, the statements of income and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information. The financial statements of the Group comprise the balance sheet as at 31 December 2013, the statements of comprehensive income, cash flows and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Chief Executive Officer's responsibility for the financial statements

The Board of Directors and Chief Executive Officer are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the Parent Company and the International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as the Board of Directors and Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

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Opinion on the financial statements of the Parent Company

In our opinion, the financial statements of Solstad Offshore ASA have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the Group

In our opinion, the financial statements of the Group have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and the proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the Board of Directors and Chief Executive Officer have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Oslo, March 28, 2014
ERNST & YOUNG AS

Asbjørn Rødal
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)

NORMAND OCEANIC - 26 000 hp, 11 300 dwt, built in 2011.

▸ SUBSEA TRANSFORMATION

When Solstad went to the market in autumn 1997, the prospects of the subsea business were in the back of his mind. Coflexip-Stena had announced that it needed a vessel that could plough the seabed. Solstad could commence the contract with an anchor handling tender, the Normand Atlantic, but some of the capital obtained from the market would be used to finance a new multi-functional offshore tender, the Normand Pioneer. Somewhat later, her sister, Normand Progress, was concluded on speculation. Both tenders were delivered in 1999, incidentally the same year that Lars Peder Solstad took over the helm from his father as CEO for the operating company. In 2002, Lars Peder took over as CEO of Solstad Offshore.

The subsea transformation was the second major transformation in Solstad's history, the first being the early commitment to oilfield supply boats in the North Sea in 1973-74.

From the late 90s until the present the flow of revenues that Solstad Offshore earns from the subsea market has gone from zero to roughly 50 per cent. The fleet that engages in subsea construction is now 20 or so units strong. Solstad Offshore under Lars Peder Solstad's management has become a robust, independent subsea operator with long-term contracts for most of the major players in the industry.

A SNAPSHOT
OF OUR YEAR

FEBRUARY

Solstad entered into a new contract with STX OSV AS for building of a construction service vessel (CSV) of type OSCV 03. The contract value is around NOK 600 million and she will be delivered during 2nd quarter 2014. Simultaneously Solstad signed a 5 year firm charter agreement for the vessel with Reach Subsea ASA, starting from delivery from the shipyard. In addition, the charterer has option to extend the contract with further 3 x 1 year. The value of the firm part of the contract is approximately NOK 650 mill. The vessel will be equipped with a subsea crane with 250 ton lifting capacity and a cabin capacity of 100 persons. The vessel is designed according to the latest environmental standards with focus on low fuel consumption, and precautions in accordance with the Det Norske Veritas' Clean Design requirements are incorporated in the design.

The company entered into a new contract with Statoil for hire of the anchor handling vessel (AHTS) "Normand Ferking" The duration of the new contract is firm for 3 years. In addition Statoil has the option to extend with further 3 yearly options. As a part of the agreement, Solstad shall supply ROV services from "Normand Ferking". Agreement has been reached with DeepOcean AS for this service.

MARCH

Global Industries Offshore L.L.C, a company owned by Technip, exercised their option to extend the contract for the construction vessel "Normand Commander" with one year from June 2013. Technip has option to extend the contract with further 2 x 1 year option after expiry of the firm contract.

At the same time, the company signed a contract with GSP Antares Limited (GSP) were GSP will bareboat charter the 1985 built AHTS "Normand Mjolne" for a period of 2 years. Thereafter GSP has an obligation to purchase the vessel at a pre-agreed price.

Further Solstad entered into contracts for three of the companies Platform Supply vessels (PSV). "Normand Arctic" is chartered to BG Norge Ltd for a period of 2 years firm, with an option for the charterer to extend the contract by 1 additional year. "Normand Skipper" is chartered to Halliburton, for well stimulation work, for a period of approximately 5 months. The Charterer has options to extend for further 5 months. "Normand Corona" is chartered to Shell Norway for a period of 4 months. The Charterer has an option to extend for further 2 months.

Saipem Ltd has declared their option to extend the contract for the construction vessel "Normand Cutter" with 1 year from May 2013. This is the first of a total of three yearly options.

APRIL

Solstad has been awarded two new contracts by Petrobras for hire of the PSV's "Normand Vibran" and "Normand Trym". The duration of the new contracts are 4 years each. with an option to extend the contracts with further 4 years. In addition, the present contracts the vessels have with Petrobras, will be extended with about 120 days each. Giving a total new firm contract period of 4 years and 4 months per vessel. The combined value of the contracts is approximately Nok 500 mill

JUNE

The company signed a new contract with Oceaneering International Inc for hire of offshore construction vessel "Normand Flower". The duration of the contract is firm for 3 years with further 3 yearly options. Commencement is directly after completion of present charter, during fourth quarter of 2013.

