Solvang ASA

ANNUAL REPORT
2013

INDUSTRY LEADING PROVIDER OF LPG AND PETROCHEMICAL TONNAGE.

From the CEO

2013 was an eventful year for the employees in Solvang with ten classification dockings, and two new VLGC deliveries from Hyundai in South Korea, in addition to designing and ordering three new LGC vessels, which are due in 2015. We have also made improvements to the existing fleet and we have implemented constructive changes in our organisation. The new vessel deliveries have been very successful; two modern ships with an environmental profile made for the future. Simultaneously, we have delivered our all time best quality result with only three observations per vetting inspection. This demonstrates a solid organisation and it is very gratifying that we can achieve improvements in such a challenging year. We are unhappy to report two injuries during 2013, thus increasing the frequency on the injuries statistics. Two injuries in the course of 3.3 million work hours is not a bad result. But it is two injuries too many, and this is something we will continue focusing on in 2014.

The profit after tax for the Solvang group was NOK 65.7 million, NOK 10 million up from 2012. Financial investments and tax are the main reasons for the positive results. The shipping activities submitted a weaker result in 2013, mainly due to lower earnings in the ethylene segment with low exports from our contract customers in the Middle East, and ten classification dockings.

Increase in newbuild orders

2013 will go down in the history books as a very busy year in the LPG segment. We have seen some major consolidations in the VLGC market, and new vessels are being ordered like never before. At the time of writing, 78 VLGCs have been ordered for delivery by end of 2016. This amounts to 50 % of today's fleet, a fact that raises some concern. The main reason for the increased activity and optimism in the market is American shale gas, which will multiply LPG export volumes several times compared to 2013. This increase, along with the new Panama Canal expansion, may increase the VLGC need for USA volumes from about 20 vessels to 80 vessels in 2015. This is a dramatic increase in both volume and number of vessels, but the present newbuild list is already enough to cover the increase, so there are reasons for concern in the VLGC market, especially after 2016. Solvang is well positioned in this market; our vessels differentiate themselves from competitors in terms of advantageous size and design, and by having exhaust gas cleaning technology that makes several of the vessels more efficient and running at a lower fuel cost.

Environmental technology for future requirements

2013 has also been an exciting and successful year for the Solvang new vessel philosophy. New requirements for the shipping industry will be implemented from 2015 and then again in 2020 and 2025. It has been very important for Solvang to find optimal solutions for our vessels and trade routes. LNG has been thoroughly analysed, but this is not the optimal solution for the kind of trade routes we do today or will do in the near future. We opted for an exhaust cleaning system that enables the vessel to run on heavy fuel oil, which is a solution with equal or even lower emissions and overall environmental performance compared to LNG. It was with great excitement that our first vessel with a complete exhaust cleaning system was delivered. The "Clipper Quito" was delivered from Hyundai in June 2013, and it is with great pleasure we report that the technology works well and the emission measuring results, both to air and water, are far better than required. The second VLGC delivered in 2013, "Clipper Posh", has the same exhaust cleaning system, as will the three LGCs due in 2015. In addition, the new VLGCs and LGCs have a new hull design, new technology on antifouling, new propulsion technology, cargo systems with fewer and more effective compressors, and several other innovative solutions. In total, these solutions make the vessels 10% more effective and fuel-efficient than vessels built only five years ago.

International award

It is very gratifying for us that "The Royal Institution of Naval Architects", awarded the "Significant ships of 2013" prize in our segment to "Clipper Quito". This confirms that our philosophy is both innovative and efficient. "Clipper Quito" won as the best environmentally friendly LPG vessel. This is something we all should be proud of, and we have great faith in our existing ships and the new vessels due in 2015.

Definitions

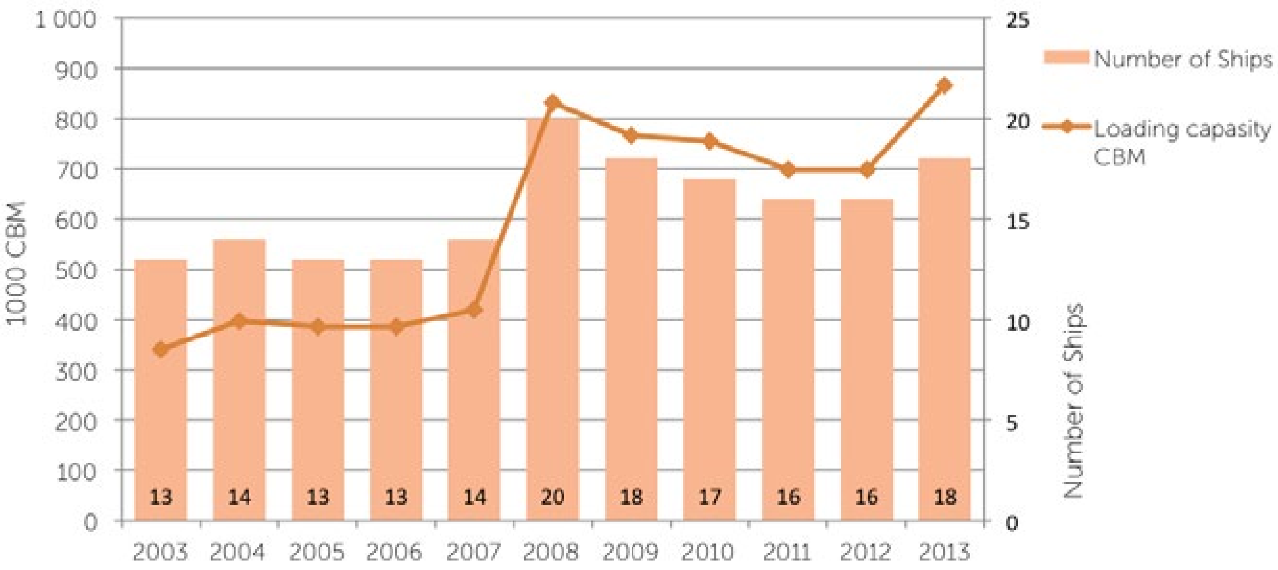
Ammonia/NH3	Used as raw material for fertilizer production.
Cbm	Cubic meter. The most common capacity nomination for gas vessels
CoA	Contract of Affrightment. A CoA is an agreement between ship owner and customer for the transportation of a min-max volume of cargo at a given rate per ton, normally for one year or several years.
Dry docking	Normally related to a vessels periodic maintenance according to class requirements. Intervals normally 5 years for newer vessels
ESE	Evergas Solvang Ethylene. 50/50 joint venture between Solvang and Evergas for marketing of ethylene ships.
FFJV	Fully Fledge Joint Venture.
Freight rates	The rate paid by customer to owners for the transportation service provided. Can be either on per ton basis or per days basis.
IFRS	International Financial reporting Standards. All Norwegian companies quoted on the Oslo Stock exchange is required to follow this standard.
HSEQ	Health, safety, environment and quality
IFRS	International Financial Reporting Standards. All Norwegian companies quoted in the Oslo Stock Exchange is required to follow this accounting standard.

LGC	Large Gas Carrier. LPG vessels between 50.000 cbm and 70.000 cbm. Normal size for newer vessels is 60.000.
IGC	International Gas Carriers. Marketing company for Solvang's LGC and VLGC vessels.
LIBOR	London Interbank Offered Rate
LPG	Liquified Petroleum Gas.
LTI	Lost Time Incident Ratio measuring the level of injuries in a company or an operation.
Panamax VLGC	Very Large Gas Carrier with a beam of 32,2 meter enabling the vessels to trade through the Panama canal.
Petrochemical Gases	Gases used as input/feedstock in petrochemical industry.
Semiref/Ethylene vessel	A vessel capable of carrying cargoes under higher pressure than atmospheric pressure as well as fully refrigerated.
Spot rate	The rate obtained when chartering out a vessel for a single voyage.
TC	Time Charter. A contract between ship owner and customer for anything between 2 months and several years. All voyage cost such as bunkers, canal and harbour fees are payable by the customer. Operating Cost is for the owner's account.
VLGC	Very large Gas Carrier. LPG carriers with over 75,000 cbm load capacity The normal size for modern vessels is 82,000 cbm. As opposed to Panamax VLGC, these vessels cannot sail through the Panama Canal.

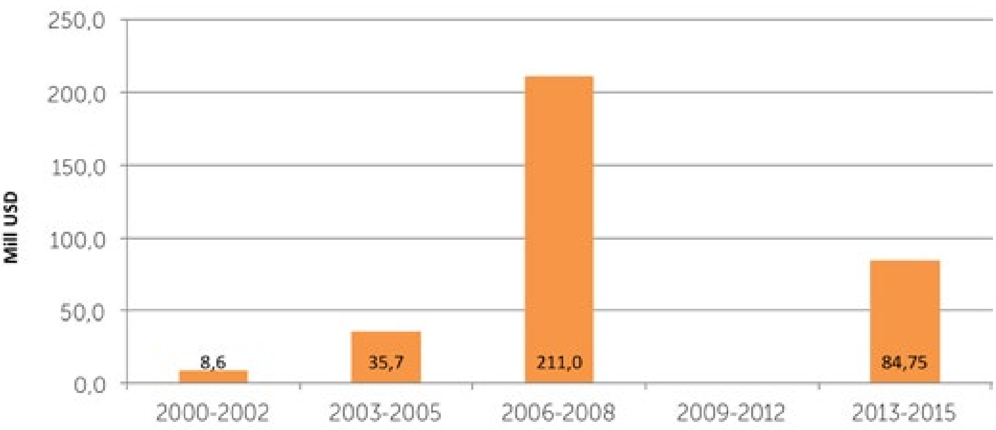
Key Figures

Key figures, joint venture accounting, reference made to note 3 in the group accounts

Number of ships v/s loading capacity



Investments



Financial

		2013	2012	2011	2010	2009
Operating revenues	mill. NOK	249,1	263,2	202,4	159,6	170,4
Op. exp. excl. depreciation	mill. NOK	146,9	138,7	108,5	113,5	127,8
Depreciation	mill. NOK	49,9	47,7	41,6	49,5	76,1
Operating profit/loss	mill. NOK	52,3	76,8	52,3	-3,5	-33,4
Net financial items	mill. NOK	11,5	-12,6	-38,2	2,8	21,9
Profit/loss before tax	mill. NOK	63,8	64,1	14,2	-0,7	-11,5
Net profit/loss for the year	mill. NOK	65,7	55,5	-22,5	13,8	119,9
Net Cash flow	mill. NOK	-3,9	5,4	36,1	-0,6	-5,0
Total capital joint venture accounting	mill. NOK	1 550,0	1 290,1	1 378,8	1 576,3	1 608,4
Equity	mill. NOK	626,1	533,0	498,7	512,6	508,3
Equity	%	40,40 %	41,31 %	36,17 %	32,52 %	31,61 %
KEY FIGURES PER SHARE						
Nominal value per share		5,00	5,00	5,00	5,00	5,00
Price 31.12 (market price - tax assessment)		20,25	19,20	18,40	19,00	17,50
Yield per share		2,62	2,63	0,58	-0,03	-0,47
Earnings per share		2,69	2,28	-0,93	0,57	4,94
Cash flow per share		-0,16	0,22	1,48	-0,02	-0,21
Dividend per share		0,50	0,50	0,00	0,00	0,00
Price-Earnings Ratio per 31.12		7,74	7,29	31,53	-683,00	-36,86
PRICE DEVELOPMENT						
Nominal value per share		5,00	5,00	5,00	5,00	5,00
Highest quoted price		24,00	20,90	25,00	22,00	20,00
Lowest quoted price		16,00	14,10	18,10	14,40	17,00
Weighted average no. of shares		24 372 413	24 332 859	24 332 859	24 264 427	24 247 468

Formulas used for calculating key figures

Equity %:	Book equity Total capital joint venture accounting
Yield per share	Profit/loss before tax Average no. of shares
Earnings per share:	Profit/loss for the year Average no. of shares
Price-Earnings Ratio:	Price at 31.12 Profit/loss before tax per share

Market Analysis

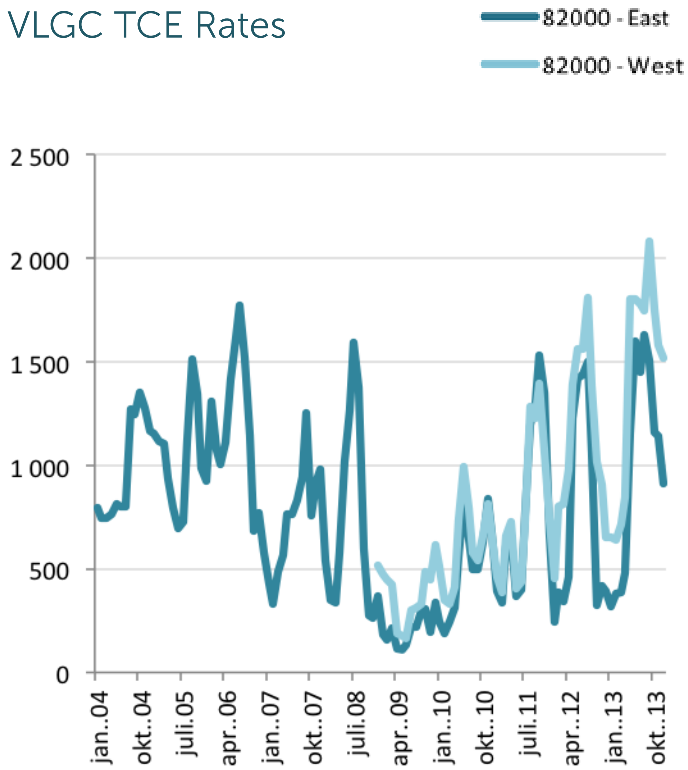
VLGC

2013 was the year when the VLGC market went from a niche market to being the center of attention with close to all-time high rates and ordering boom. The opening of the expanded Enterprise and Targa terminals were marking the start of the US as the second LPG export hub, giving more optionality for the VLGCs.

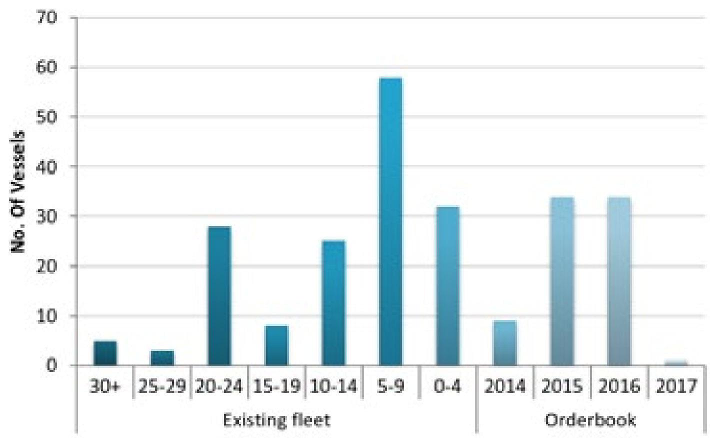
Freight rates were following the same seasonal pattern as in 2012, with two important exemptions – the bottoms were shallower and the tops were higher. Q1 started slow, but rates increased sharply from the start of April. The start of the expanded Enterprise terminal coincided with the summer season and steady export from the Middle East Gulf. The spot market was further boosted by arbitrage moves between the West and East of Suez. The Baltic LPG index reached close to all-time high of USD 80 pmt in June and rates held up steady around these levels before they started to decrease slowly from the end of August. Rates nevertheless held up at decent levels, and the Baltic LPG index did not fall much under USD 50 pmt during the low season in Q4.

13 VLGCs were delivered in 2013, while no vessels were scrapped. More noteworthy was the expansion of the orderbook. On the back of expected US shale gas volumes, 46 new vessels were ordered. 38 of the vessels were placed at Korean Yards, with the remaining 8 being split equally between Japanese and Chinese yards.

VLGC TCE Rates



VLGC Age

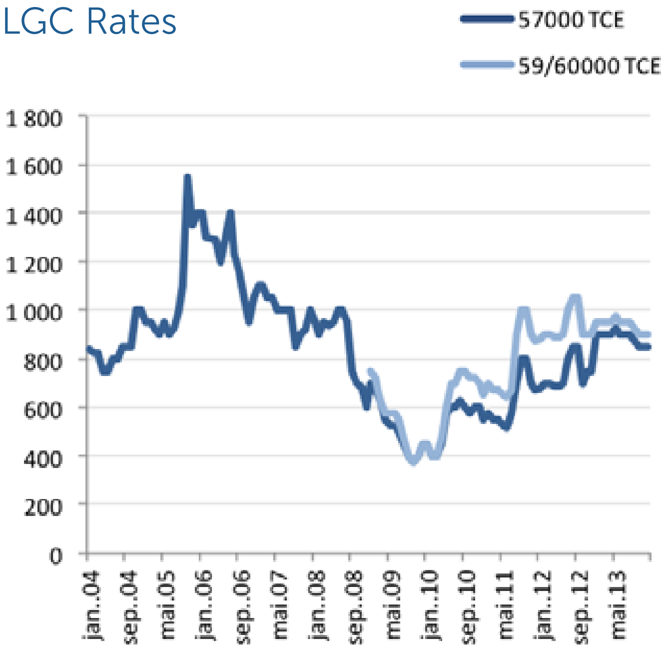


LGC

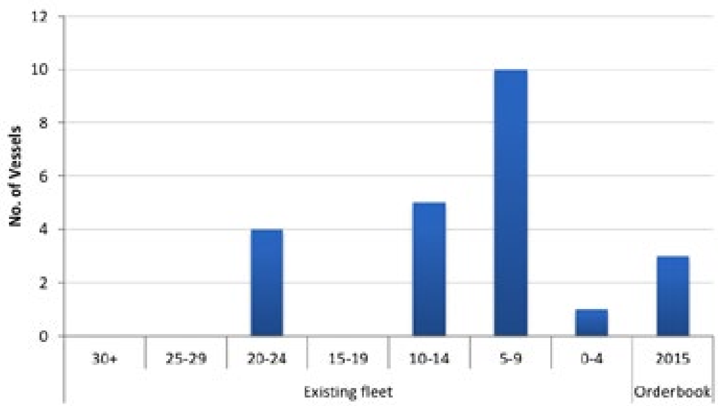
The LGC segment performed well throughout 2013 with stable rates at a strong level just above 2012 rates. The ammonia market provided healthy LGC demand in the first half of 2013, while second half of 2013 witnessed more long haul LPG voyages with Algeria-Far East and South America-Far East voyages. Three spot trading vessels changed cargo from ammonia to LPG during the year. At the end of 2013, only 7 LGCs were trading ammonia, all on time charter. Also in LPG, most vessels were committed on time charter.

