# FOURTH QUARTER 2013 RESULTS

# AND

# PRELIMINARY 2013 RESULTS

## Highlights fourth quarter

- Awilco LNG ASA (Awilco LNG or the Company) reported freight income of MUSD 21.3 (MUSD 9.2 in Q3 2013) and an EBITDA of MUSD 8.0 (MUSD 0.4 in Q3 2013).
- WilPride was delivered from DSME on 28 November and financed through a sale-leaseback charter with Teekay LNG Partners L.P. Group (Teekay) for a period of 4 years plus one year option in Awilco LNG's favour.
- WilPride fixed for maiden voyage.
- WilForce fixed to an oil and gas major on a three year contract plus one year option in charterer's favour. The vessel was delivered on 24 January 2014.
- WilEnergy fixed on a 9 month contract with a 3 month option in charterer's favour. The contract commenced on 10 November.
- Vessel utilisation of 86 % (trading vessels), compared to 58 % in Q3 2013.

## Highlights for the year 2013

- Full year freight income of MUSD 54.7 (MUSD 56.6 in 2012).
- Full year EBITDA of MUSD 16.6 (MUSD 29.3 in 2012).
- Net profit before tax of MUSD 1.1 (MUSD 19.9 in 2012).
- Vessel utilisation of 67 % compared to 72 % in 2012 (trading vessels).

## Key financial figures

| USD million | Q4'13 | Q3'13 | Q4'12 | 2013 | 2012 |
|---|---|---|---|---|---|
| Freight income | 21.3 | 9.2 | 13.8 | 54.7 | 56.6 |
| Voyage related expenses | 5.5 | 2.6 | 0.4 | 12.8 | 4.3 |
| EBITDA | 8.0 | 0.4 | 8.0 | 16.6 | 29.3 |
| Net profit/(loss) | (0.3) | (2.5) | 6.3 | 1.2 | 21.7 |
| Total assets | 513.6 | 359.2 | 203.0 | 513.6 | 203.0 |
| Total equity | 194.5 | 194.8 | 193.3 | 194.5 | 193.3 |
| Interest bearing debt | 308.0 | 154.8 | 1.6 | 308.0 | 1.6 |
| Book equity ratio | 38 % | 54 % | 95 % | 38 % | 95 % |

## FINANCIAL REVIEW

*Income statement fourth quarter 2013*

Freight income for the quarter was MUSD 21.3 compared to MUSD 9.2 in the previous quarter. The increase was due to a larger fleet and improved utilisation of the fleet. Fleet utilisation for the quarter ended at 86 % (trading vessels), compared to 58 % in Q3 2013. Voyage related expenses were MUSD 5.5 (MUSD 2.6 Q3 2013), of which MUSD 4.7 was reimbursed by the charterers and presented gross in the income statement (MUSD 1.0 in Q3 2013).

Operating expenses were MUSD 5.3 (MUSD 4.5 Q3 2013). The increase from last quarter was mainly due to the operation of WilForce for the full quarter and delivery of WilPride at the end of November. Administration expenses for the quarter were MUSD 2.5 compared to MUSD 1.7 in the previous quarter; the increase was mainly related to bonus expenses, an increase in fair value of synthetic employee options and natural fluctuations in timing of expenses.

EBITDA for the quarter was MUSD 8.0 compared to MUSD 0.4 in the previous quarter. The increase was due to operation of WilForce for the entire quarter, delivery and employment of WilPride during the quarter and increased utilisation of the fleet. Depreciation for the quarter was recorded at MUSD 3.9. The increase in depreciation from MUSD 2.2 in Q3 was due to depreciation of WilForce for a full quarter and depreciation of WilPride after delivery in late-November.

Net finance income/(expense) was MUSD (4.4), compared to MUSD (0.6) in the previous quarter. Finance expenses of MUSD 4.4 mainly related to interest charges on the WilForce and WilPride financial lease obligations, compared to MUSD 0.5 on the WilForce obligation alone in Q3 2013.

Loss before tax and loss for the period was MUSD 0.3, compared to a loss of MUSD 2.5 in Q3 2013.