JULY

Solstad extended its contract with BG Tunisia for hire of anchor handling vessel "Nor Star". The duration of the new contract is 2 years firm and with one yearly option.

In addition the contract with Efadco Petrolcum Services Co for hire of the AHTS "Nor Chief" was extended. The duration of the new contract is 8 months firm, and with one yearly option. Furthermore Anadarko declared a 3 months option for rental of AHTS Nor Tigerfish and "Nor Captain" is contracted to Benthic Geotech Pty for a shorter period in Australia, both commencing during August 2013.

AUGUST

Solstad acquired the CSV "Normand Clough" in connection with the division of Rem Offshore ASA. The vessel has from delivery been engaged on a long term contract with SapuraClough Offshore Pty Ltd. In the charterparty SapuraClough had the option to purchase the vessel after 5 years. - The transaction results in a limited net accounting effect for Solstad but will have a positive cash effect of approx. NOK 200 mill.

The board of directors of Solstad Offshore ASA decided to carry out a share buy-back program of up to 385,000 treasury shares in accordance with the authorisation given by the Company's General Meeting in May 2013, corresponding to 1% of the issued shares in the Company.

Subsea 7 declared their option to extend the contract for the construction vessel "Normand Subsea" with one year from March 2014. This is the first of a total of four yearly options.

SEPTEMBER

The company entered into a new long term contract with Petrobras for the AHTS "Normand Drott". The duration of the contract is 4 years firm and has a value of about NOK 330 mill.

Solstad signed a contract with Chevron Offshore (Thailand) Ltd, Chevron Thailand Exploration and Production Ltd and Chevron Pattani Ltd (together "Chevron") in Thailand utilising its DLB "Norce Endeavour" for their annual campaigns. DLB "Norce Endeavour" will install multiple new wellhead platforms for Chevron in the Gulf of Thailand. The contract is firm for the 2014 campaign, with options for the 2015 and 2016 campaigns. Including mobilisation, demobilisation and transit the estimated annual utilisation of the Norce Endeavour will be in the range to 60 – 100 days depending on the number of platforms to be installed. Solstad will provide project management, engineering, procurement and logistics to support the DLB installation and construction scope of work through its "DLB Marine Projects group" in the Singapore office.

OCTOBER

Solstad signed a new contract with Constructora Subacuatica Diavaz S.A de D.V for the charter of the CSV "Normand Fortress". The duration of the contract is 2 years firm and will commence in direct continuation of present contract with same client, in March 2014.

NOVEMBER

The sale and delivery of the "Normand Clough" was completed.

DECEMBER

The company entered into a contract with Ceona, where Ceona charter the CSV "Normand Pacific" for a period of 1 year firm with an additional 1 year option. The contract commences in April 2014.

The owners of DeepWell AS, where Solstad have an ownership share of some 40%, entered into a cooperation agreement with HitecVision AS to enable further development of the company. DeepWell will - do a share issue towards Hitec Vision of NOK 285 mill. The share issue is based on an enterprise value of NOK 400 mill. Solstad's ownership share in DeepWell after the share issue will be in excess of 20%.