No vessels were scrapped or delivered to the 20 vessels big fleet during 2013. More interesting, for the first time since 2005, two orders were placed by Solvang. The outlook for 2014 remains positive as the majority of the fleet has already been committed and we expect support from a strong VLGC market.

LGC Rates



LGC Age



Etylen

Rates were declining slowly throughout the year, with the established premium for larger tonnage increasing.

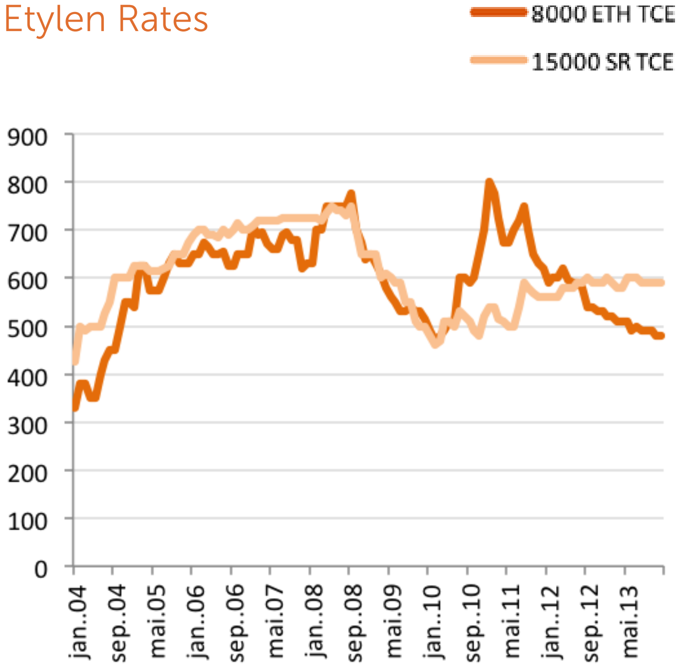
Iranian exports remained limited throughout 2013, which kept spot volumes low. Constraints from sanctions and lack of feedstock, reduced cracker utilization and the reduced output were mainly used for domestic consumption. Towards the end of the year, Iran and the world powers struck an accord for a 6 month limited sanction relief, which allows Iranian export of petrochemicals. This gave room for cautious optimism for the future, even though there are other obstacles left for ship owners.

Middle East Gulf ethylene exports were the lowest in 5 years in 2013, dropping below 800,000 tons. The main reason for low exports was low Iran volumes. The year started with low Q1 volumes, due to planned maintenance in Saudi Arabia and UAE. In Q2, exports from UAE and Saudi Arabia returned, with the majority of the cargoes finding homes in Europe and Asia, driving ton-mile demand. Q3 exports levels mirrored Q2 numbers in addition to a couple of spot ethylene cargoes from Rabigh. However, in contrast to the situation in Q2, several cargoes remained within the region or went to the Indian sub-continent, giving low ton-mile demand. Q4 Middle East ethylene export volumes were reduced drastically by production issues in Al Jubail and Ruwais. Contract volumes were down to a trickle and especially the larger ethylene vessels struggled to find employment.

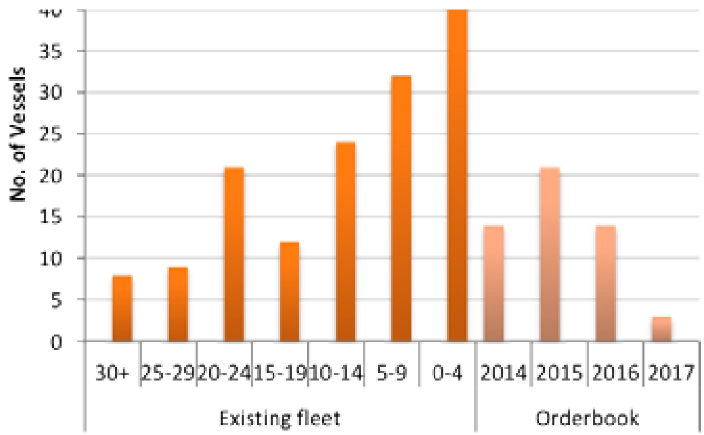
Looking at the market west of Suez, it was yet another year with less than anticipated trans-Atlantic business for CC4 and butadiene. Non-existing arbitrage opportunities were the main reason for the slow activity. On the positive side, continuously high trans-Atlantic LPG activity during the year gave employment to both smaller and larger vessels and contributed to keeping rates at decent levels.

During 2013 several ethylene and semi-ref vessels were delivered. Eight vessels between 6,5-6,800 cbm and six between 9-12,000 cbm. There were also three semi-ref vessels delivered from 12-22,000 cbm. On the scrapping side, there were three semi-ref vessels between 3-7,000 cbm, two vessels between 17-30,000 cbm, and four ethylene vessels between 4-8,000 cbm. When it comes to developments in the orderbook, focus was on larger tonnage in 2013. Seven vessels between 20-22,000 cbm semi-ref and sixteen vessels between 12-22,000 cbm ethylene vessels were ordered. In addition, four 27,500 cbm LNG/ETH vessels for dedicated ethane trade were ordered, as well as one 35,000 cbm ethane carrier.

Etylen Rates



Etylen Age



Annual Report 2013

1. INTRODUCTION

2013 has been a varied, but good year for the shipping activity, where the market for the largest ships, VLGC (Very Large Gas Carrier) and LGC (Large Gas Carrier) has been consistently strong with up to 20 % higher average rates compared to 2012. The positive trend for the largest ships trading in LPG and Ammonia was offset somewhat by the Ethylene segment. This segment had very good earnings from the second half of 2010, but stopped in the third quarter 2013 with very low export volumes from the Middle East and an approximate halving of the relevant available export volumes. Finance made a positive contribution both from the sale of shares, foreign exchange gains and positive value adjustments in line with the stock market in general. The Group recorded a profit before tax of NOK 63.8 million against NOK 64.5 million in 2012. Cash flow was negative NOK 3.9 million compared to positive NOK 5.3 million in 2012, where the drop from 2012 mainly comes from investment in new ships for delivery in 2015. Tax expense was negative NOK 1.9 million, which resulted in a profit after tax of NOK 65.7 million against NOK 55.7 million in 2012.

The board of directors propose a dividend for 2013 of NOK 0.50 per share.

2. OPERATIONS

The group's activities are divided in two main segments; Ship-management and Ship-ownership. The latter segment can be divided into three sub-segments for the transportation of Liquefied Petroleum Gas (LPG), ammonia (NH3) and petrochemical gases:

- 12,000 cbm – 17,000 cbm ships (Semi-refrigerated / Ethylene)
- 60,000 cbm fully refrigerated LPG ships (LGC)
- 75,000 – 84,000 cbm fully refrigerated LPG ships (VLGC)

The company's headquarters are located in Stavanger, Norway, where the operation of all the ships are managed from the company's fully integrated shipping organisation.

The chartering of the Ethylene fleet was for 2013 managed by Evergas Solvang Ethylene (ESE), a 50 / 50 joint venture (JV) company based in Copenhagen, but will from January 2014 be handled by International Gas Carriers (IGC) in Oslo, who also handle the chartering of the company's VLGC and LGC fleet. IGC is a 100% owned subsidiary of Solvang ASA. In addition, the company has a crewing office in Manila, Philippines.

The company took delivery of two new 84,000 cbm VLGC in 2013, and now operates and has ownership in 18 ships. Furthermore, Solvang and partners have ordered three 60,000 cbm LGC ship, for delivery in the first, second and third quarter of 2015.

3. MARKET

3.1 Semi-refrigerated / ethylene carriers

This segment includes semi-refrigerated and ethylene carriers from 8,000 cbm and up. The group has seven ships in this segment, of which five have been managed by ESE. Solvang's ships in this segment had a substantial drop in earnings compared to both 2011 and 2012. The main reason is a significant drop in export volumes from the Middle East, both in terms of low and missing volumes from contract customers, but also in the form of very low spot activity from an unfavourable price difference stopping most of the arbitrage from the Middle East to Asia.

The "Clipper Harald" is on a time charter (TC) until July 2019, and the charterer has an option to extend the contract for an additional eighteen months. This contract was extended by 5 years in 2013, commencing in July 2014, where "Clipper Harald" will be retrofitted with exhaust gas cleaning equipment (Scrubber).

The "Clipper Skagen" is on a TC until September 2014.

3.2 LGC

This segment is defined as fully refrigerated LPG ships from 57.000 – 60.000 cbm. The fleet consist of six ships, marketed by IGC. All ships in this segment are on TC, varying from 6 months to 10 years.

The average earnings on TC basis showed a positive trend from 2012, where earnings for 2013 was about 5% higher compared to 2012. The positive trend in earnings continues in 2014, where LGC segment are benefiting from positive outlook in LPG, and from favourable changes in trading patterns for Ammonia. The company ordered two 60k cbm LGC ship in June 2013 with delivery in the first and second quarter of 2015, and contracted one more 60k cbm LGC ship in January 2014 with delivery third quarter of 2015. The company thus has three LGC vessels on order.

3.3 VLGC

This segment is defined as fully refrigerated LPG ships of 75.000 - 84.000 cbm. Solvang has a total of five ships in this segment, two Panamax VLGC ships of 75,000 cbm, one VLGC of 82.000 cbm, and two VLGC ships of 84.000 cbm.

The Panamax VLGC's are purpose built for transporting LPG from the Atlantic Ocean and Gulf of Mexico to the west coast of Central America. As a result of these features, the Panamax VLGC's have achieved better earnings than the VLGC fleet in general in 2013. The "Clipper Victory" is on TC to August 2016, while the "Clipper Sirius" is on TC to January 2017.

The 82,000 cbm VLGC "Clipper Sun" is on a TC until September 2016.

The group also took delivery of two VLGCs of 84.000 cbm at Hyundai Heavy Industries in South Korea. A lot of development work has been done in order to create the most energy efficient vessels possible, with changes including hull shape, propulsion technology, antifouling technology and cargo systems. Furthermore, the newbuildings are the first LPG carriers in the world with fully integrated exhaust gas cleaning system for both the main and auxiliary engines. This means that the ships comply with all existing environmental standards in Emission Control Areas (ECA) in 2015, and the new expected global standards in 2020.

4 PROFIT

(Figures in parentheses refer to 2012)

Operating income increased marginally from NOK 64.8 million to NOK 65.5 million on increasing the fees from 50% to 100% for the VLGC ship delivered in June 2013.

The group's result after tax was NOK 65.7 million (NOK 55.7 million). Earnings per share were NOK 2.69 (NOK 2.28). The result for the parent company was NOK 12.4 million (NOK 0.05 million).

4.1 Financial items

The group reported net financial items of NOK 17.6 million (NOK 4.4 million). The corresponding figure for the parent company was a result of NOK 13.6 million (NOK -8.9 million). The group's securities portfolio generated a result of NOK 14.4 million (NOK 5.5 million).

4.2 Liquidity and financial strength

At year-end, the group had liquidity consisting of cash, listed shares and equity certificates totalling NOK 72 million (NOK 136 million). The securities portfolio had a market value of NOK 13.8 million (NOK 74.2 million). The corresponding figure for the parent company was NOK 21.9 million (NOK 41.6 million), of which the securities portfolio amounted to NOK 13.8 million (NOK 30.7 million). Total current assets at year-end was NOK 144.9 million (NOK 172.7 million), while current liabilities totalled NOK 81.2 million (NOK 56.8 million). Long-term liabilities and obligations totalled NOK 16 million (NOK 18.1 million). For the parent company, total current assets at year-end amounted to NOK 38.6 million (NOK 47.8 million), while short-term liabilities totalled NOK 27.2 million (NOK 23.9 million). The parent company's long-term liabilities and obligations totalled NOK 79.5 million (NOK 74.5 million). The group's share of current assets and liabilities in ship owning companies totalled NOK 90.6 million and NOK 826.6 million respectively.
Net cash flow from operating activities was NOK -13.7 million, compared to an operating profit of NOK 46.2 million. The main difference comes from the reversal of earnings from shipping companies using the equity method, partially offset by changes in working capital.

The group's book equity totalled NOK 626 million (NOK 534 million) at the year-end.

4.3 Taxes

The group has decided to join the tonnage-tax regime for 2013.

All the company's current interests in ships except for one, are owned under tonnage-tax regime.

4.4 Financial risk

The group's interests in ships that are owned through participation in general partnerships with shared liability, are primarily USD-based. Most of the revenues and the majority of expenses are in USD. Furthermore, the market value of the ships, and thus the greatest share of the assets, is priced in USD. The same applies to the financing of the ships. This entails that the real foreign currency exposure is limited in financial terms.

The group's entire fleet is financed by long-term financing at favourable terms compared with what can be achieved in the market today. The group has not entered into any contracts concerning financial derivatives or other financial instruments where there is any particular counterparty risk.

Most of the group's liabilities consist of a share of the mortgage debt for ships that are owned through general partnerships. This is denominated in USD and priced at a floating

LIBOR interest rate. In addition, mortgage debt in certain general partnerships is hedged through fixed interest rate contracts. The group has a satisfactory debt-equity ratio, and this, together with active management of the interest rate exposure, ensures that the risk associated with any change in interest rate levels is acceptable.

The group's fleet is employed in a mix of long & short TC contracts as well as in the spot market. This is a result of a conscious strategy aimed at ensuring earnings and cash flow, while at the same time benefiting from upturns in the market. The development of the world economy makes future market prospects uncertain.

The group has nine ships on TC contracts in excess of one year. The charterers are oil majors and major operators within the Ammonia market. Credit risk is considered to be limited. The company sees the settlement risk for the business carried out in the spot market as satisfactory.

4.5 General
The year-end accounts are based on the assumption of a going concern. In the opinion of the Board of Directors, the accounts provide a true picture of the results for the year and the company's position at the year-end.

The group's interests in ships are owned through participation in general partnerships, with shared liability. In Note 3 of the accounts, the income statement and balance sheet have been compiled according to the proportionate consolidation method in order to provide more detailed accounting information on the operations.

All of the group's interests in ships are significant and they are recognised in accordance with IFRS based on the equity method of accounting.

5 ORGANISATION, HEALTH SAFETY AND THE ENVIRONMENT

5.1 Organisation
Both at sea and onshore, the company's primary focus is to ensure continuity on the personnel side. The company strives to establish an interesting and attractive workplace that attracts competent employees, where appraisals and employee surveys are key measures. We believe that we have succeeded in this context and that we have a stable and highly –qualified workforce.

Of the company's office staff, 43% are women and 57% are men. Women and men have equal opportunities to qualify for all types of jobs and positions, and they have equal opportunities for promotion. Working conditions are deemed to be good. Salaries reflect the individual's qualifications, regardless of gender.

Solvang is an international company with employees from a number of countries and cultures in addition to Norway. This recruitment policy is important for the future development of the company. The company wants to attract competent employees, regardless of religion, gender, race or sexual orientation.

The company engages in research and development work to optimise the ships' operations and to reduce emissions.

5.2 Health
The group has 41 onshore employees and around 450 sailing personnel. Working conditions on shore and on the ships are considered to be good. Sick leave on board the ships are 0,85%. The group had two injuries that resulted in sick leave in 2013. The target is always zero accidents, but the LTI rate is still very low, (LTIF 0.63) and can be attributes to a conscious attention on this area across the entire group.

Sick leave among the onshore employees was 5.88% in 2013. Of this percentage, 4.84% were from four long-term sick leave cases and 0.1% were self-certified. There were no incidents resulting in personal injury at the office in 2013.

5.3 Board of Directors
The Board of Directors consists of two women and three men. There is a healthy and positive working relationship between the management and Board of Directors.

5.4 Compensation policy
By offering a complete range of jobs, salaries and other benefits, Solvang aims to be an attractive employer for skilled individuals in all relevant disciplines.

All of Solvang's employees, including the Managing Director, are employed at a fixed salary with no fixed bonus or option elements. Salaries are adjusted once a year. The Managing Director's salary is evaluated correspondingly by the Board once a year. The company has a pension scheme that covers around 66% of the employees' salary with full entitlement based on 30 years of service and a retirement age of 67 for employees who started with the company before 31 December 2010. Persons who were employed after this date are offered a defined contribution scheme. In addition, the company has an ordinary insurance scheme covering disability, accidents and death.

The Board is remunerated by fixed directors' fees that are determined annually by the General Meeting. Board members have no bonus or options agreements with the company.