*Income statement full year 2013*

Freight income for the year amounted to MUSD 54.7 compared to MUSD 56.6 in 2012. The decrease was due to lower utilisation and charter rates on the 2nd generation vessels, offset by the effect of increased fleet size in the second half of 2013. Fleet utilisation ended at 67 %, compared to 72 % in 2012. Voyage related expenses were MUSD 12.8 in 2013 compared to MUSD 4.3 in 2012. The increase was mainly due to positioning of WilForce and WilPride after delivery in Q3 and Q4 2013, together with periods of idling WilEnergy and the effect of gross presentation of bunkers cost reimbursed on short term charter contracts.

Operating expenses for the year were MUSD 18.5 compared to MUSD 18.4 in 2012, reflecting increased fleet size offset by lay-up of WilPower in Q2 2013. Administration expenses were recorded at MUSD 6.8 in 2013, an increase from MUSD 4.6 2012. The increase was mainly due to an increase in the average number of employees from 6.1 in 2012 to 9.5 in 2013, in addition to an increase in fair value of synthetic employee options.

Full year EBITDA was MUSD 16.6, compared to MUSD 29.3 in 2012. Depreciation for the period was MUSD 10.0, compared to MUSD 7.7 in 2012. The increase was due to delivery of WilForce and WilPride. No impairment loss was recognised in 2013 compared to a loss of MUSD 1.4 in 2012. Net finance income/(expense) was MUSD (5.5) compared to MUSD (0.3) in 2012. The increased finance expenses were due to interest charges on the WilForce and WilPride lease obligations.

Profit before tax for the year was MUSD 1.1, compared to MUSD 19.9 in 2012. Income tax expense for the year amounted to a gain of MUSD 0.1, compared to a gain of MUSD 1.8 in 2012. Profit for the year was MUSD 1.2 compared to MUSD 21.7 in 2012.

*Statement of financial position*

Book value of vessels was MUSD 478.7 as at 31 December 2013, representing an increase of MUSD 139.9 from 30 September 2013. The increase reflects payment of the final installment to DSME upon delivery of WilPride, supervision costs during the final stages of construction of WilPride and minor upgrades of the fleet of 2nd generation vessels, offset by ordinary depreciation.

WilPride is financed through a 4 year financial lease with one year option in Awilco LNG's favour. The lease liability of MUSD 155.0 was recognised upon the sale and leaseback of WilPride subsequent to the delivery of the vessel. The long term portion of the lease liability settled more than twelve months after the reporting period is presented as long-term interest bearing debt, and the short term portion payable within twelve months is presented as short-term interest-bearing debt. Please see note 4 for further information.

Total current assets were MUSD 34.5 as at 31 December 2013, compared to MUSD 20.0 as at 30 September 2013. Cash and cash equivalents were MUSD 18.2 at end of Q4 (MUSD 10.4 Q3 2013), trade receivables MUSD 3.7 (MUSD 2.5 Q3 2013) and inventory MUSD 4.3 (MUSD 4.8 Q3 2013). Other short term assets increased from MUSD 2.3 end of Q3 2013 to MUSD 8.2 end of Q4 2013. The increase was mainly due to prepayment of WilForce and WilPride monthly lease payment of MUSD 3.0 (MUSD 1.5 Q3 2013) and accrued revenue not invoiced of MUSD 4.2 (nil Q3 2013).

Total equity as at 31 December 2013 was MUSD 194.5. The Group had not drawn on the MUSD 15.0 short term credit facility at the end of the quarter and the facility was fully available (same as in Q3 2013). The short term credit facility expires in June 2014.

Total current liabilities were MUSD 21.7 as at 31 December 2013, compared to MUSD 14.9 as at 30 September 2013. The increase was mainly due to the recognition of the short-term portion of the WilPride lease liability.

## MARKET UPDATE

Entering into Q4 higher gas prices in the Far East lead to anticipation of increased activity. There was continued strong LNG demand, but as seen repeatedly in 2013 cargo supply continued to be the constraint. The result was periods with increased activity when cargo was available but also periods with low shipping activity despite high demand for LNG. Towards the end of the year activity eased off as gas prices in the West increased due to winter demand, which reduced arbitrage opportunities resulting in fewer reloads in Europe. Spot rates for TFDE vessels started the quarter around USD 113,000 per day coming down to about USD 98,000 per day at the end of the quarter.