THE FLEET

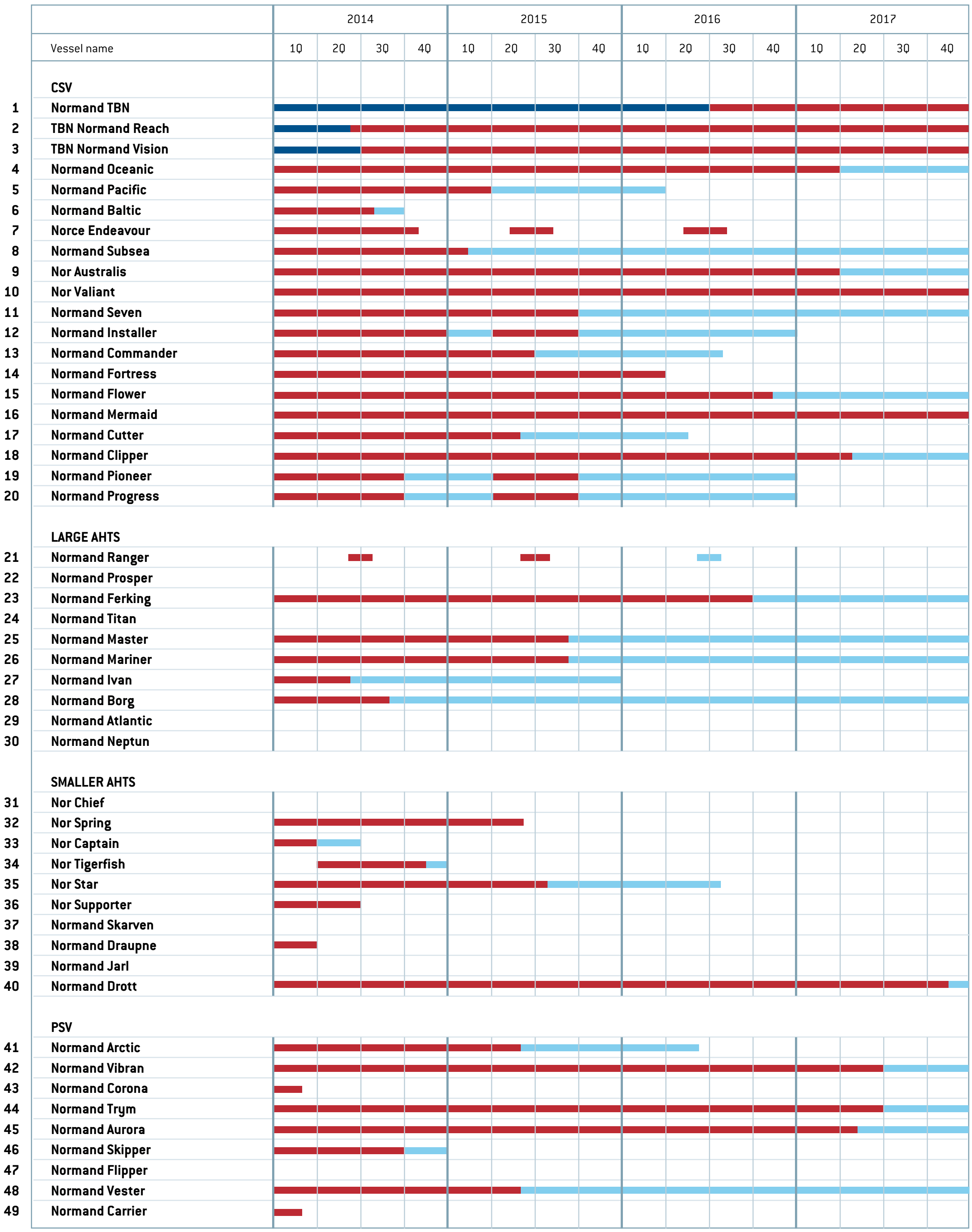
PER APRIL 2013

		Built year	HP	DWT	Deck m²	Winch power	Bollard pull	A-frame Cap. t.	Constr. crane t.	DP class	Cabin cap.	Dry bulk	Other equipment
	CSV												
1	**Normand TBN**	2016	39 600	16 500	2 500				600	3	180		
2	**TBN Normand Reach**	2014	20 944	4 750	1 300				250	3	100		
3	**TBN Normand Vision**	2014	28 200	12 000	2 100				400	3	140		
4	**Normand Oceanic**	2011	26 000	11 300	2 100				400	3	140		
5	**Normand Pacific**	2010	20 560	4 500	1 000				200	3	120		
6	**Normand Baltic**	2010	12 000	4 100	1 000				100	2	69		
7	**NorCE Endeavor**	2011	N.A.	18 000	3 300				1100		280		5
8	**Normand Subsea**	2009	21 000	6 100	750				150	2	90		
9	**Nor Australis**	2009	5 500	2 500	780				70	2	120		1,4
10	**Nor Valiant**	2008	5 500	3 100	700				50	2	120		1
11	**Normand Seven**	2007	26 000	10 000	2 000				250	3	100		
12	**Normand Installer**	2006	31 500	8 600	1 300	500	308	350	250	3	102		
13	**Normand Commander**	2006	10 197	4 305	800				100	2	100		
14	**Normand Fortress**	2006	10 197	4 300	800				140	2	100		
15	**Normand Flower**	2002	10 600	4 500	960				150	3	85		2
16	**Normand Mermaid**	2002	11 000	4 000	780				100	3	69		2
17	**Normand Cutter**	2001	22 000	10 000	1 800		120	60	300	2	102		
18	**Normand Clipper**	2001	22 000	10 000	1 800		120	60	250	2	114		
19	**Normand Pioneer**	1999	27 800	5 000	1 000	500	286	150	140	2	75		
20	**Normand Progress**	1999	27 800	5 000	1 000	500	304	250	100	2	70		
	LARGE AHTS												
21	**Normand Ranger**	2010	28 000	4 250	750	500	280			2	60	X	1,2,3
22	**Normand Prosper**	2010	32 000	5 000	800	500	338			2	70		
23	**Normand Ferking**	2007	20 000	5 000	700	500	250			2	32	X	1,2,3
24	**Normand Titan**	2007	16 092	2 600	510	400	187			2	28	X	
25	**Normand Master**	2003	23 500	3 700	600	500	282	150*		2	52		2
26	**Normand Mariner**	2002	23 500	3 700	600	500	282	150*		2	52		2
27	**Normand Ivan**	2002	20 000	4 140	600	500	240	250*		2	52	X	1,2
28	**Normand Borg**	2000	16 800	2 873	570	500	202			1	35	X	2
29	**Normand Atlantic**	1997	19 400	4 200	560	500	220			2	50	X	1,2,3
30	**Normand Neptun**	1996	19 400	4 200	560	500	222			2	40	X	1,2,3
	SMALLER AHTS												
31	**Nor Chief**	2008	10 800	2 100	450	300	140			2	40	X	1
32	**Nor Spring**	2008	8 000	2 600	500	200	111	50	20	2	60	X	1
33	**Nor Captain**	2007	10 880	2 300	450	300	143			2	40	X	1
34	**Nor Tigerfish**	2007	5 500	1 650	475	150	70	50	30	2	60	X	1