5.5 External environment
The transport of LPG and petrochemical gases by sea entails little risk of emissions or leakage into the sea. Loading and unloading operations are conducted in closed systems, and strict quality and safety requirements reduce the risk of emissions to a minimum.

All transport at sea entails emissions to the air from the combustion of oil by the ships' main and auxiliary engines. Our policy in this area is thus to reduce such emissions as much as practically possible. The group focuses primarily on reducing the consumption of bunkers and lubricants, and has through active measures been able to continue the positive trend achieved in recent years. The modern ships today use up to 40% less fuel compared to ships of same size 20 years ago.

Measurements are carried out regularly using a number of systems. Fuel consumption measured against the distance travelled is one of the most important key figures. Wherever possible, we optimise our speed, in other words the speed that gives the lowest emissions and consumption given the contractual obligations we have towards our customers. These systematic analyses have generated excellent results in only a short timeframe. Our modern fleet is also significantly more environmentally friendly than older ships.

In 2010, the company was certified and approved in accordance with the ISO 14001 environmental standard, and will continue in its work to comply with the standard in future.

5.6 Safety
The company has strict quality and safety requirements, both on board the ships and within the onshore organisation. This is reflected in very good statistics for Loss Time Incident (LTI) injuries for the period 2008-2011, and with only two injuries in 2013 from around 3.5 million working hours. This is further demonstrated in our good insurance

statistics. In order to ensure that this positive development continues, the company invests significant resources in programmes for the continuous improvement of quality and safety on board and on land. We conduct regular and systematic inspections of our ships as part of this work. The same applies to several of our customers, which includes several major oil companies. There were a total of 193 inspections on our 18 ships in 2013. Of these inspections, 99 were conducted by Solvang, while our customers, port authorities and classification companies conducted a total of 94 inspections.

The company uses the "Best Management Practice" in waters as appropriate according to the situation.

5.7 Corporate Social Responsibility
The group's main contribution to society is to conduct long-term, sustainable and value-added business for our shareholders, employees, customers, suppliers and other relations. Our goal is to ensure that our business practices and investments are sustainable and contribute to long-term economic, environmental and social development. The group's material sustainability areas are within Environment, Finance, Human Resources and Community, including ethics and anti-corruption

The Group recognizes its environmental responsibility and strive to maintain a high standard in order to reduce the environmental impact of its operations. The company has focused on reducing fuel consumption, which is the main source of the shipping sector's emissions of CO2, NOx and SOx. Continuous measurements of all consumption are being done, as well as implementing measures and setting clear targets for improvement. The Group has also taken delivery of two new buildings, which are the first in the world of its kind with full exhaust cleaning system. The group has also ordered three ships for delivery in 2015 with the same environmental profile and technology to ensure that even all the environmental requirements from 2020 is complied with.

With regards to Finances, the company strives for good corporate governance with necessary internal controls, risk management, and solidity.

It is the company's policy to integrate attention to human and labour rights in its existing business. In practice, a large part of human and labour rights are covered by the company's health and safety work. The company values its employees as its most important resource, and always aim to continuously provide and promote high quality of working conditions, both on land and on board ships.

The company believes that corruption hinders well-functioning business processes and suppresses economic development. The group focuses on transparency in its business practices, and compete in a fair and ethical manner. The Board of Solvang ASA has approved a Code of Conduct, a set of ethical guidelines that define the company's ethical standards

6. CORPORATE GOVERNANCE

Solvang attaches importance to good corporate governance. There is a good relationship between the owners, Board and management, and all three parties have a desire and a stated goal to comply with any significant requirements stipulated by the Corporate Governance Code.

6.1 General
Solvang shall conduct operations that are commercially sound and beneficial to the owners, employees, customers and suppliers. The operations shall be conducted in accordance with clear ethical guidelines and with a focus on the impact on the environment and society as a whole.

6.2 Operations
The operations are described in the company's articles of association as being shipping, shipowning operations and real estate. The company is currently concentrating entirely on

shipowning operations and shipping.

6.3 Company capital and dividends
Shipping is a cyclical industry that requires the company to be adequately capitalised with regard to equity and liquidity. This is reflected in the company's balance sheet structure. The company aims to have a stable and predictable dividend policy. This means that the dividends shall reflect the profit for the year, but dividends have also been paid during years with less earnings. In recent years dividends have been based on striking a balance between these two considerations. It is proposed a divided of NOK 0,50 per share for 2013.

6.4 Equal treatment of shareholders and transactions with related parties
The Company has only one class of share, with the same voting right for all shares. Transactions with related parties take place in accordance with the guidelines set by the code.
The group's main broker for sale and purchase is Inge Steensland AS. There are also parallel investments with companies controlled by the Steensland family. All transactions are carried out on market terms.

The Board of Directors has been granted a power of attorney by the General Meeting to increase the share capital by a maximum of 4 million shares. This power of attorney is valid for 18 months and has not yet been utilised.

In recent years, the Board has also had the power of attorney to purchase the company's own shares up to a maximum of 10% of the company's share capital. As of today, the company owns 280 424 treasury shares, approximately 1.15% of the share capital.

6.5 Free negotiability
The shares are freely negotiable, and Board approval is not required for the acquisition of shares.

6.6 General Meeting
The General Meeting is called and held in accordance with the company's articles of association. The Auditor and Chairman of the Board attend the General Meeting. Ample time shall be allowed for holding the General Meeting and for discussion.

6.7 Nominating Committee
More than 65% of the share capital is represented by the company's Board of Directors. It is therefore not deemed necessary to establish a separate nominating committee.

6.8 Board of Directors, composition and independence
The Board plays an important role as a link and as a control function between the shareholders and the company's management. The board members are elected for a term of one year at a time. The General Meeting also elects the Chairman of the Board. The Board also acts as the audit committee.

Some of the board members have shares in the company. These are shares that have been acquired at market price. The Board is remunerated through a fixed directors' fee.

The Board's composition reflects the ownership structure and the need for a broad range of expertise in shipping, finance, and HSE. The Chairman, Michael Steensland Brun, was employed in the company as Managing Director prior to the appointment as Chairman of the Board.

6.9 Work of the Board
The work of the Board and its meeting schedule is established once a year for the next 12-month period. The meetings include regular reporting and discussion in all relevant areas, including safety, quality, technical operations and finance. At least once a year, the company's Auditor participates in a board meeting at which feedback is given on the company's internal control, among other things.

6.10 Risk management and internal control
An important element in the company's risk management and internal control is an open

and systematic dialogue between the Board and the management. A detailed review of the company's financial and operational position is carried out by the Board before presenting any quarterly report.

In general, there is a good dialogue between the Board and the management. No changes to the business plan or significant investments are made without prior discussion and approval by the Board.

6.11 Remuneration of the Board
The principles for remuneration of the Board and the management have remained unchanged for a long period of time. None of the Board's members have any additional duties for the company. The Board has not been allocated options in the company.

6.12 Remuneration of executive management
The company's senior executives are employed on a fixed salary. No options or fixed bonuses are linked to salary agreements. Details of the remuneration of the Board and senior executives are given in Note 10 to the consolidated accounts and Note 8 to the annual accounts for Solvang ASA. For several years, the company has had a programme for the sale of shares to employees, most recently at the start of 2014. Each employee has had an opportunity to purchase shares worth up to a maximum of NOK 30,000 at a 20% discount.

6.13 Information and communication
The company attaches great importance to ensuring that all shareholders and the market in general receive accurate and detailed information simultaneously and at the right time. The reports are published and distributed relatively soon after the end of each quarter and year. The company will only publish the annual report and quarterly reports on the Internet.

6.14 Corporate takeovers
As mentioned in Section 6.5, the company's shares are freely negotiable. In the event of a bid for the company, the Board will strive to provide the company's shareholders with accurate and timely information, as well as adequate time to evaluate the bid. If the situation so requires, the Board will seek an independent valuation to assess the value of the bid submitted.

6.15 Auditor
Each year, the Auditor presents a plan for the auditing work and reports the results of the audit that has been conducted. The Board summons the Auditor to board meetings at which significant accounting matters are to be discussed. This normally occurs once or twice a year. Information on the Auditor's remuneration, broken down by auditing and other work, is presented in the company's annual report and submitted to the General Meeting for approval.

One meeting is held each year between the Auditor and the Board without the presence of the management.

7. FUTURE OUTLOOK

After 2.5 good years for ethylene segment, the marked dropped significantly from the third quarter of 2013, with low export volumes from the Middle East, which is expected to continue into 2014. From January 2014, the ethylene fleet is free from previous contractual obligation in the Middle East, and is now better positioned to take both European and USA cargoes in addition to the Middle East. It is thus expected some increase in earnings for 2014 compared with 2013.

For the fully refrigerated ships (VLGC and LGC), the market improved further in 2013 and were at the highest level compared to the last four years. We expect further positive development and 2014 and 2015 looks very promising with strong export growth from the U.S. and stable exports from the Middle East. The Group had at year-end a contract coverage of 91% for 2014. Earnings are thus expected to improve further in 2014 compared to 2013

8. ALLOCATION OF THE PARENT COMPANY'S PROFIT

Solvang ASA posted a result of KNOK 12 442

The Board of Directors proposes the following allocation:

Suggested dividend	KNOK	-12 186
From the fund for valuation differences:	KNOK	-84
From other equity:	KNOK	-172

At the year-end, the parent company's equity amounted to KNOK 564 591 (KNOK 567 771).

9. SUBSEQUENT EVENTS

Solvang contracted an additional 60k cbm LGC vessel in January 2014 with delivery in the third quarter of 2015. Solvang has thus three LGC vessels on order. There are no other subsequent events of material concern.

10. CONCLUSION

The Board of Directors and the management would like to thank all the employees, both at sea and on shore, for their fine efforts during a busy period, where the company has completed 10 classification dockings, taken delivery of two newbuilds, as well as ordering of three newbuilds for delivery in 2015, while expectations concerning quality and safety remain unchanged. We would also like to thank our customers and suppliers for their good support and cooperation in 2013 and look forward to the same good cooperation in 2014.

Stavanger, 24th April 2014

Michael Steensland Brun
Chairman

Alf Andersen

Wenche Rettedal

Hans Petter Aas

Ellen Solstad

Edvin Endresen
Managing Director

GROUP ACCOUNTS 2013

Profit & Loss | Solvang Group

Amounts in NOK 1 000

	Note	2013	Restated 2012
Management fee	12	65 458	64 767
Total operating income		**65 458**	**64 767**
Salaries and other personnel expenses	10,11	51 242	46 113
Depreciation	15	833	571
Other operating expenses		15 106	15 650
Total operating expenses		**67 182**	**62 334**
Ship owning companies equity method	3,4,5	47 881	57 593
Operating result		**46 158**	**60 026**
Financial income and cost			
Other affiliated companies equity method	6	272	573
Other financial income	7	22 726	12 898
Other financial expenses	8,12	-5 367	-9 033
Net financial items		**17 632**	**4 439**
Ordinary result before tax		**63 789**	**64 464**
Tax on ordinary result	9	-1 871	8 748
Net profit / (loss) for the year		**65 661**	**55 717**
Earnings per share (whole NOK)	14	2,69	2,29
Diluted earnings per share (whole NOK)	14	2,66	2,26
STATEMENT OF COMPREHENSIVE INCOME			
Earnings of the period		65 661	55 717
Items that will not be reclassified to profit or loss			
Remeasurements pension liability		-7 014	7 681
Tax effects of remeasurements pension liability		1 964	-2 151
Items that may be reclassified to profit or loss			
Translation differences ship owning companies etc.		42 708	-29 756
Tax effects of translation differences ship owning companies		-71	8 609
Comprehensive income to the shareholders of Solvang ASA		**103 248**	**40 100**

Balance Sheet | Solvang Group

Amounts in NOK 1 000	Note	31.12.13	Restated 31.12.12
ASSETS			
Fixed Assets			
Intangible fixed assets			
Deferred tax asset	9	7 035	2 885
Total intangible fixed assets		**7 035**	**2 885**
Tangible fixed assets			
Office equipment, furniture etc.	15	2 801	1 831
Total tangible fixed assets		**2 801**	**1 831**
Financial fixed assets			
Investments ship owning companies equity method	3,4,5	567 860	431 185
Investments in affiliated companies	6	708	478
Other shares		20	20
Total financial fixed assets		**568 588**	**431 683**
Total fixed assets		**578 424**	**436 399**
Current Assets			
Receivables			
Other short term receivables	12,17	72 887	36 348
Total receivables		**72 887**	**36 348**
Investments			
Listed investments	7,8,16	13 811	74 234
Total Investments		**13 811**	**74 234**
Cash and bank deposits	13	58 245	62 124
Total current assets		**144 942**	**172 706**
TOTAL ASSETS		**723 366**	**609 105**

Continued on next page

Balance Sheet | Solvang Group

Amounts in NOK 1 000	Note	31.12.13	Restated 31.12.12
EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital	19	123 264	123 264
Treasury shares	20	-1 402	-1 600
Total paid-in capital		**121 862**	**121 664**
Retained earnings			
Other reserves		-13 360	-50 947
Retained earnings		517 608	463 560
Total retained earnings		**504 248**	**412 613**
Total equity	**19, 21**	**626 110**	**534 277**
Liabilities			
Provisions			
Pension liabilities	11	16 044	8 418
Earnings shipping co-operation partners	18	0	9 658
Total provisions		**16 044**	**18 076**
Long term liabilities			
Other long term liabilities	12,18	0	0
Total long term liabilities		**0**	**0**
Current liabilities			
Liabilities to financial institution	18	87	564
Tax payable	9	176	0
Public duties paytable		13 972	6 145
Other short term liabilities	12	66 976	50 043
Total current liabilities		**81 212**	**56 752**
Total liabilities		**97 256**	**74 828**
TOTAL EQUITY AND LIABILITIES		**723 366**	**609 105**

Stavanger, 24th April 2014

Michael Steensland Brun
Chairman

Alf Andersen

Wenche Rettedal

Hans Petter Aas

Ellen Solstad

Edvin Endresen
Managing Director

Changes in Equity | Group

Amounts in NOK 1 000	Share capital	Treasury shares	Other reserves	Retained earnings	Total equity
2012					
Equity as of 31.12.2011	**123 264**	**-1 600**	**-30 804**	**407 843**	**498 704**
Principal changes pension (transition to IAS 19R)			-4 527		-4 527
Equity as of 01.01.2012	**123 264**	**-1 600**	**-35 331**	**407 843**	**494 177**
Profit/(loss) of the year				55 717	55 717
Remeasurements pension liabilities			5 531		5 531
Translation differences ship owning companies etc.			-21 147		-21 147
Total comprehensive income			**-15 616**	**55 717**	**40 100**
Buy back / Sale treasury shares					
Total changes in equity for the year			**-15 616**	**55 717**	**40 100**
Equity as of 31.12.2012	**123 264**	**-1 600**	**-50 947**	**463 560**	**534 277**

	Share capital	Treasury shares	Other reserves	Retained earnings	Total equity
2013					
Equity as of 01.01.2013	**123 264**	**-1 600**	**-50 947**	**463 560**	**534 277**
Profit/(loss) of the year				65 661	65 661
Remeasurements pension liabilities			-5 050		-5 050
Translation differences ship owning companies etc.			42 638		42 638
Total comprehensive income			**37 588**	**65 661**	**103 248**
Paid dividend				-12 166	-12 166
Buy back / Sale treasury shares		198		554	752
Total changes in equity for the year		**198**	**37 588**	**54 048**	**91 833**
Equity as of 31.12.2013	**123 264**	**-1 402**	**-13 360**	**517 608**	**626 110**

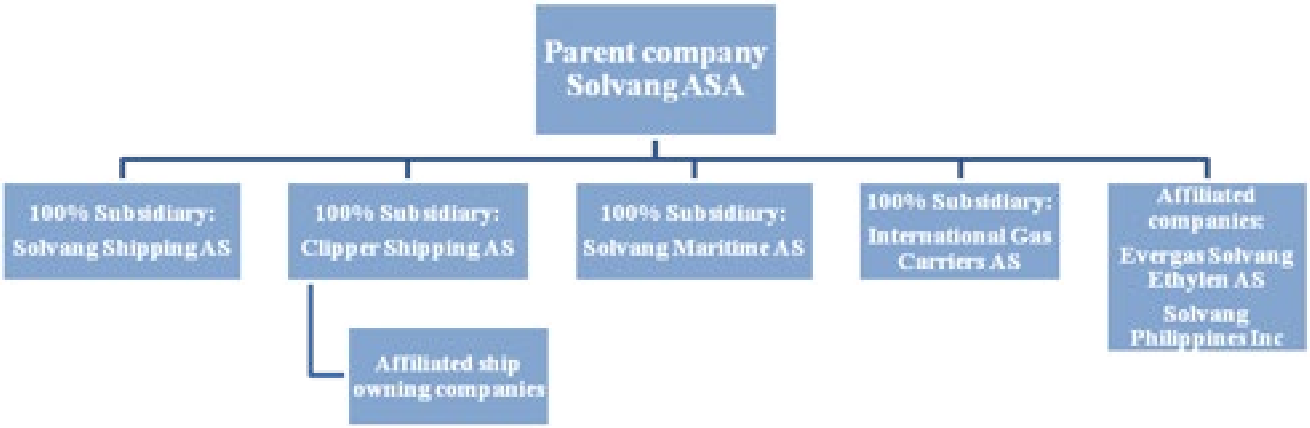
Cash Flow Statement | Group

Amounts in NOK 1 000	Note	2013	2012
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) before tax		63 789	64 464
Tax paid for the period		-172	-1 189
Depreciation and amortisation	15	833	571
Difference between expensed pension and paid in/out		675	935
Result in affiliated ship owning companies	3,4,5	-47 881	-57 593
Result in affiliated companies	6	-272	-573
Changes in other current balance sheet items		-3 165	10 089
Earnings shipping co-operation partners	18	-10 541	9 658
Financial income	7	-21 939	-12 284
Financial expenses	8	5 006	7 274
Net cash flow from operating activities		**-13 666**	**21 352**
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale / purchase of tangible fixed assets		-1 804	-371
Payments received securities		0	-5 457
Payments purchase of securities		74 185	10 999
Dividend received	7	685	3 049
Investment affiliated companies	6	43	497
Payments from ship owning companies	5	16 893	53 124
Payments to ship owning companies	5	-70 868	-30 736
Net cash flow from investing activities		**19 133**	**31 105**
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of debt (short and long term)			-47 255
Changes in overdraft facility		-477	564
Purchase / sale of treasury shares	19	752	0
Dividend payment		-12 166	0
Net cash flow from financing activities		**-11 891**	**-46 691**
Effect of exchange rate changes on cash and cash equivalents		2 545	-420
Net change in cash and cash equivalents		-3 880	5 346
Cash and cash equivalents 01.01		62 124	43 626
Addition cash full consolidation IGC		0	13 152
Cash and cash equivalents 31.12		**58 245**	**62 124**

Notes 2013 | Solvang Group

NOTE 1 - CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

CORPORATE INFORMATION



Solvang ASA is a public limited company incorporated and domiciled in Norway whose shares are publicly traded on Oslo Børs. The company was incorporated in 1936, and the address of the registered office is: Solvang ASA, Næringslivets Hus, Haakon VII's gate 8, 4005 Stavanger, Norway.