The Angolan liquefaction plant halted production in December due to planned overhaul and is expected to restart production in Q1. Analysts expect a gradual ramp up throughout the year expecting the plant to produce at full capacity of 5.2 MTPA towards the end of 2014. Skidka (Algeria) has reportedly sold its first cargoes after reconstruction, but production is unclear at time of writing.

Analysts expects an increase of 12 - 16 MTPA of LNG production in 2014 compared to last year, and by the end of 2014 the total LNG production capacity is expected to increase by about 20 MTPA compared to end 2013. In general there is always a degree of uncertainty linked to start-up dates and when production will reach nameplate capacity for new liquefaction plants.

There were 16 LNG vessels delivered during 2013. In 2014 33 vessels (excl. FSRU) are scheduled for delivery of which 17 are available, some deliveries are expected to be delayed for various reasons. According to shipbrokers the total orderbook for LNG vessels above 100,000 cbm (excl. FSRU) is reported at 97 vessels, of which 27 are available for contract.

## ORGANISATION

Awilco LNG ASA was established in February 2011. The principal activity of Awilco LNG ASA and its subsidiaries is to invest in and operate LNG transportation vessels. The three 2nd generation vessels were delivered to the Company during first half 2011, and the two TFDE vessels WilForce and WilPride were delivered in Q3 and Q4 2013. The Group handles the commercial operation of the vessels from its main office in Oslo, and currently has 10 employees.

Awilco LNG Technical Management AS (ALNG TM), Awilco LNG's in-house technical manager, performs technical management of WilForce, WilPride, WilGas and WilPower. WilEnergy is currently handled through an agreement with V.Ships LNG in the UK but is in the process of being taken over by ALNG TM. Awilco LNG purchases certain administrative and sub-management technical management services from two companies in the Awilhelmsen Group, Awilhelmsen Management AS and Wilhelmsen Marine Services AS, see note 5 in the interim condensed consolidated financial statements for further details.

## VESSEL CONTRACT STATUS

*TFDE vessels*

WilForce: commenced a 3 year charter with a one year option in charterer's favour to an oil and gas major in January 2014.

WilPride: was re-delivered on 9 February after completing her maiden voyage.

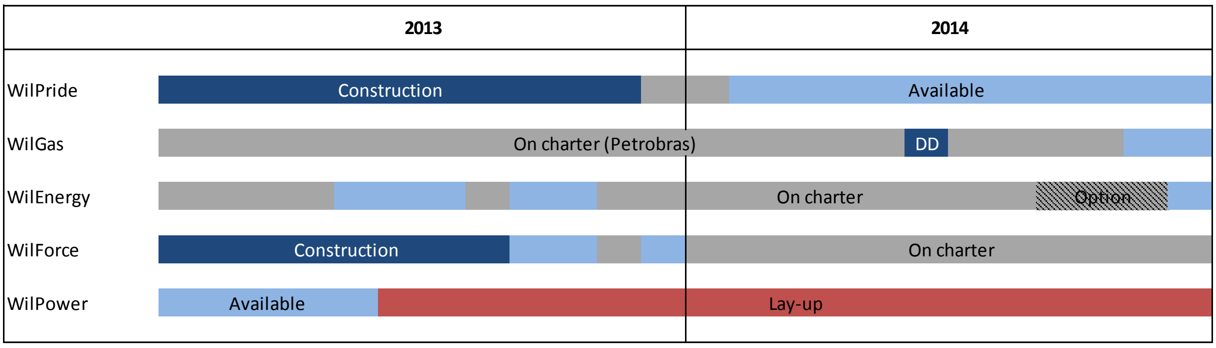
*2nd generation vessels*

WilGas: is on charter to Brazilian oil major Petrobras until October - November 2014. The DD of WilGas has been postponed from Q1 to Q2.

WilEnergy: is on charter until August 2014 with a 3 month option in charterer's favour.

WilPower: is in lay-up and marketed for project work.