35	**Nor Star**	2005	5 500	1 860	475	150	71			2	42	X	1
36	**Nor Supporter**	2005	8 000	1 810	475	200	93			2	42	X	1
37	**Normand Draupne**	1985	18 000	2 500	590	300	170			2	16	X	1,2,3
38	**Normand Jarl**	1985	12 000	2 000	536	300	150			1	35	X	1,2,3
39	**Normand Skarven**	1986	13 000	2 500	570	250	156			2	21	X	1,2,3
40	**Normand Drott**	1984	12 000	2 000	536	300	148			-	30	X	1,2,3
	PSV												
41	**Normand Arctic**	2011	10 500	4 900	1 000					2	28	X	2,3
42	**Normand Vibran**	2008	5 310	3 240	680					2	18	X	
43	**Normand Corona**	2006	8 931	4 100	941					2	24	X	
44	**Normand Trym**	2006	5 310	3 240	680					1	16	X	
45	**Normand Aurora**	2005	10 000	4 900	960					2	25	X	
46	**Normand Skipper**	2005	9 500	6 400	1 220					2	23	X	2,3
47	**Normand Flipper**	2003	9 000	4 500	960					2	17	X	2
48	**Normand Vester**	1998	10 300	4 590	956					2	37	X	2,3
49	**Normand Carrier**	1996	10 300	4 560	956					2	37	X	2,3

Explanation:
1) Firefighting / Fi-Fi
2) Oil resque
3) Standby / Resq
4) Diving system
5) 150 T pipelay system for 48" pipes
* A-Frame shared

CONTRACT COVERAGE

PER APRIL 2014



Some of the charterparties include clauses which under certain conditions gives the charter the right to cancel.

Contract
Charters option
Under construction

SOLSTAD OFFSHORE ASA

HEAD OFFICE:

SOLSTAD OFFSHORE ASA
Nesavegen 39, 4280 Skudeneshavn
Postboks 13, 4297 Skudeneshavn, NORWAY
Tel: +47 52 85 65 00. Fax: +47 52 85 65 01
Mail: firmapost@solstad.no

BRANCH OFFICES:

SOLSTAD OFFSHORE (UK) LTD.
3rd. Floor, Salvesen Tower
Blaikies Quay, Aberdeen AB 11 5PW, UNITED KINGDOM
Tel: +44 1224 560 280. Fax: +44 1224 560 281
Mail: office@solstad.co.uk

SOLSTAD OFFSHORE LTDA.
Rua Lauro Muller 116, Suite 2401 - Torre do Rio Sul
Botafogo, Rio de Janeiro - RJ, 22290-160 BRASIL
Tel: +55 21 3544-0040/41. Tel: +55 21 8176-3180
Mail: post@solstad.com.br

SOLSTAD OFFSHORE ASIA PACIFIC LTD.
1A International Business Park #06-01,
SINGAPORE 609923
Tel: +65 6319 8799. Fax: +65 6319 8783
Mail: soap.reception@solstad.sg

SOLSTAD OFFSHORE PTY LTD.
Level 1, Colord House, 33 Colin Street,
West Perth, AUSTRALIA 6005
Tel: +61 8 9481 0161

SOLSTAD OFFSHORE CREWING SERVICES PHILIPPINES, INC.
3rd Floor Volvo Building, 2272 Chino Roses Ave.,
Makati City, Philippines 1232
Tel: +63 2 4641400
Mail: soph.crewing@solstad.ph

www.solstad.no

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