Solvang ASA and its subsidiaries' ("Solvang" or "the Company") business is fully concentrated on shipping and ship owning activities through investments in shipping partnerships. The investments in shipping partnerships are accounted for using the equity method. In addition, the company uses some resources on the management of its liquidity.

Solvang's fleet consists of 18 ships that carry liquid petrochemical gases, liquefied petroleum gases and ammonia.

BASIS OF PRESENTATION

The consolidated financial statements have been prepared on a historical cost basis, except for investments in shares and other financial instruments, which are valued at market value according to IAS 39.

The consolidated financial statements are presented in Norwegian kroner (NOK).

Statement of Compliance

The consolidated financial statements have been prepared in accordance with EU-adopted IFRSs and appurtenant interpretations and additional country-specific disclosure requirements according to the Norwegian Accounting Act and stock exchange rules, in effect as of 31st of December 2013.

The proposed consolidated financial statement was approved by the board of directors and the managing director on the date which appears on the dated and signed balance sheet. The consolidated financial statement will be handled by the annual general meeting on 15 May 2014 for final approval. Until final approval, the board is authorised to amend the consolidated financial statement.

Basis of consolidation

The consolidated financial statements of Solvang ASA comprise the financial statements of Solvang ASA and its subsidiaries. As of 31 December 2013, Solvang ASA has four fully-owned subsidiaries: Solvang Shipping AS, Clipper Shipping AS, Solvang Maritime AS, and International Gas Carriers AS.

Consistent accounting policies are applied throughout the group.

All intercompany balances, transactions, income and expenses together with unrealized profits and losses resulting from intercompany transactions that are recognized in assets, have been eliminated.

Functional Currency

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. Normally, that is the currency of the environment in which an entity primarily generates and expends cash. The Company has Norwegian kroner as the reporting currency at group level. Both Solvang ASA and its fully-owned subsidiaries Solvang Shipping AS, Clipper Shipping AS and Solvang Maritime AS have Norwegian kroner as their functional currency. However, International Gas Carriers ASA and investments in ship owning companies accounted for using the equity method, have US dollar (USD) as the functional currency. Exchange differences arising on translation of the ship owning companies from USD to NOK recognized as a separate item in shareholders' equity, net of any deferred tax.

SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Estimation uncertainty

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting periods. The most significant estimates and assumptions relate to fixed asset impairment tests, useful life applied for the depreciation of fixed assets, pension liabilities and to revenue and expense recognition and valuation of interest on the fair value of ship owning companies. We evaluate these estimates on an ongoing basis, utilizing past experience, consultations with experts and other methods we consider reasonable in the particular circumstances. Nevertheless, actual results may differ significantly from our estimates.

The key assumptions concerning the future and other key sources of estimating uncertainty at the balance sheet date and which have a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of tangible fixed asset

The company invests in ships through shipping partnerships. For ships held in entities accounted for using the equity method, the Company assesses at each reporting date whether there is an indication that an asset that is held in entities accounted for using the equity method may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount, which is the higher of fair value less costs to sell or value in use.

All tangible fixed assets are evaluated for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. This requires an estimation of the asset's value, which, if available, is based on market appraisals or value in use.

The value in use is determined on the basis of the total estimated discounted future cash flows, excluding taxes. In determining impairment of fixed assets, management must make judgments and estimates to determine the cash flows generated by those assets. Discount rates must also be estimated. Assumptions used in these estimates are consistent with internal forecasts. To support management's estimates, market outlook and considerations provided by the joint/venture chartering companies have been used.

If the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The impairment is reflected through the Company's share of income/(loss) from ship owning companies in the profit and loss account.

The Company considers whether there is a basis for reversing previous asset impairment write-downs, using the same evaluation criteria as for impairment. If the review suggests that there is a basis for reversal, the carrying amount is reversed to the estimated fair value, limited to the carrying amount the asset would have had if no impairment had been recognized.

SIGNIFICANT ACCOUNTING POLICIES

Revenue and expense recognition

The Company's revenues are mainly derived from ship management. These revenues are fixed per year according to contracts and recognized monthly throughout the year. Operating expenses are expensed when incurred.

Income in shipping partnerships booked using the equity method, are either income from joint ventures or income from time charters. Freight income and demurrage are recognized according to monthly joint venture settlements and monthly time charters. Direct voyage expenses are matched to income when relevant. Essentially, all direct voyage expenses for the joint ventures and time charter are recognized on the accounts of the charterers.

Foreign currency transactions

Transactions in foreign currencies are recorded using the exchange rate at the transaction date. Balances denominated in foreign currencies are translated using the exchange rates at the balance sheet date. Foreign currency gains and losses are recorded as financial items when incurred.

Investments in shipping partnerships – equity method

The equity method is used for investments in limited partnerships and shipping partnerships in which the Company has significant influence. The Company's share of profits and losses are adjusted to include amortization of excess value on ships if the original cost of the owner interest is higher than the acquired share of booked equity.

Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation and impairment write-downs. Depreciation is straight-line over the estimated useful life of the asset. When assets are sold or retired, their costs and related accumulated depreciation are removed from the balance sheet and any gain or loss is included in net income. Estimates of useful life, residual value and method of depreciation are reviewed at each financial year end and adjusted if appropriate. Any changes are accounted for prospectively as a change in accounting estimate.

Tangible fixed assets in shipping partnerships

In the shipping partnerships booked using the equity method, the ships are booked at cost less accumulated depreciation and impairment write-downs. Cost includes the expense of adding/replacing part of a ship, machinery or equipment when that expense is incurred if the recognition criteria are met. The carrying amount of those parts that are replaced is derecognized.

Depreciation of ships is computed using the straight line method over estimated useful life. The depreciable amount is determined after deducting the residual value of the asset. The cost of ships has been categorized separately by its main components, and useful life has been determined for each component. The average useful life for gas ships is 30 years.

A part of the original cost of ships is allocated to periodical maintenance. Periodical maintenance for ships is recognized in the balance sheet and expensed over the period up to the next periodical maintenance. Current maintenance is expensed as incurred.

When assets are sold or retired, their costs and related accumulated depreciation are removed from the balance sheet and any gain or loss is included in net income.

Estimates of useful life, residual values and methods of depreciation are reviewed at each financial year end and adjusted if appropriate. Any changes are accounted for prospectively as a change in accounting estimate. The estimated useful life of the ships could change, resulting in different depreciation amounts in the future.

Financial assets

Financial assets are recognized on the contract date, when the group becomes party to the contractual provisions of the instrument. Initially, all financial assets which are not recognized at fair value through profit or loss are recognized in the balance sheet at fair value including transaction costs. Financial assets which are recognized at fair value through profit or loss are recognized at the time of acquisition at fair value and the transactions costs are recognized.

The group derecognizes a financial asset when the contractual right to the cash flow from the asset expires or when the group transfers the contractual right to a transaction where substantially all the risks and rewards of ownership of the financial asset are transferred. All rights and obligations that are created or retained in this type of transfer are recognized separately as assets or liabilities.

As a rule, the group classifies financial assets in one of the following categories: financial assets at fair value through profit or loss; loans and receivables; and financial assets available for sale.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if on initial recognition it is designated as such or is classified as held for trading. Financial assets are designated at fair value through profit or loss if management and acquisition and sales decisions are based on the instrument's fair value in accordance with the group's documented risk management or investment strategy. On initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Instruments are measured at fair value, and changes in value are recognized in profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at fair value plus directly attributable transaction costs. After initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment loss.

Held for sale

Financial assets held for sale is non-derivative financial assets which we choose to classify in this category, or which do not belong to any other category. They are classified as assets as long as the investment does not fall due within twelve months or the management has as intention to sell the investment within twelve months from the balance sheet date.

Offsetting

Financial assets and obligations are presented net if the group has a legally enforceable right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial liabilities

Financial liabilities are recognized on the contract date, when the group becomes party to the contractual provisions of the instrument. On initial recognition, non-derivative financial liabilities are recognized at fair value plus directly attributable transaction costs. After initial recognition, liabilities are measured at amortized costs using the effective interest method.

Share capital
Ordinary shares are classified as equity. Costs that are directly attributable to the issuance of ordinary shares and share options are recognized as a reduction of equity (share premium reserves) net after any tax.

When shares which is recognized as equity is reacquired, the consideration, including directly attributable costs, is recognized as a reduction in equity, net after tax. The shares that are acquired are classified as treasury shares, and are presented separately. The shares' face value is separated, and deducted from the share capital. When treasury shares are sold, the amount received is recognized as an increase in equity and divided between share capital and other equity. Gain or loss as a consequence of the transaction is transferred to/ from retained earnings.

Impairment of financial assets
At the balance sheet date (reporting date), financial assets that are not measured at fair value with value changes recognized in profit or loss are measured to determine whether there is objective evidence of impairment. A financial asset is assessed to be exposed to impairment if objective evidence exists that one or more events have had a negative effect on the estimated future cash flow for the asset. Objective evidence that financial assets have been subjected to impairment may be: failure of the debtor to make payments; changes in outstanding claims at terms which the group would otherwise not have accepted; indications that a debtor or issuer will become bankrupt or the lack of an active market for securities. For equity instruments classified as available for sale, there will be objective evidence of impairment due to a significant or prolonged decline in the fair value below its cost.

Basic and diluted earnings per share
Basic earnings per share are computed by dividing profit for the year by the weighted average number of common shares outstanding during the period. On a diluted basis, both profit for the year and shares outstanding are adjusted to assume exercise of all potential shares which have been outstanding in the period. For diluted earnings per share, the Company must also consider the potential outstanding shares of its equity method investees. Neither the Company nor its equity method investees has any potentially outstanding shares. The difference between basic earnings per share and diluted earnings per share is a consequence of treasury shares.

Pensions
The company has both a defined benefit pension plan and a contribution based pension plan whereas the benefit pension plan was closed for new employees per 01.01.2011. All employees starting from 2011 will be included in the contribution based pension plan.

Defined benefit pension plan
The Company has a defined benefit pension plan for employees, managed and funded through a Norwegian life insurance company, and non-funded pension obligations for two pensioners, which are not covered by the general pension plan. The present value of benefit obligations is calculated based on actuarial methods, and compared with the value of pension assets. The net amount of the present value of benefit obligations and pension assets, adjusted for unrecognized changes in estimates, is included under long-term liabilities or non-current assets. Net pension costs (benefits earned during the period including interest on the projected benefit obligation, less estimated return on pension assets and amortization of accumulated changes in estimates) are included in salaries and other personnel

expenses.

Gains and losses resulting from the remeasurements of the pension liability based on experience variances and changes in actuarial assumptions are recognized in equity through other comprehensive income in the period they occur.

Contribution based pension plan
For contribution based pension plans, the company pays contributions to a public or private managed pension plan. The company has no further payment obligations after the contribution have been paid. Contributions are recognized as personnel expenses in line with the obligation to pay contributions accrue.

Taxes
Income tax expense consists of taxes payable and the net change in deferred taxes arising as a result of temporary differences.

Current tax for the current and prior periods is measured at the amount expected to be paid to the tax authorities for present and earlier years. The tax rates and tax laws used to compute the amount are those that are enacted by the balance sheet date.

Change deferred taxes reflect the future tax effects resulting from the activities for the period. Deferred taxes in the balance sheet are calculated on the basis of temporary differences between financial and taxable values, with consideration for taxable losses carried forward. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that is not probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Dividends
Dividends proposed by the Board of Directors are not recorded as liability in the financial statements until they have been approved by the shareholders at the annual general meeting.

Related parties
Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence. The Company believes that all transactions between related parties are based on the principle of arm's length (estimated market value).

Business areas/segments
Ship management and ship ownership are the business areas for Solvang. Ship ownership is further divided based on type and size of ship. Solvang has ownership interests in gas ships. These ships are divided into three types based on size, semi-ref ships from 12,000 – 17,000 cbm, LGC ships from 40,000 - 60,000 cbm and VLGC ships above 75,000 cbm. Accounting information based on business area and ship types are given in note 3 to the accounts.

Cash flow statement / Cash and cash equivalents
The Company uses the indirect method

for calculating cash flow statements. Cash flows generated by investment and financing activities is shown gross, while for operations a reconciliation is shown between profit for the year and cash flows from operating activities. Cash and cash equivalents include cash and bank deposits.

NEW IFRS AND IFRIC INTERPRETATIONS

The following standards have been adopted by the group for the first time for the financial year beginning on or after 1 January 2013 and have a material impact on the group:

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

IAS 19, 'Employee benefits' was revised in June 2011 and entered into force on 1 January 2013. The change means that all actuarial gains and losses will be recognized in other comprehensive income as they arise, to immediately recognize all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). See note 21 and Changes in Equity for the impact on the financial statements.

Amendment to IFRS 7, 'Financial instruments: Disclosures', on asset and liability offseting. This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

There are no other new or changed IFRSs or IFRIC interpretations that are effective for the 2013 financial statements, which is considered to have or expected to have a material impact on the Group.

New standards and interpretations which have not come into force

There are a number of new standards and interpretations that have been adopted but not yet made effective for the year ending 31 December 2013. For example

IFRS 9 - Financial Instruments will replace IAS 39
IFRS 10 - Consolidated Financial Statements
IFRS 11 - Joint Arrangements
IFRS 12 - Disclosures of Interest in Other Entities
IAS 36 (Amendment) – Impairment of assets
IFRIC 21 - Levies

The Group has not used early adoption of any new or amended IFRSs and IFRIC interpretations, and based on the information known to Solvang ASA at the reporting date (when the financial statements are prepared) it has been determined that these will most likely not have a material effect on the consolidated accounts for Solvang ASA in 2013.

When it comes to changes in accounting rules for financial instruments, IFRS 9 was adopted in late 2009. Implementation of IFRS 9 is postponed indefinitely. It is not yet approved for use by the EU and Solvang ASA will consider adopting this standard early when it has been approved for use. If this becomes relevant, Solvang will demonstrate the possible consequences.

NOTE 2 - FINANCIAL MARKET RISK

The group is exposed to credit risk, liquidity risk and market risk by use of financial instruments.

Credit risk
Credit risk is risk for financial loss if a counterpart to a financial instrument does not manage to fulfil its obligations under the contract. There are attached credit risk to the group's receivables and equity securities. Receivables are mainly towards affiliated ship owning companies included using the equity method of accounting. As manager for these companies, we have a good view of their financial standing, and the credit risk is considered minimal. The equity portfolio consists of listed shares and equity certificates in Norway, Great Britain and USA. There is little credit risk related to these investments.

Liquidity risk
Liquidity risk is the risk for the group not being able to fulfil its financial obligations as they fall due. Shipping is a cyclical business, and the group has therefore chosen to be well capitalized, and have a high proportion of liquidity. As of 31.12.2013 the liquidity reserves including the portfolio of equity securities amount to 10 % of the total balance sheet, while current liabilities together with liability to pay equity to affiliated companies amount to 11 % of the balance sheet. The liquidity risk is considered acceptable.

Market risk
Market risk is risk for changes in market prices, such as exchange rates on currency, interest rates and share prices, influence on income or value of financial instruments. There is attached financial market risk to equity shares (exchange rate and market prices), and bank deposits (exchange rate), loans (exchange rate and interest rates). In addition the group is exposed to market risk related to mortgage loans in the ship owning companies included using the equity method of accounting (interest rates). The group has a conservative strategy for investment in equity shares. The groups activities are mainly USD based, and deposits are to a large extent held in USD to reduce exchange rate risk. The group is mainly exposed to interest rate risk through mortgage loan in the ship owning companies. These loans are priced at floating LIBOR rate + margin. Interest rate exposure is actively handled, and parts of the loans are secured by fixed interest rate contracts to reduce interest rate risk. Due to a conservative strategy regarding financial instruments, and active handling of market risk, we are of the opinion that the groups market risk is satisfactory seen in relation to the balance sheet.

