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Lauritzen Offshore Services A/S

Annual report 2013

The annual report has been presented and approved at the Company's annual general meeting

On_____ 20_____

_____

chairman

CVR no. 32 36 47 13
372844 / CW

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Contents

Statement by the Board of Directors and the Executive Board 2

Independent auditors' report 3

Management's review 4
Company details 4
Operating review 5

Financial statements for the period 1 January - 31 December 6
Accounting policies 6
Income statement 10
Balance sheet 11
Notes to the financial statements 13

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Lauritzen Offshore Services A/S for the financial year 1 January - 31 December 2013.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2013 and of the results of the Company's operations for the financial year 1 January - 31 December 2013.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 24 April 2014
Executive Board:

Erik Donner

Board of Directors:

Jan Kastrup-Nielsen
Chairman

Birgit Aagard-Svendsen

Erik Bierre

Independent auditors' report

To the shareholder of Lauritzen Offshore Services A/S

Independent auditors' report on the financial statements

We have audited the financial statements of Lauritzen Offshore Services A/S for the financial year 1 January - 31 December 2013. The financial statements comprise accounting policies, income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to 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 auditors' judgement, 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 auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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 Company'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 opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2013 and the results of its operations for the financial year 1 January - 31 December 2013 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 24 April 2014
KPMG
Statsautoriseret Revisionspartnerselskab

Henrik Kronborg Iversen
State Authorised
Public Accountant

Carsten Kjær
State Authorised
Public Accountant

Management's review

Company details

Lauritzen Offshore Services A/S
c/o J. Lauritzen A/S
Sankt Annæ Plads 28
DK-1291 København K

Telephone:	+45 33 96 80 00
Fax:	+45 33 96 80 01

CVR no.:	32 36 47 13
Established:	19. august 2009
Established:	19 August 2009
Registered office:	Copenhagen
Financial year:	1 January - 31 December

Board of Directors

Jan Kastrup-Nielsen (Chairman)
Birgit Aagard-Svendsen
Erik Bierre

Executive Board

Erik Donner

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Osvald Helmuths Vej 4
DK-2000 Frederiksberg

Management's review

Operating review

Principal activities of the Company

The Company's principal activity comprises technical management for vessels in the offshore sector.

Development in activities and financial position

2013 saw a loss after tax of USD 2,129 thousand (2012: a loss of USD 2,647 thousand).

At year end 2013, equity amounted to USD 305 thousand (2012: USD 2,435 thousand).

Management considers the loss for the year unsatisfactory.

Financial statements for the period 1 January - 31 December

Accounting policies

The annual report of Lauritzen Offshore Services A/S for 2013 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All costs, including depreciation, amortisation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortisation of any difference between cost and nominal amount.

In recognising and measuring assets and liabilities, any predictable losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by ordinary depreciation or amortisation. If this is the case, write-down is made to the recoverable amount.

For transactions on the international markets where Lauritzen Offshore Services A/S operates, USD is the functional currency. Lauritzen Offshore Services A/S has chosen to use USD as functional and presentation currency.

Financial statements for the period 1 January - 31 December

Accounting policies

Income statement

Revenue

Revenue primarily includes technical management fees accrued in the income statement.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance and pensions, and other social security costs, etc., for the Company's employees. Refunds received from public authorities are deducted from staff costs.

Financial income and expenses

Financial income and expenses comprise interest income and expense, realised and unrealised gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc. Financial income and expenses are recognised at the amounts relating to the financial year.

Tax on profit/loss

Tax for the year comprises income tax on shipping activities calculated in accordance with the provisions of the Danish Tonnage Tax Act, income tax on other activities calculated in accordance with ordinary tax rules and adjustments of deferred tax. Income tax is recognised in the income statement except for the tax expense relating to amounts directly recognised in equity, which, accordingly, are recognised in equity.

Lauritzen Offshore Services A/S is jointly taxed with the other danish subsidiaries of the Lauritzen Foundation.

Balance sheet

Receivables

Receivables are measured at amortised cost, which is in general equal to the nominal value. Write-down is made of the value for anticipated bad debt losses.

Prepayments, assets

Prepayments comprise costs incurred concerning subsequent financial years.