*Contract overview*



**OUTLOOK**

Awilco LNG took delivery of both its newbuildings in 2013 on time and budget. WilForce was subsequently fixed for a three year contract and WilPride fixed for its maiden voyage. The Group is continuously evaluating commercial opportunities for its second newbuilding WilPride. The short term market for TFDE vessels looks challenging as more newbuildings enter the market, however, this softness is expected to be mitigated over time through the phasing out of older tonnage due to the superior efficiency of TFDE vessels as well as increased LNG production and ton-miles.

Awilco LNG is pleased to have two of its 2nd generation vessels fixed for the majority of 2014 as it expects the market for these vessels to remain challenging due to delivery of more efficient newbuildings during the year. The transportation market is expected to be particularly challenging for the older vessels until market fundamentals improve. Longer term infrastructure projects represent a potential opportunity for future business for these vessels.

Oslo, 25 February 2014

| | | |
|---|---|---|
| Sigurd E. Thorvildsen<br>*Chairman of the Board* | Jon-Aksel Torgersen<br>*Board member* | Henrik Fougner<br>*Board member* |
| Annette Malm Justad<br>*Board member* | Synne Syrrist<br>*Board member* | Jon Skule Storheill<br>*CEO* |

## Interim Condensed Consolidated Income Statement

| *In USD thousands, except per share figures* | Note | Q4 2013 (unaudited) | Q3 2013 (unaudited) | Q4 2012 (unaudited) | 2013 (unaudited) | 2012 (audited) |
|---|---|---|---|---|---|---|
| Freight income | 2 | 21 334 | 9 151 | 13 838 | 54 702 | 56 626 |
| Voyage related expenses | 5 | 5 497 | 2 586 | 407 | 12 829 | 4 308 |
| **Net freight income** | | **15 837** | **6 565** | **13 431** | **41 873** | **52 318** |
| Operating expenses | | 5 288 | 4 463 | 3 979 | 18 524 | 18 354 |
| Administration expenses | 5 | 2 519 | 1 716 | 1 423 | 6 799 | 4 631 |
| **Earnings before interest, taxes, depr. and amort. (EBITDA)** | | **8 029** | **386** | **8 029** | **16 550** | **29 333** |
| Depreciation and amortisation | | 3 868 | 2 222 | 1 963 | 10 020 | 7 731 |
| Impairment of vessel parts and equipment | | - | - | - | - | 1 386 |
| **Earnings before interest and taxes** | | **4 161** | **(1 836)** | **6 066** | **6 530** | **20 216** |
| Finance income | | 18 | 16 | 26 | 167 | 660 |
| Finance expenses | | 4 443 | 633 | 192 | 5 638 | 974 |
| **Net finance income/(expense)** | | **(4 425)** | **(617)** | **(166)** | **(5 471)** | **(314)** |
| **Profit/(loss) before taxes** | | **(264)** | **(2 453)** | **5 900** | **1 059** | **19 902** |
| Income tax expense | | 12 | 3 | 355 | 112 | 1 813 |
| **Profit/(loss) for the period** | | **(252)** | **(2 450)** | **6 255** | **1 171** | **21 714** |
| Earnings per share in USD attributable to ordinary equity holders of Awilco LNG ASA: | | | | | | |
| Basic, profit/(loss) for the period | | (0.00) | (0.04) | 0.09 | 0.02 | 0.32 |
| Diluted, profit/(loss) for the period | | (0.00) | (0.04) | 0.09 | 0.02 | 0.32 |

## Interim Consolidated Statement of Comprehensive Income

| | Q4 2013 | Q3 2013 | Q4 2012 | 2013 | 2012 |
|---|---|---|---|---|---|
| Profit/(loss) for the period | (252) | (2 450) | 6 255 | 1 171 | 21 714 |
| **Other comprehensive income:** | | | | | |
| Other comprehensive income items | - | - | - | - | - |
| **Total comprehensive income/(loss) for the period** | (252) | (2 450) | 6 255 | 1 171 | 21 714 |