Asset management
The board's goal is to keep a sufficient capital base, to maintain confidence from investors, creditors and the market in general, and to develop the business activity. A part of the liquidity reserve is invested in equity shares as the board are of the opinion that this over time will yield a higher return compared to keeping the reserve as bank deposits and bond investments. The portfolio is managed by the group, and a relatively conservative strategy has been applied for the management. Capital return is monitored by the board. The group trade in its own shares. The purpose is to increase value for the company's shareholders. There has not been made any changes in how asset management is approached during the year. None of the group's companies is subordinated external capital requirements.

The following table summarizes the estimated fair value of the group's financial instruments at the balance sheet date:

FINANCIAL INSTRUMENTS	31.12.2013		31.12.2012	
	Booked value	**Fair value (Level 1)**	**Booked value**	**Fair value (Level 1)**
Financial assets held at fair value through profit or loss				
Equity securities	13 811	13 811	74 234	74 234
Options	0	0	0	0
Loan and receivables				
Long term loans	0	0	0	0
Total	13 811	13 811	74 234	74 234

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:
- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

For bank deposits, receivables and account payable the groups best estimate as per 31.12.2012 is that book value is equal to fair value. Market value for equity securities are calculated on basis of listed stock price at the balance sheet day. Market value for loan and receivables are at face value, adjusted for any exchange rate effects.
There is a 3 level hierarchy for assessing the value of financial instruments entered into the balance sheet at market value. All the company's financial instruments are valued according to level 1 where market value is set by using quoted prices.

NOTE 2 - FINANCIAL MARKET RISK

SENSITIVITY ANALYSIS

Change in market prices		**Value change**
Equity securities	10 % increase of share prices	1 381
	10 % reduction of share prices	-1 381

Change in exchange rates		**Value change**
Bank deposits	10 % increase of exchange rates	4 217
	10 % reduction of exchange rates	-4 217

Change of interest rates		**Effect on profit or loss**
Mortgage loans on ships in companies included using the equity method of accounting	100 basis points increase of interest rates	7 757
	100 basis points reduction of interest rates	-7 757

Effect of change of interest rates for bank deposits is evaluated insignificant, and there is not made a sensitivity analysis.

NOTE 3 - AREAS OF OPERATION

Solvangs management reports and control are reported according to the proportionate consolidation method. In the companys view this gives the best information regarding total risk related to the groups operation. The main reason for using this principle is that the majority of the ship owning companies are organized as pro rata unlimited partnerships where each partners has an unlimited, pro rata liability for the ship owning companys commitments. In the notes to the accounts the profit and loss account as well as the balance sheet are presented according to the proportionate consolidation method. Further, main figures for areas of operation for our ship owning activity are presented with a split on market segments by ship size and ship management activities.

PROFIT AND LOSS ACCOUNT PROPORTIONATE CONSOLIDATION

OPERATING INCOME/EXPENSES	**2013**	**2012**
Share of revenue on t/c-basis ships	183 675	196 905
Profit on sale of ships / interests in ship owning companies	0	1 502
Management fee	65 458	64 767
Total operating income	249 133	263 175
Share of operating expenses ships	80 564	76 614
Salaries and other personnel expenses	51 242	46 113
Other operating expenses	15 106	15 650
Depreciation ships	49 067	47 120
Write-down ships	0	0
Depreciation	833	571
Total operating expenses	196 813	186 067
Operating result	52 320	77 107
FINANCIAL ITEMS		
Other affiliated companies equity method	272	573
Financial income	22 726	12 898
Share of financial expenses ships	-6 163	-17 081
Financial expenses	-5 367	-9 033
Net financial items	11 469	-12 643
Ordinary result before tax	63 789	64 464
Tax on ordinary result	1 871	-8 748
Net profit or loss for the year	65 661	55 717

NOTE 3 - AREAS OF OPERATION

BALANCE SHEET PROPORTIONATE CONSOLIDATION

ASSETS	31.12.13	31.12.12
Fixed Assets	0	0
Deferred tax asset	7 035	2 885
Share of ships	1 223 966	987 963
Share of periodic maintenance ships	38 496	9 454
Share of new build contracts	41 404	57 922
Office equipment, furniture etc	2 801	1 831
Total	1 313 703	1 060 054
Financial fixed assets		
Investments in affiliated companies	708	478
Other shares	20	20
Total fixed assets	1 314 430	1 060 552
Current Assets		
Receivables		
Share of current assets ship owning companies	90 582	56 326
Other short term receivables	72 887	36 348
Total receivables	163 469	92 674
Investments		
Listed investments	13 811	74 234
Bank deposits		
Bank deposits	58 245	62 124
Total current assets	235 524	229 032
TOTAL ASSETS	1 549 954	1 289 584

EQUITY AND LIABILITIES		
Equity		
Paid-in capital		
Share capital (24 652 837 shares a NOK 5)	123 264	123 264
Treasury shares	-1 402	-1 600
Retained earnings		
Other equity	-13 360	-50 947
Retained earnings	517 608	463 560
Total equity	626 110	534 277
Long term liabilities		
Share of long term liabilities ship owning companies	767 699	659 095
Pension liabilities	16 044	8 418
Earnings shipping co-operation partners	0	9 658
Total long term liabilities	783 743	677 170
Current liabilities		
Liabilities to financial institution	87	564
Tax payable	176	0
Public duties payable	13 972	6 145
Share of current liabilities of ship owning companies	58 889	21 384
Other short term liabilities	66 976	50 043
Total current liabilities	140 101	78 137
TOTAL EQUITY AND LIABILITIES	1 549 954	1 289 584

NOTE 3 - AREAS OF OPERATION

AREAS OF OPERATION AND SEGMENTS

	SHIP OWNERSHIP		SHIP MANAGEMENT		TOTAL	
	2013	2012	2013	2012	2013	2012
Operating income			65 458	64 767	65 458	64 767
Share of profit ship owning companies						
Semi ref ships	68 358	95 397			68 358	95 397
LGC ships	66 995	63 533			66 995	63 533
VLGC ships	48 321	39 478			48 321	39 478
Operating expenses	-80 564	-76 614	-66 348	-61 763	-146 913	-138 377
Depreciation	-49 067	-47 120	-833	-571	-49 900	-47 691
Operating profit/loss	54 044	74 674	-1 723	2 433	52 320	77 107
Shares in affiliated companies			272	573	272	573
Financial items	-6 163	-17 081	17 359	3 866	11 197	-13 216
Profit/loss before tax	47 881	57 593	15 908	6 871	63 789	64 464
Deferred tax assets			7 035	2 885	7 035	2 885
Interest in ship owning companies equity method						
Semi ref ships	369 191	352 359			369 191	352 359
LGC ships	400 324	380 797			400 324	380 797
VLGC ships	454 451	254 807			454 451	254 807
New build	41 404	57 922			41 404	57 922
Total	1 265 370	1 045 885			1 265 370	1 045 885
Share periodic maintenance ships						
Semi ref ships	12 804	6 798			12 804	6 798
LGC ships	13 639	1 881			13 639	1 881
VLGC ships	12 053	775			12 053	775
Total	38 496	9 454			38 496	9 454
Share of current assets ships						
Semi ref ships	40 594	33 764			40 594	33 764
LGC ships	26 900	14 355			26 900	14 355
VLGC ships	23 089	8 207			23 089	8 207
Total	90 582	56 326			90 582	56 326
Other investments			3 509	2 309	3 509	2 309
Assets	13 811	74 234	131 151	98 492	144 962	172 726
Total assets	1 408 259	1 185 898	141 695	103 686	1 549 954	1 289 584
Share long term debt ships						
Semi ref ships	190 317	192 488			190 317	192 488
LGC ships	263 697	265 176			263 697	265 176
VLGC ships	313 686	201 430			313 686	201 430
Total	767 699	659 095			767 699	659 095
Share current liability ships						
Semi-ref skip	21 959	4 920			21 959	4 920
LGC skip	12 271	7 167			12 271	7 167
VLGC skip	24 649	9 298			24 649	9 298
Total	58 879	21 385			58 879	21 385
None Interest bearing debt			97 168	74 264	97 168	74 264
Interest-bearing debt			87	564	87	564
Total debts	826 579	680 479	97 256	74 828	923 835	755 307
Net investments in fixed assets in the period						
Interest in ship owning companies equity method						
LGC ships	41 404				41 404	
VLGC skip	688 742	199 314			688 742	199 314
Office equipment, furniture etc			1 804	427	1 804	427

Liquidity reserves including equity shares are included in the ship ownership area, as this is the capital intensive area of the groups operation.

NOTE 4 - SHIPPING ACTIVITY

SHARE IN SHIP OWNING COMPANIES UNDER THE EQUITY METHOD OF ACCOUNTING, SHARE OF P&L AND BALANCE SHEET ITEMS

Company	Owner-ship %	Profit on sale of vessels	Freight earnings on T/C base	Operating expenses	Depreciation	Write-off	Net financial items	Net profit	Share vessel	Share accr. dry-docking	Share current assets	Share long term liabilities	Share current liabilities	Share uncalled capital as of 31.12.2013	Net book value balance sheet at 31.12.2013
PR Clipper Skagen DA	20,0 %	0	6 573	4 572	2 300	0	-75	-374	9 420	983	1 507	0	1 554	0	10 355
PR Clipper Viking DA	20,0 %	0	8 102	4 318	1 720	0	-14	2 050	25 211	2 487	4 685	0	2 932	0	29 451
PR Clipper Harald DA	20,0 %	0	3 449	3 850	0	0	-24	-425			4 105	0	1 359	0	2 746
PR Clipper Star DA	20,0 %	0	31 070	12 565	8 499	0	-1 411	8 595	178 646	8 267	6 527	114 039	5 026	0	74 375
PR Clipper Sky DA	20,0 %	0	22 368	8 436	5 506	0	-1 063	7 363	127 667	2 352	5 825	88 059	2 422	0	45 363
PR Clipper Hebe DA	25,0 %	0	23 547	10 006	6 874	0	-471	6 197	155 690	3 307	14 438	83 023	7 400	0	83 012
PR Clipper Mars DA	24,0 %	0	13 557	5 016	3 748	0	-475	4 317	94 011	3 020	6 740	61 599	4 788	0	37 384
PR Clipper Hermes DA	30,0 %	0	26 687	12 501	7 582	0	-648	5 957	178 870	6 028	15 858	107 294	8 715	0	84 748
PR Clipper Sirius DA	30,0 %	0	25 255	6 474	5 216	0	-701	12 863	128 121	3 304	7 475	86 641	10 214	0	42 045
PR Clipper Posh DA	20,0 %	0	-748	2 162	137	0	488	-2 559	100 455	2 111	2 312	67 380	4 687	0	32 810
Victory DIS	15,3 %	0	12 299	6 314	4 004	0	-1 105	875	143 666	3 795	8 484	102 784	7 893	37 219	45 268
PR Clipper Sun II DA	20,0 %	0	11 516	4 172	3 481	0	-663	3 200	82 209	2 844	4 819	56 881	1 855	0	31 135
PR Clipper Jupiter DA	25,0 %	0	0	178	0	0	1	-178	41 404	0	7 808	0	35	0	49 177
Total 2013			183 675	80 564	49 067		-6 163	47 881	1 265 370	38 496	90 582	767 699	58 879	37 219	567 860
Total 2012			198 408	76 614	47 120		-17 081	57 593	1 045 885	9 454	56 326	659 095	21 384	34 088	431 185

Where the company has invested in pro rata unlimited partnerships (Partrederi DA), the company has a pro rata liability for the ship owning company's commitments. The ownership in the ship owning companies have been tested for impairment by comparing the carrying values against valuations obtained from brokers. There are indications of impairment for several of the vessels. Estimated value of use are calculated for the vessels that hava an indication of impairment. The recoverable amount is fixed at estimated value of use of each ship. Estimated value of use is calculated as a net present value based on the rest of life and risk. The net present value is calculated based on each vessel's remaining economic life, and the first year's cash-flow based on approved budgets. Discount rate, 4.3% (5 year) and 5.6% (10 year), is based on the group's risk weighted cost of capital (WACC). WACC is calculated on basis of the capital asset pricing model (CAPM), and the loan interest rate is assumed interest rate for new loans. USD/NOK is set at 6.0815, which was the rate as per 31.12.2013.

Mortgage debt in ship owning companies are nominated in USD and priced by LIBOR + margin. For parts of the debt interest rate SWAPS has been entered for maturities up to 5 years.

NOTE 5 - SHIPPING ACTIVITY

SHARE IN SHIP OWNING COMPANIES UNDER THE EQUITY METHOD OF ACCOUNTING

		2012					2013				
Company	Owner-ship in %	Balance 01.01.2012	Share profit of the year	Investments/repayments/sale	Translation differences	Balance 31.12.2012	Balance 01.01.2013	Share profit of the year	Investments/repayments/sale	Translation differences	Balance 31.12.2013
KS AS Heragas	19,5 %	406	-16	-390							
PR Clipper Skagen DA	20,0 %	10 996	-407		-751	9 839	9 839	-374		890	10 355
PR Clipper Viking DA	20,0 %	59 447	8 031	-37 218	-1 886	28 374	28 374	2 050	-3 487	2 515	29 452
PR Clipper Harald DA	20,0 %		-446	3 637	-273	2 918	2 918	-425		253	2 746
PR Clipper Star DA	20,0 %	62 890	3 916	-2 216	-4 618	59 972	59 972	8 595		5 807	74 374
PR Clipper Sky DA	20,0 %	30 641	2 879	3 355	-2 305	34 569	34 569	7 363		3 431	45 363
PR Clipper Hebe DA	25,0 %	74 211	12 937	-5 669	-5 752	75 726	75 726	6 197	-6 094	7 174	83 004
PR Clipper Mars DA	24,0 %	27 489	4 828		-2 169	30 147	30 147	4 317		2 919	37 384
PR Clipper Hermes DA	30,0 %	75 087	17 217	-7 631	-6 016	78 658	78 658	5 957	-7 312	7 445	84 747
PR Clipper Victory DA	30,0 %										0
PR Clipper Sirius DA	30,0 %	24 300	3 917		-1 900	26 317	26 317	12 863		2 865	42 045
PR Clipper Posh DA	20,0 %		-407	19 383	-425	18 551	18 551	-2 559	13 971	2 848	32 810
Victory DIS	15,3 %	36 841	2 224	4 361	-2 794	40 631	40 631	875		3 762	45 268
PR Clipper Sun II DA	20,0 %	24 421	2 921		-1 859	25 483	25 483	3 200		2 452	31 135
PR Clipper Jupiter DA	25,0 %							-178	49 688	-333	49 177
Justeringer	0,0 %					-1	-1			1	
Sum		426 729	57 593	-22 388	-30 748	431 185	431 185	47 881	46 766	42 028	567 860

Registered office for ships operated by Solvang ASA, are in Stavanger. The right to vote is according to pro rata, ownership share.

Some of the companies which is included under the equity method of accounting has loan agreements with financial institutions which restricts distribution to the owners. This can be requirement for minimum cash holdings, working capital, or written approval from the lender before distribution to owners.

According to sales agreement dated 9th September 2009, were the company reduced its ownership share in PR Clipper Mars DA. from 30% to 24%, buyer has an option, given certain circumstances, to declare a purchase of a further 30% which would reduce the company's holding to 15%. The purchase price according to the option agreement is pro rata the same as the price paid for the first 20%. The earliest date for declaring the option is September 2014. The company has assessed the option agreement according to IAS 39 regarding implied derivative. At year end 2013 the agreement is not included in the balance sheet as the management evaluates the value of the written call option to be insignificant. The value of the option will be assessed on a continuous basis until maturity.

NOTE 6 - OTHER AFFILIATED COMPANIES

SHARE IN AFFILIATED COMPANIES INCLUDED UNDER THE EQUITY METHOD OF ACCOUNTING

Company	Owner-ship	Historical cost	Book equity at acquisition	Incoming balance 01.01.13	Share profit of the year	Dividend	Translation difference	Outgoing balance 31.12.13
Solvang Phillipines Inc	25 %	102	102	172	67	-66	-46	126
Evergas Solvang Ethylene AS	50 %	292	292	307	206		70	582
Total		394	394	478	272	-66	23	708

Solvang Philippines Inc. is located in Manila, Philippines.
Evergas Solvang Ethylene AS is located in Copenhagen, Denmark.
Voting rights are according to pro rata ownership share.

We have not received final audited accounts from the companies, and results presented in this note is by definition estimates.