Financial statements for the period 1 January - 31 December

Accounting policies

Equity - dividends

The expected dividend payment for the year is disclosed as a separate item under equity.

Tax payable and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured on temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax base of tax loss carryforwards, are measured at the expected value of their realisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. A tax rate of 25% was used for the current year.

Liabilities

Liabilities are measured at amortised cost, corresponding to the nominal value.

Prepayments, equity and liabilities

Prepayments comprise revenue incurred concerning subsequent financial years.

Financial statements for the period 1 January - 31 December

Accounting policies

Foreign currency translation

Transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

If the currency position is considered a hedge of future cash flows, unrealised value adjustments are recognised directly in equity.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose is recognised in the income statement as financial income or financial expenses.

Non-current assets acquired in foreign currencies are translated at the exchange rate at the transactions date.

Financial statements for the period 1 January - 31 December

Income statement

USD'000	Note	2013	2012
Revenue		777	1.142
Administrative costs		-1.045	-1.852
Staff costs	1	-1.387	-2.657
Ordinary operating loss		-1.655	-3.367
Other financial income	2	63	49
Other financial expenses	3	-101	-229
Loss before tax		-1.693	-3.547
Tax on loss from ordinary activities	4	-436	899
Loss for the year		-2.129	-2.648
Proposed distribution of loss			
Retained earnings		-2.129	-2.648

Financial statements for the period 1 January - 31 December

Balance sheet

USD'000	Note	2013	2012
ASSETS			
Current assets			
Receivables			
Trade receivables		425	1.744
Amounts owed by group enterprises		3.898	4.551
Other receivables		63	455
Prepayments		12	95
Tax receivable		0	744
		4.398	7.589
Cash at bank and in hand		21	34
Total current assets		4.419	7.623
TOTAL ASSETS		4.419	7.623

Financial statements for the period 1 January - 31 December

Balance sheet

USD'000	Note	2013	2012
EQUITY AND LIABILITIES			
Equity	5		
Share capital		290	290
Retained earnings		15	2.144
Total equity		305	2.434
Liabilities			
Current liabilities			
Trade payables		155	402
Amounts owed to group enterprises		2.764	3.099
Tax payable		44	0
Other payables		1.151	1.688
		4.114	5.189
TOTAL EQUITY AND LIABILITIES		4.419	7.623

Contractual obligations and contingencies, etc.	6
Mortgages and collateral	7
Related party disclosures	8
Ownership structure	9

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1	**Staff costs**		
	Wages and salaries	1.266	2.442
	Pensions	117	208
	Other social security costs	4	7
		1.387	2.657
2	**Other financial income**		
	Financial income, group enterprises	62	0
	Other financial income	1	49
		63	49
3	**Other financial expenses**		
	Financial expenses, group enterprises	0	193
	Other financial expenses	101	36
		101	229
4	**Tax on loss from ordinary activities**		
	Provided for actual taxation	44	-744
	Adjustment to previous years' taxation	392	-155
		436	-899

5 Equity

USD'000	Share capital	Retained earnings	Total
Equity at 1 January 2013	290	2.144	2.434
Transferred, cf. distribution of loss	0	-2.129	-2.129
Equity at 31 December 2013	290	15	305

Changes in share capital for the past five years can be specified as follows:

USD'000	2013	2012	2011	2010	2009
Share capital 1 January	290	273	273	95	95
	0	17	0	178	0
Share capital 31 December	290	290	273	273	95

The authorised and issued share capital amounts to DKK 1.500.000 with shares of DKK 1.000 or multiples of this.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

6 Contractual obligations and contingencies, etc.

The Company is jointly taxed with the Danish subsidiaries of the Lauritzen Foundation. Together with the other companies included in the joint taxation, the Company has joint and several unlimited liability for Danish withholding taxes on dividends, interest and royalties.

The Company has no other contingent assets or contingent liabilities.

7 Mortgages and collateral

The Company has not issued mortgages or collaterals.

8 Related party disclosures

Related parties comprise the shareholder as described below and consolidated companies in the J. Lauritzen Group.

Other related parties with significant influence comprise the Company's Management.

9 Ownership structure

The following shareholder is registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

Lauritzen Offshore Pte. Ltd.
Singapore