## Interim Condensed Consolidated Statement of Financial Position

| *In USD thousands* | Note | 31.12.2013 (unaudited) | 30.09.2013 (unaudited) | 31.12.2012 (audited) |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Vessels | 4 | 478 705 | 275 751 | 73 631 |
| Vessels under construction | 4 | - | 63 053 | 121 886 |
| Other fixed assets | | 361 | 377 | 262 |
| **Total non-current assets** | | 479 066 | 339 181 | 195 779 |
| **Current assets** | | | | |
| Trade receivables | | 3 715 | 2 472 | 2 480 |
| Inventory | | 4 316 | 4 834 | 1 623 |
| Other short term assets | | 8 247 | 2 280 | 593 |
| Cash and cash equivalents | | 18 244 | 10 420 | 2 569 |
| **Total current assets** | | 34 522 | 20 007 | 7 265 |
| **TOTAL ASSETS** | | **513 588** | **359 187** | **203 044** |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Share capital | 3 | 48 420 | 48 420 | 48 420 |
| Share premium | | 126 463 | 126 463 | 126 463 |
| Retained earnings | | 19 620 | 19 871 | 18 448 |
| **Total equity** | | 194 502 | 194 753 | 193 330 |
| **Non-current liabilities** | | | | |
| Deferred tax liabilities | | - | 8 | 189 |
| Pension liabilities | | 105 | 96 | 120 |
| Long-term interest bearing debt | 4 | 297 256 | 149 479 | - |
| **Total non-current liabilities** | | 297 361 | 149 583 | 309 |
| **Current liabilities** | | | | |
| Short-term interest bearing debt | 4 | 10 765 | 5 314 | 1 633 |
| Trade payables | | 3 507 | 1 254 | 713 |
| Income tax payable | | 4 | 66 | - |
| Provisions and accruals | 6 | 7 449 | 8 218 | 7 059 |
| **Total current liabilities** | | 21 725 | 14 851 | 9 404 |
| **TOTAL EQUITY AND LIABILITIES** | | **513 588** | **359 187** | **203 044** |

## Interim Consolidated Statement of Changes in Equity

**For the period ended 31 December 2013**

| *In USD thousands* | Share capital | Share premium | Retained earnings | Total equity |
|---|---|---|---|---|
| Equity at 1 January 2013 | 48 420 | 126 463 | 18 448 | 193 330 |
| Profit/(loss) for the period | - | - | 1 171 | 1 171 |
| Other comprehensive income for the period | - | - | - | - |
| *Total comprehensive income* | - | - | *1 171* | *1 171* |
| **Balance as at 31 December 2013 (unaudited)** | 48 420 | 126 463 | 19 620 | 194 502 |

**For the period ended 31 December 2012**

| *In USD thousands* | Share capital | Share premium | Retained earnings | Total equity |
|---|---|---|---|---|
| Equity at 1 January 2012 | 48 420 | 126 463 | (3 264) | 171 618 |
| Profit/(loss) for the period | - | - | 21 714 | 21 714 |
| Other comprehensive income for the period | - | - | - | - |
| *Total comprehensive income* | - | - | *21 714* | *21 714* |
| Transaction costs | - | - | (2) | (2) |
| **Balance as at 31 December 2012 (audited)** | 48 420 | 126 463 | 18 448 | 193 330 |