NOTE 7 - FINANCIAL INCOME

	2013	2012
RECEIVABLES		
Interest income	690	357
Currency gain	7 040	6 816
Total receivables	7 730	7 172
FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS		
Gain on sale of shares	14 214	1 581
Net increase in market value of current financial assets		838
Dividend Norwegian shares	674	3 028
Dividend foreign shares	11	20
Total held at fair value through profit and loss	14 899	5 468
Other financial income	97	258
Total	22 726	12 898

NOTE 8 - FINANCIAL EXPENSES

	2013	2012
LOANS		
Interest and banking expenses	193	1 508
Currency loss	4 553	7 274
Total loans	4 746	8 782
HELD AT FAIR VALUE THROUGH PROFIT OR LOSS		
Loss on sale of shares	0	0
Net decrease in market value of current financial assets	191	0
Expenses trading shares and options	261	0
Total held at fair value through profit and loss	453	0
Other financial expenses	168	251
Total	5 367	9 033

NOTE 9 - TAX

TAX EXPENSES FOR THE YEAR	2013	2012
Payable tax	1	2
Tonnage tax	176	
Gross changes in deferred tax / deferred tax assets	-3 924	8 746
Herof changes booked directly through equity	1 406	
Effect of changed tax rate	261	
Tax previous years	209	
Total tax on income for the year	-1 871	8 748

SPECIFICATION OF TEMPORARY DIFFERENCES:	31.12.13	31.12.12
Long term temporary differences		
Tangible fixed asset	-3	61
Pension liabilities	-16 044	-10 160
Investment in shares	0	-3 062
Investment ship owning companies	1	96 112
Tax loss carry-forward	-10 010	-138 477
Total basis for deferred tax	-26 055	-55 525

ANALYSIS OF RECOGNISED DEFERRED TAX IN RESPECT OF EACH TYPE OF TEMPORARY DIFFERENCES AND UNUSED TAX LOSSES

	31.12.13	31.12.12	Change
Temporary differences			
Tangible fixed asset	-1	17	-18
Pension liabilities	-4 332	-2 845	-1 487
Investment in shares		-857	857
Investment ship owning companies		26 911	-26 911
Tax loss carry-forward	-2 703	-38 773	36 071
Total deferred tax / tax asset (27% / 28%)	-7 035	-15 547	8 512
Change deferred tax recognized through profit and loss account			-2 257
Other changes deferred tax (recognized through OCI and equity)			-1 406
Deferred tax asset not recognised (27% / 28%)	0	-12 176	12 176
Total recognised deferred tax (27% / 28%)	-7 035	-3 371	-3 664

The tax rate has changed from 28% to 27% with effect from 01.01.2014. Deferred tax asset as of 31.12.2013 is calculated and recognized in the balance sheet based on the new tax rate.

Reconciliation tax expenses for the year	**2013**	**%**	**2012**	**%**
28% of ordinary income/loss before tax	17 861	28 %	18 050	28 %
Adjustment previous year	322	1 %	0	0 %
28% effect of permanent differences related to shares	-4 590	-7 %	-1 370	-2 %
28% effect of other permanent differences	-14 111	-22 %	-8 904	-14 %
Withholding tax	1	0 %	2	0 %
Effect of changed tax rate	261	0 %	0	0 %
Effect of deferred tax asset not recognised	-1 614	-3 %	970	2 %
Tax cost according to Profit & Loss account	-1 871	-3 %	8 748	14 %

The Group's subsidiary, Clipper Shipping AS enters into the tonnage tax scheme in 2013, and is therefore only assigned tax on financial records in accordance with the tonnage tax regulations. Clipper Shipping AS is the owner of the investments in ship owning companies which result will then also be taxed under the tonnage tax regime. There incurred no taxation in connection with the entry, but the company is losing its tax loss carryforward. The entry into the tonnage tax regive will not have any effect on the tax charge, as it was expected and deferred tax assets related to Clipper Shipping AS' net temporary differences thus were not capitalized.

NOTE 10 - PAYROLL EXPENSES

PERSONNEL EXPENSES	2013	2012
Salary	37 556	31 705
Employers tax	6 240	5 444
Pension cost	4 968	5 212
Other benefits	2 477	3 752
Total personnel expenses	51 242	46 113
Number of employees	40	39

REMUNERATION (IN NOK 1000)	2013	2012
Managing Director (01.01 - 30.04.2012)		
Salary	0	620
Bonuses	0	0
Pension cost	0	0
Other remuneration	0	1
Managing Director (Deputy managing director to 30.04.2012)		
Salary	1 972	1 798
Bonuses	163	0
Pension cost	72	69
Other remuneration	103	6
Director Marine Operations		
Salary	1 618	1 626
Bonuses	132	0
Pension cost	159	149
Other remuneration	195	154
Total remuneration to key management personnel	4 414	4 424
Number of individuals included in key management personnel	2	2
Board of Directors		
Remuneration	400	325
Total remuneration to key management personnel and Board of Directors	4 814	4 749

The Managing Director has an agreement of one year pay after termination of employment, and an additional contribution based pension of 15% of salary above 12G.

The company's senior executives are employed on a fixed salary. There are no related share-based payments or fixed bonuses to the salary agreements. It is also not granted loans or guarantees from the Company to any of its employees.

The amounts stated are exclusive of social security contributions

All employees of the parent company were paid bonuses in 2013, equivalent to a monthly salary. The total bonus payment for 2013 was 2 079 491,-.

Auditor

Remuneration to auditor consist of the following	2013	2012
Audit mandatory by law	1 084	568
Tax advisory services	33	68
Other non-audit services	111	53
Total	**1 229**	**689**

NOTE 11 - PENSION COST AND PENSION LIABILITIES

Funded plans
The group has a general pension plans in a life insurance company. The plan entitles its members to defined future benefits. These benefits are mainly dependent on number of years of employment, salary at the end of ordinary employment and the size of the benefits from the National Insurance Scheme. Full retirement pension will amount to approximately 66% of the basis for pension (limited to 12G), and the plan also includes entitlement to disability and children's pensions. Retirement age is 67 years. The company has the right to alter the pension plan. The benefits accruing under the scheme are funded. The pension plan has 36 members. The defined benefit pension plan for Solvang ASA has been closed for new employees. New employees are members of a defined-contribution pension plan.

This pension plan meets the requirement in the Act on Mandatory company pension.

Non-funded plans
The group also has non-funded pension obligations for 2 pensioners, and for the Managing Director of IGC AS, which are not covered by the general pension plan. The pension obligations for the Managing Director of IGC include early retirement pension and pension for salary exceeding 12 G.

Assumptions
Pension liabilities and pension costs are calculated by a third party independent actuary, and are valued according to Revised IAS 19. Changes in pension liabilities due to actuarial assumptions and differences between actual and expected return on plan assets are recognized in other comprehensive income. The following assumptions were used:

	2013	**2012 rev.**
Discount rate	4,00 %	3,90 %
Expected salary increases	3,75 %	3,50 %
Rate of pension increases	0,60 %	0,20 %
Increase of National Insurance Basic amount (G)	3,50 %	3,25 %
Expected return on plan assets	4,00 %	3,90 %
Social Security Tax	14,10 %	14,10 %
Disability tariff	KU	KU
Mortality tariff	K2013	K2005

Net periodic pension cost:	***Non-funded plans***		***Funded plans***	
	2013	**2012 rev.**	**2013**	**2012 rev.**
Current service cost	1 014	1 094	2 398	3 139
Net interest expense /(income)	194	142	76	189
Administrative expenses			161	
Social Security Tax	170	174	349	469
Net pension cost	1 378	1 411	2 983	3 797
Actual return on plan assets			5,5 %	3,5 %

Present value of benefit obligation	***Non-funded plans***		***Funded plans***	
	2013	**2012 rev.**	**2013**	**2012 rev.**
Present value of benefit obligation at January 1	5 021	4 479	19 866	22 459
Remeasurements	349	-585	4 292	-6 154
Present value of the service cost	1 014	1 094	2 398	3 139
Net interest cost on benefit obligation	194	142	772	600
Pensions paid during the year	-110	-110	-148	-177
Present value of benefit obligation at December 31	6 467	5 021	27 179	19 866

NOTE 11 - PENSION COST AND PENSION LIABILITIES

Fair value of plan assets	***Non-funded plans***		***Funded plans***	
	2013	**2012 rev.**	**2013**	**2012 rev.**
Fair value of plan assets at January 1			17 389	13 647
Remeasurements			-1 238	290
Actual return on plan assets			696	412
Company contributions			3 296	3 514
Administrative expenses			-410	-296
Pensions paid during the year			-148	-177
Fair value of plan assets at December 31			19 585	17 389

Status of pension plans reconciled to the balance sheet

	Non-funded plans		***Funded plans***	
	2013	**2012 rev.**	**2013**	**2012 rev.**
Present value of pension obligations	-6 467	-5 021	-27 179	-19 866
Fair value of plan assets			19 585	17 389
Funded status of plans at December 31.	-6 467	-5 021	-7 594	-2 477
Social Security Tax	-912	-708	-1 071	-349
Translation differences		137		
Net pension liability recognised at December 31.	-7 379	-5 592	-8 665	-2 826

	2013	**2012 rev.**
Total net pension liability non-funded and funded plans recognised at Dec. 31	-16 044	-8 418

Composition of plan assets on major investment categories

The company's pension funds are managed by an independent life insurance company that invests the funds of the plan according to Norwegian law. The major categories of plan assets as a percentage of the fair value of plan assets are as follows:

	2013	**2012**
Shares and other equity instruments	13,3 %	8,8 %
Bonds	45,3 %	74,3 %
Money market and similar	25,8 %	0,4 %
Properties and real estate	15,6 %	16,5 %
Total	100 %	100 %

Expected payments related to the pension plans in 2014
The Group's estimate contribution to the funded pension plan for the fiscal year 2013 is NOK 4 101 431.
The Company's estimated payments for non-funded pension plans are NOK 110 352 for the fiscal year 2014.

The value adjusted return on plan assets (secured pension plan) was 5,5% per 31.12.2013, and for 2012 the value adjusted return was 3,5%.

Development of deficit/surplus in the plan and actuarial loss / gain the last five years

	2013	**2012**	**2011**	**2010**	**2009**
As of 31st December					
Present value of benefit obligation	33 646	24 887	20 363	25 281	22 011
Fair value of plan assets	19 585	17 389	12 070	12 460	10 764
Deficit / (surplus) in the plan	14 061	7 498	8 293	12 822	11 247
Experience adjustments on plan assets	4 640	-6 739	-3 935	-309	-4 357
Experience adjustments on plan assets	1 238	-73	1 904	1 579	127

NOTE 11 - PENSION COST AND PENSION LIABILITIES

Sensitivity
The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		Impact on defined benefit obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0,50 %	Decrease 10,1 %	Increase 11,6 %
Salary growth rate	0,50 %	Increase 8,1 %	Decrease 7,3 %
Changes in pension from the Norwegian National Insurance	0,50 %	Decrease 2,2 %	Increase 2,3 %
Pension growth rate	0,50 %	Increase 5,8 %	Decrease 5,3 %

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

Defined-contribution pension plan
The defined benefit pension plan for Solvang ASA has been closed for new employees. New employees are members of a defined-contribution pension plan. Per 31.12.2013 this plan had 13 members. Paid contributions in 2013 was NOK 479 031.

Pension liability from subsidiary, Solvang Maritime AS

Solvang Maritime´s pension liabilities are charged to the shipping companies and therefore represents no cost to the Group. A receivable towards the shipping companies matching the pension liability is therefore recognized in the balance sheet making the net pension liability zero out. Pension obligations from Solvang Maritime is thus not included in the figures above.

NOTE 12 - RELATED PARTIES

The shipping companies where Solvang has an ownership share of more than 20% and companies where the Steensland family have control are regarded as related parties. All transactions with related parties, are at arm's length and market terms. In connection with Solvang's position as manager for the shipping partnerships, there are ongoing transactions between Solvang and the individual shipping partnerships. Solvang receives a yearly fee as managers. The size of the fee is regulated by the management agreement, and is approved each year by the annual general meeting of the shipping partnerships. Solvang's regular broker for sale and purchase is Inge Steensland AS. Parallel investments with other companies controlled by the Steensland family, are also made.

	Profit & Loss Account		Balance Sheet	
	2013	**2012**	**31.12.13**	**31.12.12**
Management fee and technical fee (income)	65 458	64 767		
Interest income ship owning companies	295	211		
Interest expenses other related parties		-1 154		
Receivables ship owning companies			41 697	7 900
Receivables other related parties			0	0
Liabilities ship owning companies			-24 178	0
Liabilities other related parties			0	0
Long term liability ship owning companies			883	-9 658
Total	65 753	63 824	18 401	-1 758

Liabilities other related parties are priced at 3 months LIBOR + margin of 2% for foreign exchange loans, and 3 months NIBOR + margin 2% for NOK loans.

NOTE 13 - BANK DEPOSIT

The group has the following restricted bank deposits

	2013	**2012**
Restricted bank deposit payroll withholding tax	4 329	3 371
Restricted bank deposit rent guarantee	473	473
Restricted bank deposit pension liability	5 481	3 936

The groups bank deposits at 31.12 are divided on different currencies as follows:

	2013	**2012**
NOK	16 076	16 728
EUR	0	17
GBP	1	1
USD	42 167	45 379
Total	58 245	62 124

NOTE 14 - EARNINGS PER SHARE

	2013	2012
Profit / loss for the year (numerator)	65 661	55 717
Average number of shares outstanding (denominator)	24 372	24 333
Total number of shares issued	24 653	24 653
Earnings per share (NOK)	2,69	2,29
Diluted earnings per share (NOK)	2,66	2,26

NOTE 15 - TANGIBLE FIXED ASSETS

	Car	Software and office equipment	Furniture and fixtures	Non depreciable assets	2013	2012
Acquisition costs 01.01	965	874	2 887	240	**4 965**	4 616
Translation differences	89				**89**	-73
Additions during the year		1 753			**1 753**	427
Disposals during the year						-4
Acquisition costs 31.12	1 054	2 626	2 887	240	**6 807**	4 965
Accumulated ordinary depreciation 01.01	338	462	2 334		**3 134**	2 588
Depreciation during the year	205	382	247		**833**	571
Accumulated depreciation sold/disposed assets						-4
Translation differences	38				**38**	-21
Accumulated depreciation and write-off 31.12	581	844	2 580		**4 006**	3 134
Book value as of 31.12	473	1 782	306	240	**2 801**	1 831
Useful life	5 years	3-4 years	6 years	-		3 - 6 years
Depreciation plan	Linear	Linear	Linear	Linear		Linear
Depreciation percentage	20 %	25 - 30%	15 %	0 %		15 - 30%

NOTE 16 - SHARES IN OTHER COMPANIES

	2013		2012	
	Acquisition cost (NOK)	Book value/ market value as of 31.12.2012 (NOK)	Acquisition cost (NOK)	Book value/ market value as of 31.12.2011 (NOK)
HELD AT FAIR VALUE THROUG PROFIT OR LOSS				
Shares and equity certificates listed in Norway	14 958	13 811	91 154	72 467
Shares and funds listed in USA	0	0	3 459	1 767
Total group	14 958	13 811	94 613	74 234
Exchange rate USD/NOK per 31.12.2013	6,0815			

In 2013 an decrease in market value of KNOK 191 mill has been booked towards the company's listed investment portfolio. The increase has been classified as other financial expenses. (Ref note 8).

NOTE 17 - RECEIVABLES

Recivables consist mainly of trade debtors, prepaid voyage costs and receivables from shipping partnerships. None of the receivables is falling due more than one year after the end of the fiscal year. None of the receivables of significant amount is due on the balance sheet date.

Receivables at 31.12 can be divided as follows:

	2013	2012	
Receivables from shipping partnerships	42 580	7 900	(ref note 12 - Related parties)
Trade debtors	23 972	13 682	
Prepaid vendors		10 417	
Accruals	5 883	3 291	
Other receivables	452	1 058	
Total receivables	72 887	36 348	

All the groups trad debtors at 31.12 are nominated in USD and are less than 30 days old
Receivables from shipping partnerhips are nominated in both NOK and USD.

NOTE 18 - LIABILITIES

Security
Solvang ASA has a credit facility of NOK 20 million.
As security for this the company has furnished the shares of Solvang Shipping AS as collateral.

	2013	2012
Drawn amount overdraft facility	87	564
Security overdraft facility (equity Solvang Shipping AS)	68 016	55 836

In addition the group has parts of mortgage debt through participation in shipping partnerships.
As security for this mortgage debt, the lender has a mortgage on ships belonging to the respective companies.

	2013	2012
The groups share of mortgage debt	775 678	663 215

Leasing
The group has operating lease commitments for office space that expires at 31.12.2014 and 31.12.2016

There is options under the agreements to extend the leases with 5 years from 31.12.2014 and 31.12.2016 at market terms.

At 31.12 The Company had the following minimum non-cancellable leasing commitments:

	2013	2012
År 1	2 942	2 873
År 2-5	4 455	7 223
År 6-10	0	0
Sum	7 396	10 095

The company recognized lease expenses of KNOK 3 003 for 2013 and KNOK 2 841 for 2012.

Other long term commitments
The shipping co-operation partners for LGC ships organised by IGC AS has paid out KNOK 883 more than actual earnings.

NOTE 19 - EQUITY

Shareholders

The company's main shareholders as of 31.12.2013

	31.12.13		31.12.12	
Name of owner	**# of shares**	**Ownership**	**# of shares**	**Ownership**
Clipper AS	5 460 932	22,2 %	5 460 932	22,2 %
Straen AS	5 405 157	21,9 %	5 405 157	21,9 %
Audley AS	3 589 014	14,6 %	3 589 014	14,6 %
Mertoun Capital AS	1 000 000	4,1 %	0	0,0 %
Michael Steensland Brun	981 201	4,0 %	981 201	4,0 %
MP Pensjon PK	821 363	3,3 %	821 363	3,3 %
Skagenkaien Eiendom	600 000	2,4 %	600 000	2,4 %
Jacobsen Erik Olger	599 152	2,4 %	620 000	2,5 %
Folke Hermansen AS	503 600	2,0 %	503 600	2,0 %
Inge Steenslands Stiftelse	500 000	2,0 %	500 000	2,0 %
Myhre Leif Harald	404 000	1,6 %	404 000	1,6 %
Jaco Invest AS	354 510	1,4 %	354 510	1,4 %
Torkap AS	290 500	1,2 %	310 500	1,3 %
Solvang ASA	280 424	1,1 %	319 978	1,3 %
Søgne Shipping AS	0	0,0 %	1 000 000	4,1 %
Øvrige < 1%	3 862 984	15,7 %	3 782 582	15,3 %
Totalt	24 652 837	100,0 %	24 652 837	100,0 %

The board of directors and managing director own or control shares in the company as of 31.12.2013 as follows:

Michael Steensland Brun	981 201
Wenche Rettedal	2 781
Edvin Endresen (CEO)	3 019

Proposed dividend
The Board of Directors has proposed a dividend of NOK 0.50 per share for 2012. There was paid a dividend of NOK 0.50 per share for 2012.
The company has no other dividend limitations than those imposed by Norwegian law.

NOTE 20 - TREASURY SHARES

As of 31.12.2013 Solvang ASA had shareholdings of 280 424 treasury sahares, booked at KNOK 2 102.
The purpose for buy back of own shares was to increase value for the company's shareholders.

NOTE 21 - EFFECT OF PRINCIPAL CHANGES IN PENSION

As of 01.01.2013 the Company has adobted actuarial valuations according to Revised IAS 19 - Employee benefits. This change means that previously amortized actuarial gains and losses have reduced pension liabilities by net KNOK 1 251 after tax. This reduction is recognized directly in Equity. Based on this the Company has restated the balance sheet for 2012 for comparison purposes. The table below shows the items that have changed compared to presented statements of 2012.

Summary of restated balance sheet as of 01.01.2013

	Presented **31.12.12**	**Changes**	Restated **01.01.13**
Deferred tax asset	3 371	-487	2 885
Other Balance Sheet items	606 220		606 220
Total Assets	609 592	-487	609 105
Other reserves	-51 951	1 004	-50 947
Retained earnings	463 312	247	463 560
Pension liability	10 156	-1 738	8 418
Other Balance Sheet items	188 074		188 074
Total Equity and Debt	609 592	-487	609 105

Summary of restated profit and loss for 2012

	Presented **31.12.12**	**Changes**	Restated **01.01.13**
Ordinary result			
Salaries and other personnel expenses	-46 456	344	-46 113
Other profit and loss items	110 577		110 577
Tax on ordinary result	-8 651	-96	-8 748
Net profit for the year	55 469	247	55 717
Comprehensive income			
Net profit for the year	55 469	247	55 717
Remeasurements pension liability		7 681	7 681
Tax effects of remeasurements pension liability		-2 151	-2 151
Other items	-21 147		-21 147
Total comprehensive income	34 322	5 778	40 100

PARENT COMPANY 2013

Profit & Loss Account | Solvang ASA

Amounts in NOK 1 000	Note	2013	2012
Management fee	10	50 457	48 045
Total Operating income		**50 457**	**48 045**
Salaries and other personnel expenses	8,10	39 294	34 373
Depreciation	13	628	367
Other operating expenses	8	12 389	12 237
Total operating expenses		**52 312**	**46 977**
Driftsresultat		**-1 855**	**1 068**
Recieved group contributions		541	1 558
Ship-owning companies equity method	2	-145	-748
Other affiliated companies equity method	3	272	573
Other financial income	4,10	6 205	7 760
Write-down shares in subsidiaries	7	10 761	-11 077
Other financial expenses	5,10	-4 021	-6 956
Net financial items		**13 613**	**-8 890**
Ordinary result before tax		**11 758**	**-7 822**
Tax on ordinary result	6	-685	-7 870
Net profit or loss for the year		**12 442**	**48**

Net profit or loss for the year is distributed as follows			
Reserve for valuation variances		-84	-574
Dividend		-12 186	-12 166
From other equity		-172	12 693
Total distributed		**-12 442**	**-48**

Balance Sheet | Solvang ASA

Amounts in NOK 1 000	Note	31.12.13	01.01.13
ASSETS			
Fixed Assets			
Intangible fixed assets			
Deferred tax asset	6	4 688	2 366
Total intangible fixed assets		**4 688**	**2 366**
Tangible fixed assets			
Office equipment, furniture etc	13	2 328	1 204
Total tangible fixed assets		**2 328**	**1 204**
Financial fixed assets			
Investments in subsidiaries	7,16	622 212	611 451
Investments ship-owning companies equity method	2	2 745	2 890
Investments in affiliated companies	3	708	478
Total financial fixed assets		**625 665**	**614 819**
Total fixed assets		**632 681**	**618 389**
Current Assets			
Receivables			
Short term receivables group companies	10,15	2 123	1 231
Other short term receivables	10,15	14 571	4 947
Total receivables		**16 695**	**6 178**
Investments			
Listed investments	14	13 831	30 662
Total investments		**13 831**	**30 662**
Cash and bank deposits	11	8 047	10 983
Total current assets		**38 572**	**47 824**
TOTAL ASSETS		**671 253**	**666 212**

Continued on next page:

Balance Sheet | Solvang ASA

Amounts in NOK 1 000	Note	31.12.13	01.01.13
EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital	18	123 264	123 264
Treasury shares	19	-1 402	-1 600
Total paid-in capital		**121 862**	**121 664**
Retained earnings			
Reserve for valuation variances		0	84
Other equity		442 729	446 022
Total retained earnings		**442 729**	**446 106**
Total equity	**18**	**564 591**	**567 771**
Liabilities			
Provisions			
Pension liabilities	9	7 909	2 938
Deferred tax liability	6	0	0
Total provisions		**7 909**	**2 938**
Long term liabilities			
Long Term loan Group companies	10	71 557	71 557
Other long term liabilities	10,16	0	0
Total long term liabilities		**71 557**	**71 557**
Current liabilities			
Liabilities to financial institution	16	87	564
Trade creditors		3 039	3 748
Current liabilities Group companies	10	1 543	0
Public duties payable		6 557	4 342
Dividend		12 186	12 166
Other short term liabilities	10	3 783	3 127
Total current liabilities		**27 196**	**23 947**
Total liabilities		**106 662**	**98 442**
TOTAL EQUITY AND LIABILITIES		**671 253**	**666 212**

Stavanger, 24. april 2014

Michael Steensland Brun
Chairman

Alf Andersen

Wenche Rettedal

Hans Petter Aas

Ellen Solstad

Edvin Endresen
Managing Director

Cash Flow Statement | Solvang ASA

Amounts in NOK 1 000	**2013**	**2012**
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before tax	11 758	-7 822
Taxes paid		0
Depreciation and amortisation	628	367
Return on investments in equity shares	-4 535	-2 996
Difference between expensed pension and paid in/out	-877	-201
Result in other affiliated companies	-272	-573
Result in affiliated ship owning companies	145	748
Changes in inventories, trade receivables and trade payables	-709	2 377
Changes in other current balance sheet items	-6 753	4 322
Write-down shares in subsidiaries	-10 761	11 077
Net cash flow from operating activities	**-11 375**	**7 300**
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale / purchase of tangible fixed assets	-1 753	-423
Proceeds from sale / purchase of securities	20 707	6 271
Dividend received	660	1 689
Investment affiliated companies	66	497
Proceeds form ship owning companies	0	21 745
Payments to ship owning companies	0	-3 638
Net cash flow from investing activities	**19 680**	**26 142**
CASH FLOW FROM FINANCING ACTIVITIES		
Changes in overdraft facility	-477	564
Payments other long term debt	0	-47 255
Purchase / sale of treasury shares	752	0
Change in outstanding accounts group companies	650	2 337
Dividends paid	-12 166	0
Net cash flow from financing activities	**-11 241**	**-44 354**
Net change in cash and cash equivalents	**-2 936**	**-10 913**
Cash and cash equivalents 01.01	10 983	21 896
Cash and cash equivalents 31.12	**8 047**	**10 983**

Notes 2013 | Solvang ASA

NOTE 1 ACCOUNTING PRINCIPLES

The annual accounts consist of the profit and loss account, balance sheet, cash flow statement and notes to the accounts, and have been presented in compliance with the Norwegian Companies Act, the Norwegian Accounting Act and Norwegian generally accepted accounting principles in effect as of 31st of December 2013.

The annual accounts have been prepared based on the fundamental accounting principles and the classification of assets and liabilities are according to the Norwegian Accounting Act. The application of the accounting principles and the presentation of transactions and other issues attach importance to economic realities, not only legal form. Contingent losses, which are likely to happen and are quantifiable, will be expensed.

General principles

Assets that are meant for long-term ownership or use are classified as fixed assets. Other assets are classified as current assets. Receivables are classified as current assets if they are to be re-paid within one year after payment. The same criteria apply for liabilities.

The annual accounts have been prepared based on the fundamental accounting principles historical cost, comparability, going concern, congruence and prudence. Transactions are recorded at their value at the time of the transaction. Income is recognised at the time of delivery of goods or service sold and matches costs expensed in the same period as the income to which they relate is recognized.

Valuation of fixed assets is entered in the accounts at original cost. If the fair value of a fixed asset is lower than book value, and the decline in value is not temporary, the fixed asset will be written down to fair value. Fixed assets with a limited expected useful life is depreciated according to plan.

Current assets are valued at the lower of acquisition cost and fair value. Short-term liability is booked nominally at the point of establishment.

According to the accounting principles there are some exceptions from the general principles. These exceptions are commented below.

Fixed assets

Fixed assets are entered in the accounts at original cost, with deductions for accumulated depreciation and write-down. If the fair value of a fixed asset is lower than book value, and the decline in value is not temporary, the fixed asset will be written down to fair value. Depreciation is calculated and distributed linearly over the estimated useful life. Maintenance of fixed assets is continuously booked to operating cost. Major replacement and improvements witch significantly improve the fixed assets useful life, are added to the purchase price of the assets.

Investment in subsidiaries

By subsidiaries means investments where the company directly or indirectly owns more than 50% of the voting shares, where the investment have a long-term and strategic dimension, and investments where the company have a controlling interest. Investments in subsidiaries are accounted for using the purchase method. Cost price increases when means are contributed by a capital increase, or when group contribution is received by the subsidiary. Received dividends are normally booked as income. Dividends which exceeds retained earnings after the initial investment, is booked as reduction of historical acquisition cost. Year-end allocation related to dividend from subsidiaries is entered as financial income the same fiscal year.

Investment in affiliated companies

By affiliated companies means investments where the company directly or indirectly owns 20-50% of the voting shares, where the investment have a long-term and strategic dimension, and investments where the company can exercise a considerable influence. Investments in affiliated companies are accounted for using the equity method.

Solvang's share of the profit in an affiliated company is based on profit after tax in the affiliated company less any depreciation on excess value due to the acquisition cost of the owner interest being higher than the acquired share of book equity. In the profit and loss account, the share of the profit in affiliated companies is presented as financial items. In the balance sheet, owner interests in affiliated companies are presented together with fixed assets.

For affiliated participant taxed companies are Solvang's share of the profit based on the pre-tax profit in the affiliated company. Tax on profit share is recognized through the general tax cost of the Group.

Securities

Shares, primary capital certificates and interests in unit trusts (mutual funds) that are traded on a stock exchange or a regulated market and have a good ownership diversity and liquidity, are included in the trading portfolio and are valued at market value at balance sheet date.

Receivables

Receivables are valuated at face value after deduction of accrual for anticipated loss. Accruals for anticipated loss are made on basis of assessment of the individual outstanding claims.

Foreign currency

Transactions in foreign currencies are recorded at transaction date.
All cash and bank balances in foreign currency are accounted for at the exchange rate at year-end.

Financial expenses

When a new debt financing is established any up-front fees and other cost related to the financing are expensed at the date of drawdown of the loan.

Pension liability and pension cost

The Company has both defined benefit and contribution based pension plans, which the defined benefit pension plan was closed by 01.01.2011 so that all new employees starting from 2011 will be included in the contribution based pension plan.

Defined benefit pension plan

Net pension cost includes the period calculated pension benefits, including expected salary increases, estimated interest expenses, less the expected return on plan assets and any effects of changes in estimates and plans. The surplus is capitalized to the extent it can be applied to future pension obligations. As of 01.01.2013, the company applies Revised IAS 19 Employee Benefits as a basis for accounting for pension. The principal change is further described in note 21.

Contribution based pension plan

For defined contribution plans the company pays contributions to publicly or privately administered pension insurance plans. The company has no further payment obligations once the contributions have been paid. Contributions are recognized as compensation expense in line with the obligation to pay contributions accrue.

Treasury shares

Own shares are posted at face value on a separate line of the balance sheet under equity. The difference between the face value of the share and the original cost is deducted from other equity.

Taxes

Taxes in the Profit and Loss statement contain both payable tax of the year and changes in deferred tax / deferred tax asset.

Deferred tax /deferred tax assets is calculated on basis of temporary differences between accounting standards and tax legislation by the end of the fiscal year. The calculation is based on nominal tax rate. Tax-augmenting and tax-reducing temporary differences that can be reversed in the same period are balanced in the accounts. Deferred tax assets arises if there are net tax-reducing temporary differences which can be justified by the assumption of future profits. This year tax on ordinary result consist of net changes in deferred tax and deferred tax assets together with payable tax of the year and adjusted for any differences in provision previous years.

Cash flow statement

The Cash Flow statement is prepared in accordance with the indirect method. Cash flow generated by investing and financing activities is shown gross, while for operations reconciliation is shown between book profit and cash flow from operating activities. Investments in securities are not included under cash equivalents. Cash and cash-equivalents include petty cash and bank payments.

NOTE 2 - SHIPPING ACTIVITY

SHARE IN VESSELS INCLUDED UNDER THE EQUITY METHOD OF ACCOUNTING

Company	Owner-ship	Acquisition cost	Opening balance 01.01.13	Share of net profit	Additions/ disposals	Incoming payments / repayments	Closing balance 31.12.13
PR Clippper Harald DA	20 %	3 637	2 890	-145	0	0	2 745
Total		3 637	2 890	-145	0	0	2 745

Registered office of ship owning companies included after the equity method of accounting is in Stavanger.
The voting rights are according to pro rata ownership share.

NOTE 3 - AFFILIATED COMPANIES

AFFILIATED COMPANIES INCLUDED UNDER THE EQUITY METHOD OF ACCOUNTING

Company	Ownership	Acquisition cost	Equity at acquisition	Opening balance 01.01.13	Share of net profit	Dividend recieved	Translation differences	Closing balance 31.12.13
Solvang Phillipines Inc	25 %	102	102	172	67	-66	-46	126
Evergas Solvang Ethylene AS	50 %	292	292	307	206		70	582
Total		394	394	478	272	-66	23	708

Solvang Phillipines Inc is located in Manila, Phillipines.
Evergas Solvang Ethylene AS is located in Copenhagen, Denmark.
The voting rights are according to pro rata ownership share.

We have not received final or audited accounts from the affiliated companies, hence the amounts presented in this note is estimate only.

NOTE 4 - FINANCIAL INCOME

	2013	2012
Interest income	81	334
Gain on sale of shares	3 875	1 307
Increase in market value of current financial assets		318
Dividend Norwegian shares	660	1 689
Currency gain	1 491	3 931
Other financial income	97	181
Total	**6 205**	**7 760**

NOTE 5 - FINANCIAL EXPENSES

	2013	2012
Interest and banking expenses	188	1 368
Interest group companies	2 741	2 203
Brokerage costs shares and options	87	0
Decrease in market value of current financial assets	191	0
Currency loss	681	3 177
Other financial expenses	134	207
Total	**4 021**	**6 956**

NOTE 6 - TAX

		2013	2012
Ordinary income/loss before tax		11 758	-7 822
Permanent differences related to shares		-4 813	-2 945
Permanent differences		-11 040	12 245
Accounting result ship owning companies		145	748
Taxable result ship owning companies		-121	-742
Differences related to equity method		-272	-573
Changes in temporary differences		-1 001	-201
Applied loss carried forward			-710
Net taxable income/loss		**-5 344**	**0**
Payable tax	**28 %**	**0**	**0**
Tax expenses for the year			
Gross changes in deferred tax / deferred tax assets		-2 496	-7 870
Deferred tax of remeasurement pensions recognized in equity		1 637	0
Effect Change in tax rate		174	0
Adjustment previous year		0	0
Total tax on income for the year		**-685**	**-7 870**
Specification of temporary differences:			
Long term temporary differences			
Tangible fixed asset		-4	-128
Pension liabilities		-7 909	-2 938
Investment ship owning companies		0	0
Tax loss carry-forward		-9 449	-5 383
Total		**-17 362**	**-8 449**
Deferred tax / deferred tax assets	**28 %**	**-4 861**	**-2 366**

Tax rate has changed from 28% to 27% as of 01.01.2014. Deferred tax asset as of 31.12 are calculated and recognized in balance sheet according to the updated tax rate.

Reconciliation tax expenses for the year		
28% of ordinary income/loss before tax	3 292	-2 190
Changes related to ship owning companies	7	-8 153
Changes related to equity method	-76	-160
28% effect of permanent differences related to shares	-1 348	-825
28% effect of other permanent differences	-3 091	3 458
Effect of change in tax rate	174	0
Adjustment previous year	358	0
Tax cost according to Profit & Loss account	**-685**	**-7 870**

NOTE 7 - SHARES IN SUBSIDIARIES

Company name	Ownership/ Voting rights	Share capital	Nominal value	Number of shares owned	Total nominal value	Value on balance sheet
Solvang Shipping AS	100 %	22 000 000	1 000	22 000	22 000 000	68 016 000
Clipper Shipping AS	100 %	559 316 900	100	5 593 169	559 316 900	552 103 671
Solvang Maritime AS	100 %	100 000	1 000	100	100 000	106 000
International Gas Carriers AS	100 %	1 000 000	100	10 000	1 000 000	1 986 533
Total Subsidiaries						**622 212 204**

Solvang Shipping AS, Clipper Shipping AS and Solvang Maritime AS are located in Stavanger.
International Gas Carriers AS is located in Oslo.