## Interim Condensed Consolidated Cash Flow Statement

| *In USD thousands* | Q4 2013 (unaudited) | Q3 2013 (unaudited) | 2013 (unaudited) | 2012 (audited) |
|---|---|---|---|---|
| **Cash Flows from Operating Activities:** | | | | |
| Profit/(loss) before taxes | (264) | (2 453) | 1 059 | 19 902 |
| Income taxes paid | (56) | - | (56) | (119) |
| Interest and borrowing costs expensed | 4 470 | 552 | 5 568 | 455 |
| *Items included in profit/(loss) not affecting cash flows:* | | | | |
| Depreciation and amortisation | 3 868 | 2 222 | 10 020 | 7 731 |
| Impairment of vessel parts and equipment | - | - | - | 1 386 |
| *Changes in operating assets and liabilities:* | | | | |
| Trade receivables, inventory and other short term assets | (8 061) | 975 | (8 538) | (94) |
| Trade payables, provisions and accruals | 4 700 | 524 | 2 649 | (819) |
| **i) Net cash provided by / (used in) operating activities** | **4 657** | **1 820** | **10 702** | **28 442** |
| **Cash Flows from Investing Activities:** | | | | |
| Investment in vessels | (38) | (265) | (1 082) | (12 858) |
| Investment in vessels under construction | (144 031) | (144 261) | (291 562) | (42 428) |
| Investment in other fixed assets | (1) | (4) | (158) | (192) |
| **ii) Net cash provided by / (used in) investing activities** | **(144 069)** | **(144 531)** | **(292 802)** | **(55 478)** |
| **Cash Flows from Financing Activities:** | | | | |
| Proceeds from borrowings | 155 000 | 155 000 | 312 092 | 15 351 |
| Repayment of borrowings | (2 218) | (2 733) | (6 584) | (13 718) |
| Interest and borrowing costs paid | (5 546) | (2 031) | (7 732) | (455) |
| **iii) Net cash provided by / (used in) financing activities** | **147 235** | **150 235** | **297 775** | **1 178** |
| **Net change in cash and cash equivalents (i+ii+iii)** | 7 823 | 7 524 | 15 675 | (25 858) |
| Cash and cash equivalents at start of period | 10 420 | 2 897 | 2 569 | 28 427 |
| **Cash and cash equivalents at end of period** | **18 244** | **10 420** | **18 244** | **2 569** |

## Notes to the Interim Condensed Consolidated Financial Statements

## Note 1 - Corporate information, basis for preparation and accounting policies

**Corporate information**
Awilco LNG ASA (the Company) is a public limited liability company incorporated and domiciled in Norway. The Company was incorporated 2 February 2011, and its registered office is Beddingen 8, 0250 Oslo, Norway.

The interim consolidated financial statements (the Statements) of the Company comprise the Company and its subsidiaries, together referred to as the Group. The principal activity of the Group is the investment in and operation of LNG transportation vessels. The Group owns and operates a fleet of five LNG carriers.

The Statements have not been subject to audit or review.

**Basis for preparation**
The Statements for the period ended 31 December 2013 are prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU). The Statements do not include all of the information and disclosures required by International Financial Reporting Standards (IFRS) for a complete set of financial statements, and the Statements should be read in conjunction with the Group's annual consolidated financial statements for the period ended 31 December 2012, which includes a detailed description of the applied accounting policies.

**Significant accounting policies**
The accounting policies adopted in the preparation of the Statements are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2012, except for the adoption of new standards, amendments and interpretations effective and adopted as of 1 January 2013 (none of which had a material impact on the Group’s financial statements), and except for the accounting policies for financial lease arrangements and sale-leaseback agreements as described below.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased asset, are capitalised at the commencement of the lease at the fair value of the leased asset or, if lower, at the present value of future minimum lease payments. Initial direct costs are included in the leased asset's cost price. Monthly lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability as according to the effective interest method. Finance charges are recognised as finance expenses in the income statement. Assets under financial leases are separated into components which are depreciated over the useful life of the component.

No gain or loss is recognised in the income statement related to sale-leaseback arrangements where the vessel is sold and subsequently leased back on a financial lease with repurchase obligations to the Group.

## Note 2 - Segment information

**Operating segments**
The Group currently owns and operates five LNG vessels. For internal reporting and management purposes the Group's business is organised into one reporting segment, LNG transportation.

**Information about major customers**
The Group had three customers each contributing with more than 10 per cent of the Group's freight income in Q4 2013, the contribution from each customer varying between 20 and 34 per cent of total freight income.

## Note 3 - Share capital

The number of issued shares was 67,788,874 at 31 December 2013. There were no changes in shares issued in Q4 2013. The share capital is denominated in NOK, and the nominal value per share is NOK 4 (in US dollars 0.74). All issued shares are of equal rights.

## Note 4 - Significant events and commitments

**Delivery and financing of WilPride**

The 156' cbm LNG/C WilPride was delivered to the Company on 28 November on budget. The vessel was subsequently sold to a company in the Teekay LNG Partners L.P. Group (Teekay) for MUSD 205 less MUSD 50 in pre-paid charter hire, and simultaneously chartered back by the Company on bareboat basis. The agreements impose no financial covenants or commercial restrictions on the Company. The bareboat agreement is for four years plus a one year option in Awilco LNG's favour, the bareboat rate is fixed at USD 49,100 per day for the whole duration. Awilco LNG has repurchase obligations at the end of the charter period of MUSD 130.9 after four years and MUSD 123.5 after five years. The sale-leaseback is assessed as a financial lease agreement by the Company, and MUSD 155.0 was recognised as a lease liability at the commencement date 28 November. Management has estimated a useful life of the vessel of 40 years and a residual value of MUSD 12.

**Contract status**

WilForce completed its maiden voyage during the quarter and was subsequently committed to an oil and gas major for a three year contract plus a one year option. The contract commenced 24 January 2014 and is expected to contribute with an annualised EBITDA of about MUSD 23.5 during the fixed period.

WilPride was contracted for its maiden voyage and was re-delivered to the Company on 9 February.

WilEnergy was contracted for a single voyage in October, and was subsequently, on 9 November, delivered on a 9 month contract with a 3 month option in the charterer's favour. The annualised EBITDA contribution from the contract is expected to be approx. MUSD 7.3.

## Note 5 - Related party transactions

**Agreements**

| Related party | Description of service | Note |
|---|---|---|
| Wilhelmsen Marine Services AS | Technical Sub-management Services | 1 |
| Awilhelmsen Management AS | Administrative Services | 2 |
| Astrup Fearnley Group | Ship Brokering Services | 3 |

(1) The Group's in-house technical manager, ALNG TM, has entered into a sub-management agreement with Wilhelmsen Marine Services AS (WMS), whereby WMS assists ALNG TM in management of the Group's fleet. The sub-management services also include management for hire of the managing director in ALNG TM. ALNG TM pays WMS a management fee based on WMS' costs plus a margin of 7 %, cost being time accrued for the sub-manager's employees involved. The fee is subject to semi-annual evaluation, and will be regulated according to the consumer price index. The agreement can be terminated by both parties with three months notice. WMS is 100 % owned by Awilco AS.

In 2012 the Group paid WMS a supervisory technical management fee of USD 75 400 per sailing vessel and cost + 5 % for supervision of construction of newbuildings.

(2) Awilhelmsen Management AS (AWM) provides Awilco LNG with administrative and general services including accounting and payroll, legal, secretary function and IT. The Awilco LNG Group pays AWM MNOK 3.9 in yearly management fee (approx. MUSD 0.6) based on AWM's costs plus a margin of 5 %. The fee is subject to semi-annual evaluation, and will be regulated according to the consumer price index. The agreement can be terminated by both parties with three months notice. AWM is 100% owned by Awilhelmsen AS, which owns 100 % of Awilco AS.

In 2012 the Group paid AWM a fee of USD 201 000 for administrative services.

(3) One of the Company's Board Members is also the General Manager of the Astrup Fearnley Group. The Astrup Fearnley Group deliveres ship brokering services on a competitive basis to the Group.

**Purchases from related parties**

| *In USD thousands*<br>**Related party** | **Q4 2013** | **Q4 2012** | **2013** | **2012** |
|---|---|---|---|---|
| Wilhelmsen Marine Services AS | 1 035 | 982 | 3 849 | 3 337 |
| Awilhelmsen Management AS | 168 | 50 | 677 | 201 |
| Astrup Fearnley Group | 112 | 173 | 443 | 582 |

## Note 5 - Related party transactions cont.

Purchases from related parties are included as part of Administration expenses in the income statement, except from fees paid to WMS for supervision of newbuildings in 2012, which were capitalised as cost price on the Vessels under construction, and commissions paid to the Astrup Fearnley Group, which are included in Voyage related expenses.

## Note 6 - Provisions and accruals

Provisions and accruals as at 31 December 2013 were MUSD 7.4 (MUSD 8.2 30 September 2013), of which deferred revenue was MUSD 3.5 (MUSD 2.5 30 September 2013).

## Note 7 - Events after the balance sheet date

Dry-docking of WilGas has been postponed from Q1 to Q2 2014.

WilForce was delivered on its three year contract on 24 January 2014.

WilPride was re-delivered on 9 February after completing her maiden voyage.