The company has reversed previous year's write-down of Solvang Shipping AS, with a total amount of 10,761,000, as there are no longer any need for the allowance. As of 31.12 Solvang Shipping AS only consists of bank deposit and the net receivable / payable to group companies or related parties. The company will, however, be discontinued in 2014

NOTE 8 - PAYROLL EXPENSES

	2013	2012
Personnel expenses		
Salary	29 317	24 081
Employers tax	4 936	4 142
Pension cost	2 910	3 074
Other benefits	2 131	3 076
Total personnel expenses	39 294	34 373
Number of employees	34	34

Remuneration (in NOK) 2013

	Director's fees	Salary	Bonuses	Pension costs	Other remuneration	Total remuneration
MANAGERS						
Edvin Endresen, CEO		1 972 195	162 500	71 874	102 864	2 309 433
Tor Øyvind Ask, Dir. Marine Operations		1 618 451	131 950	159 490	194 804	2 104 695
BOARD OF DIRECTORS						
Michael Steensland Brun, Chairman	100 000					100 000
Erik O. Jacobsen, Board member	75 000					75 000
Wenche Rettedal, Board member	75 000					75 000
Sigrun Sagedahl, Board member	75 000					75 000
Hans Petter Aas, Board member	75 000					75 000
Total remuneration	**400 000**	**3 590 646**	**294 450**	**231 364**	**297 668**	**4 814 128**

Managing Director has an agreement of one year pay after termination of employment, and an additional contribution based pension of 15% of salary above 12G. The company's senior executives are employed on a fixed salary. No share-based payments or fixed bonuses are related to the salary agreements. The Company has not granted loans or guarantees to any of its employees.

All employees got paid a bonus in 2013 equal to one months salary. Total bonus of 2013 amounted to NOK 2 079 491,-.

AUDITOR

The fee to the auditors for 2013 amounts to NOK 634 780, whereof NOK 511 650 relates to audit regulated by law, NOK 33 350 for tax advisory and NOK 89 780 for other non-audit services. The amounts are reported exclusive of VAT.

NOTE 9 - PENSION COST AND PENSION LIABILITIES

Funded plans
The company is obligated to have a pension plan according to the Act on Mandatory company pension, and has a pension plan which follows the requirement as set in the Act on Mandatory company pension.

The company has a general pension plan in a life insurance company. The plan entitles its members to defined future benefits. These benefits are mainly dependent on number of years of employment, salary at the end of ordinary employment and the size of the benefits from the National Insurance Scheme. Full retirement pension will amount to approximately 66% of the basis for pension (limited to 12G), and the plan also includes entitlement to disability and children's pensions. Retirement age is 67 years. The company has the right to alter the pension plan. The benefits accruing under the scheme are funded. The pension plan has 26 members (2012: 30 members).

Non-funded plans
The company also has non-funded pension obligations for 2 pensioners, which are not covered by the general pension plan.

Assumptions
Pension liabilities and pension costs are calculated by a third party independent actuary, and has been evaluated according to revised IAS 19. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited through Equity. The following assumptions were used:

	2013	**2012 revised**
Discount rate	4,00 %	3,90 %
Expected salary increases	3,75 %	3,50 %
Rate of pension increases	0,60 %	0,20 %
Increase of National Insurance Basic amount (G)	3,50 %	3,25 %
Expected return on plan assets	4,00 %	3,90 %
Social Security Tax	14,10 %	14,10 %

Net periodic pension cost:	**Non-funded plans**		**Funded plans**	
	2013	**2012 revised**	**2013**	**2012 revised**
Benefits earned during the year	0	0	1 745	2 287
Interest cost	16	13	72	162
Expected return on pension assets	0	0	0	0
Past service costs	0	0	0	0
Administrative expenses	0	0	105	0
Social Security Tax	2	2	256	345
Changes in estimates	0	0	0	0
Net periodic pension cost	**18**	**15**	**2 179**	**2 795**
Actual return on plan assets			5,5 %	3,5 %

Status of pension plans reconciled to the balance sheet

	Non-funded plans		**Funded plans**	
	2013	**2012 revised**	**2013**	**2012 revised**
Present value of pension obligations	-392	-467	-23 098	-17 200
Fair value of plan assets	0	0	16 558	15 092
Funded status of plans at December 31.	-392	-467	-6 540	-2 107
Social Security Tax	-55	-66	-922	-297
Net pension liability recognised at December 31.	**-447**	**-533**	**-7 462**	**-2 405**

	2013	**2012 revised**
Total net pension liability non-funded and funded plans as of 31.12	-7 909	-2 938

Composition of plan assets on major investment categories. The company's pension funds are managed by an independent life insurance company that invests the funds of the plan according to Norwegian law.

The major categories of plan assets as a percentage of the fair value of plan assets are as follows:

	2013	**2012**
Shares and other equity instruments	13,3 %	8,8 %
Bonds	45,3 %	74,3 %
Money market and similar	25,8 %	0,4 %
Properties and real estate	15,6 %	16,5 %
Total	**100,0 %**	**100,0 %**

Defined-contribution pension plan

The defined benefit pension plan for Solvang ASA has been closed for new employees. New employees are members of a defined-contribution pension plan. Per 31.12.2013 this plan had 13 members. Paid contributions in 2013 was NOK 479 031.

NOTE 10 - RELATED PARTIES

The shipping companies where Solvang has an ownership share of more than 20% and companies where the Steensland family have control are regarded as related parties. All transactions with related parties, are at arm's length and market terms. In connection with Solvang's position as manager for the shipping partnerships, there are ongoing transactions between Solvang and the individual shipping partnerships. Solvang receives a yearly fee as managers. The size of the fee is regulated by the management agreement, and is approved each year by the annual general meeting of the shipping partnerships.
Solvang's regular broker for sale and purchase is Inge Steensland AS. Parallel investments with companies controlled by the Steensland family, are also made.

	Profit & Loss Account		Balance Sheet	
	2013	**2012**	**31.12.13**	**31.12.12**
Management fee (income)	50 457	48 045		
Interest income subsidiaries	-2 741	-2 203		
Interest expenses other related parties	34	-943		
Receivables group companies			2 123	1 231
Liabilities group companies			-73 100	-71 557
Net receivables ship owning companies			13 935	1 487
Net receivables other related parties			0	0
Liabilities other related parties			0	0
Total	**47 751**	**44 899**	**-57 041**	**-68 839**

NOTE 11 - RESTRICTED BANK DEPOSIT

In connection with payment of payroll withholding tax, the company has a restricted bank deposit of NOK 2 617 113,-

NOTE 12 - EARNINGS PER SHARE

	2013	**2012**
Profit / loss for the year (numerator)	12 442 411	47 577
Average number of shares outstanding (denominator)	24 372 413	24 332 859
Total number of shares issued	24 652 837	24 652 837
Earnings per share (NOK)	0,51	0,00
Diluted earnings per share (NOK)	0,50	0,00

NOTE 13 - TANGIBLE FIXED ASSETS

	Software and office equipment	Furniture and fixtures	Non depreciable assets	2013	2012
Acquisition costs 01.01	874	2 887	240	4 000	3 577
Additions during the year	1 753	0	0	1 753	427
Disposals during the year	0	0	0	0	-4
Acquisition costs 31.12	2 626	2 887	240	**5 753**	4 000
Accumulated ordinary depreciation 01.01	462	2 334	0	2 796	2 434
Depreciation during the year	382	247	0	628	367
Accumulated depreciation sold/disposed assets	0	0	0	0	-4
Accumulated depreciation and write-off 31.12	844	2 580	0	3 425	2 796
Book value as of 31.12	1 782	306	240	**2 328**	1 204
Useful life	3-4 years	6 years	-		3 - 6 years
Depreciation plan	Linear	Linear	Linear		Linear
Depreciation percentage	25 - 30%	15 %	0 %		15 - 30%

NOTE 14 - SHARES IN OTHER COMPANIES

	Acquisition cost (NOK)	Book value/ Market value as of 31.12.2013 (NOK)
HELD AT FAIR VALUE THROUG PROFIT OR LOSS		
Shares and equity certificates listed in Norway	14 978	13 831

In 2013 the result of the company's investment in equity shares is NOK 4,3 mill, ref note 4 og 5.

NOTE 15 - RECEIVABLES AND DEBT

Debtors consist mainly of receivables from shipping partnerships. None of the receivables is falling due more than one year after the end of the fiscal year.

Solvang ASA has long term debt towards subsidiaries in total of NOK 71,6 mill. The total debt is falling due within 5 years.

NOTE 16 - LIABILITIES

Solvang ASA has a credit facility of NOK 20 million. As of 31.12.2013 there was drawn KNOK 87 from this facility. As security for this the company has furnished the shares of Solvang Shipping AS as collateral. Book value of the shares in Solvang Shipping AS is 68 016 000.

NOTE 17 - AREAS OF OPERATION

Since practically all of the company's ship ownership was sold to the subsidiary Clipper Shipping AS in December 2007, the company is left with one area of operation, ship management.

NOTE 18 - EQUITY

Solvang ASA	Share capital	Treasury shares	Reserve for valuation differences	Other Equity	Total equity
Equity as of 31.12.2012	123 264	-1 600	84	445 266	567 015
Principle change in pension *(ref note 21)*				756	756
Equity as of 01.01.2013	**123 264**	**-1 600**	**84**	**446 022**	**567 771**
Profit / loss of the year			-84	12 527	12 442
Translation differences *(note 3)*				23	23
Remeasurement pension liability (net after tax)				-4 210	-4 210
Proposed dividend				-12 186	-12 186
Treasury shares		198		554	752
Equity as of 31.12.2013	**123 264**	**-1 402**		**442 729**	**564 591**

Shareholders

The share capital of Solvang ASA consist of 24 652 837 ordinary shares, each with a par value of NOK 5,-.
All shares have equal rights.

The company's main shareholders as of 31.12.2013

Name of owner	# of shares	Ownership
Clipper AS	5 460 932	22,2 %
Straen AS	5 405 157	21,9 %
Audley AS	3 589 014	14,6 %
Mertoun Capital AS	1 000 000	4,1 %
Michael Steensland Brun	981 201	4,0 %
MP Pensjon PK	821 363	3,3 %
Skagenkaien Eiendom	600 000	2,4 %
Jacobsen Erik Olger	599 152	2,4 %
Folke Hermansen AS	503 600	2,0 %
Inge Steenslands Stiftelse	500 000	2,0 %
Myhre Leif Harald	404 000	1,6 %
Jaco Invest AS	354 510	1,4 %
Torkap AS	290 500	1,2 %
Solvang ASA	280 424	1,1 %
Others < 1%	3 862 984	15,7 %
Totalt	**24 652 837**	**100,0 %**

The board of directors and managing director own or control shares in the company as of 31.12.2013 as follows:

Michael Steensland Brun (Chairman)	981 201
Wenche Rettedal	2 781
Edvin Endresen (CEO)	3 019

Proposed dividend
The Board of Directors has proposed a dividend of NOK 0.50 per share for 2013. A dividend of NOK 0,50 per share was paid for 2012.

The company has no other dividend limitations than those imposed by Norwegian law.

NOTE 19 - TREASURY SHARES

As of 31.12.2013 Solvang ASA had shareholdings of 280 424 treasury sahares, booked at NOK 2 102 586.
The purpose for buy back of own shares was to increase value for the company's shareholders.

NOTE 20 - FINANCIAL MARKET RISK

The company's operations expose the company for currency risk, interest risk and market risk, whilst the company only have a very limited exposure to credit risk.

CURRENCY RISK AND INTEREST RISK

Investment in ship owning companies
The operations of the company's investments in ship owning companies accounted for according to the equity method are mainly USD based. Most of the revenues are in USD. The majority of the income is in USD. Furthermore, the market value of the ships, and thus most of the assets, are priced in USD. Most of the debts are also in USD. This leads to foreign exchange exposure being limited.

Most of the company's debt is share of the debt in the ship owning companies accounted for according to the equity method. This is denominated in USD and is priced by floating LIBOR interest. All loans are at floating interest rates. The company has an acceptable equity ratio. This together with an active handling of interest rate exposure, leads to the risk of any changes in the interest rate level being limited for the company.

MARKET RISK

The company has a liquidity reserve, which to a large extent is invested in equity shares. At 31.12.2013 the portfolio was booked at NOK 13.8 mill. Acquisition cost is NOK 15 mill. The portfolio is exposed to market risk, depending on the development in the equity share market. The portfolio is managed by the company, and a relatively conservative strategy has been applied for the management.

NOTE 21 - EFFECT OF PRINCIPAL CHANGES IN PENSION

As of 01.01.2013 the Company has adobted actuarial valuations according to Revised IAS 19 - Employee benefits. This change means that previously amortized actuarial gains and losses have reduced pension liabilities by net KNOK 756 after tax. This reduction is recognized directly in Equity. Based on this the Company has restated the balance sheet for 2012 for comparison purposes. The table below shows the items that have changed compared to presented statements of 2012.

Summary of restated balance sheet as of 01.01.2013

	Presented **31.12.12**	**Changes**	Restated **01.01.13**
Deferred tax asset	2 660	-294	2 366
Other Balance Sheet items	663 847		663 847
Total Assets	666 507	-294	666 212
Other equity	445 266	756	446 022
Pension liability	3 988	-1 050	2 938
Other Balance Sheet items	217 253		217 253
Total Equity and debt	666 507	-294	666 212

STATEMENT OF COMPLIANCE

BOARD AND GENERAL MANAGER'S STATEMENT OF COMPLIANCE

We confirm that the annual accounts for the period 1 January 2013 to 31 December 2013 are, to the best of our knowledge, presented in compliance with current applicable accounting standards, and that the information contained in the accounts give a true and fair view of the company's and the groups' assets, liabilities, financial position and results as a whole. We also confirm that the information in the annual report gives a true summary of the developments, profits and losses and position of the company and the group together with a description of the most central risk factors and uncertainties with which the company is faced.

Stavanger, 24th April 2014

Michael Steensland Brun
Chairman

Alf Andersen

Wenche Rettedal

Hans Petter Aas

Ellen Solstad

Edvin Endresen
Managing Director

To the Annual Shareholders' Meeting of Solvang ASA

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of Solvang ASA, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the balance sheet as at 31 December 2013, and the income statement and cash flow statement, 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 at 31 December 2013, income statement, statement of comprehensive income, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the financial statements of the parent company in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by EU and for such internal control as the Board of Directors and the Managing Director 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.

PricewaterhouseCoopers AS, Kanalsletta 8, Postboks 8017, NO-4068 Stavanger
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Opinion on the financial statements of the parent company

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position for Solvang ASA as at 31 December 2013, and its financial performance and its 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 present fairly, in all material respects, the financial position of the group Solvang ASA as at 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and 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 Board of 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 profit 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 management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Stavanger, 24 April 2014
PricewaterhouseCoopers AS

Henrik Zetliz Nessler
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

Fleet overview

Ship	Owner share in %	Employment	Register	Load capasity	Type of ship	Year built
Clipper Skagen	20,0	TC	NIS	15 000 cbm	LPG/Ammoniakk	1989
Clipper Viking	20,0	Joint venture IGC	NIS	12 500 cbm	LPG/Etylen	1998
Clipper Harald	20,0	TC	NIS	12 500 cbm	LPG/Etylen	1999
Clipper Hebe	25,0	Joint venture ESE	NIS	17 200 cbm	LPG/Etylen	2007
Clipper Helen	25,0	Joint venture ESE	NIS	17 200 cbm	LPG/Etylen	2007
Clipper Hermes	30,0	Joint venture ESE	NIS	17 200 cbm	LPG/Etylen	2008
Clipper Hermod	30,0	Joint venture ESE	NIS	17 200 cbm	LPG/Etylen	2008
Clipper Star	20,0	Joint venture IGC	NIS	59 200 cbm	LPG/Ammoniakk	2003
Clipper Moon	20,0	Joint venture IGC	NIS	59 200 cbm	LPG/Ammoniakk	2003
Clipper Sky	20,0	Joint venture IGC	NIS	59 200 cbm	LPG/Ammoniakk	2004
Clipper Orion	20,0	Joint venture IGC	NIS	60 000 cbm	LPG/Ammoniakk	2008
Clipper Neptun	20,0	Joint venture IGC	NIS	60 000 cbm	LPG/Ammoniakk	2008
Clipper Mars	24,0	TC	NIS	60 000 cbm	LPG/Ammoniakk	2008
Clipper Sirius	30,0	TC	NIS	75 000 cbm	LPG/Ammoniakk	2008
Clipper Victory	15,3	TC	NIS	75 000 cbm	LPG/Ammoniakk	2009
Clipper Sun	20,0	TC	NIS	82 000 cbm	LPG/Ammoniakk	2008
Clipper Quito	15,3	TC	NIS	84 000 cbm	LPG/Ammoniakk	2013
Clipper Posh	20,0	TC	NIS	84 000 cbm	LPG/Ammoniakk	2013
Newbuildings						
Hyundai Heavy Industries Hull No. 2708	25,0	TC	NIS	60 000 cbm	LPG/Ammoniakk	2015
Hyundai Heavy Industries Hull No. 2709	25,0		NIS	60 000 cbm	LPG/Ammoniakk	2015
Hyundai Heavy Industries Hull No. 2710	25,0		NIS	60 000 cbm	LPG/Ammoniakk	2015

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