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Appendix
### Investment highlights

<table>
<thead>
<tr>
<th>#</th>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
</table>
| 1   | Large, modern and diversified fleet           | - High quality and advanced offshore service vessels with diversified exposure  
- Modern fleet of 29 vessels with average age of approx. 3.7 years (incl. 5 newbuilds)  
- Total market value of fleet delivered NOK 10 billion |
| 2   | Leading position in RLWI niche market         | - RLWI constituted approximately 38% of group EBITDA in 2013  
- A versatile fleet capable of a range of subsea well operations and services  
- Access to strong engineering base through the affiliate Island Offshore Subsea |
| 3   | Solid contract coverage with high quality     | - Order backlog of NOK 9.5bn (16.1bn incl. options)  
- Value adjusted contract coverage 80% for 2014  
- Key counterparties include Statoil, BP, Shell, Petrobras, Total, Schlumberger |
| 4   | Strong market fundamentals                    | - Strong growth in subsea tree awards  
- Aging subsea infrastructure drives need for well intervention and maintenance  
- Improving outlook for AHTS, PSV more stable |
| 5   | Committed ownership and network support       | - Two strong and long term owners in Borgstein/ULstein and Edison Chouest  
- Solid operational track record and extensive experience in shipbuilding  
- Edison Chouest operates a fleet of more than 200 vessels worldwide |
Main events 2013/2014

Contract awards

- Contract award Island Challenger (Talisman Energy)
- Contract award Island Chieftain (BP)
- Contract extension Island Champion (Team)
- Contract awards Island Crusader & Contender (Lundin)
- Contract extension Island Constructor (BP UK)
- Contract extension Island Commander (ConocoPhilips)
- Contract extension Island Endeavour (Peterson Supplylink)
- Contract award Island Constructor (Premier Oil UK)
- Contract extension Island Earl (Peterson Supplylink)
- Contract award Island Crown (Exxon)
- Contract extension OI3 (Oceaneering)
- Contract extensions Island Express & Empress (Total UK)
- Contract award Island Performer (Statens Veivesen)
- Contract award Island Intervention (BP US)
- Contract award Island Pride (MOUK)
- Contract extension Island Patriot (Stimwell)
- Contract award Island Crown (Trianel Windkraftwerk)
- Contract award Island Dragon (Lundin)
- Contract award Island Duke (Kosmos Energy)
- Contract award Island Duchess & Dawn (Anadarko)

Financing

- Bond issue, Island Offshore Shipholding LP
- Refinancing of Island Offshore VIII KS (Island Patriot)
- Refinancing of Island Offshore III KS (Island Constructor)
- Refinancing of Island Offshore Shipholding LP (Island Frontier, Island Wellserver, Island Champion)

Fleet changes

- Delivery of the OSV Island Crown, VARD Brevik
- SBC Island Condor, VARD Brevik
- Delivery of PSV Island Duke, VARD Brevik
- Delivery of PSV Island Duchess, VARD Brevik
- SBC Island Clipper, VARD Brevik
- SBC TBN, Ulstein Verft AS
- Sale of Island Pioneer
- Delivery of Island Dawn, VARD Brevik
- SBC Island Navigator, Kawasaki Heavy Industries
Group structure

Ownership structure

- **Borgstein AS**
  - 100%

- **Borgstein Skipsinvest AS**
  - 50%
  - 1%

- **Amnor LLC (GP in IOSH LP)**
  - 50%
  - 1%

- **Island Offshore Shipholding LP**
  - 49.5%

- **Island Investment LLC**
  - 50%
  - 49.5%

Comments

- Island Offshore Shipholding LP ("IOSH") is organized as a Cayman Island exempted limited partnership.
- IOSH’s general partner is Amnor LLC, a limited liability company incorporated under the laws of Louisiana, USA.
- IOSH is indirectly owned by Borgstein AS (the Ulstein family) and Edison Chouest (the Chouest family).
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Background and overview of the Island Offshore Group

- Established by the Borgstein-side of the Ulstein-family led by Morten and Håvard Ulstein, both with a long history within the Ulstein, Vickers and Rolls Royce Marine group.

- Their history within the offshore service vessel industry dates back to 1974, when they were co-investors in OSV’s through the Ulstein group.

- In April 2004 the Edison Chouest Offshore Group (Gary Chouest and his family) of Louisiana, USA became partners and co-owners.

- Today, the Island Offshore Group offers a range of complex services to the offshore industry including:
  - Subsea installation and maintenance
  - Well stimulation
  - Light well intervention
  - Plug and abandonment
  - Supply and logistics
  - Anchor handling
  - Engineering and supporting services

- IO has a modern and versatile fleet of advanced and high quality service vessels for the offshore oil industry.

## Key figures

<table>
<thead>
<tr>
<th>NOK million</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
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<tr>
<td>Gross revenue</td>
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<td>1 520</td>
<td>1 708</td>
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<td>EBITDA</td>
<td>491</td>
<td>550</td>
<td>663</td>
<td>773</td>
<td>847</td>
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<td>EBIT</td>
<td>236</td>
<td>379</td>
<td>479</td>
<td>551</td>
<td>596</td>
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<td>Total assets</td>
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<td>7 602</td>
<td>7 893</td>
<td>9 046</td>
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<tr>
<td>Number of vessels</td>
<td>17</td>
<td>17</td>
<td>18</td>
<td>21</td>
<td>24</td>
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</tbody>
</table>
## Business areas

### PSV
- ~20% of EBITDA 2013
- 12 vessels; 3 on order
- One of the largest North Sea fleets of advanced Platform Supply Vessels (PSV)
- Medium to large PSVs, a total of 15 vessels (including 3 on order)
- Two vessels designed to operate on pure LNG and are the first offshore supply vessels in the world to operate in DP II without using diesel

### AHTS
- ~12% of EBITDA 2013
- 2 vessels
- Operates 2 mid size AHTS vessels with UT 787 CD design
- The vessels are equipped for deep water anchor handling with fully integrated work ROV support
- Both vessels are highly versatile and enabled for a variety of light construction work including trenching, P&A work, IMR and survey work

### Well Stimulation
- ~16% of EBITDA 2013
- 4 vessels
- Operates 4 well stimulation vessels especially equipped for transporting and handling liquid cargo and chemicals for use in well stimulation operations
- The vessels are equipped with acid storages, blender equipment, and stimulation pump rooms

### SCV
- ~14% of EBITDA 2013
- 3 vessels; 1 on order
- Operates a fleet of advanced and versatile vessels with subsea capabilities
- The vessels perform a broad range of subsea related services including crane work, light construction, ROV operations and trenching
- All mono hull vessels have ROVs permanently installed

### RLWI
- ~38% of EBITDA 2013
- 3 vessels; 1 on order
- Specializes in developing and implementing innovative engineered solutions for RLWI to obtain increased oil recovery
- Other subsea well operations using DP vessels can also be performed to replace drilling rigs, and hence offer reduced costs for subsea operations
# Ownership

## Borgstein (50%)

### Shipping
- 50% ownership in Island Offshore Shipholding LP
- 25% ownership in 8 PSVs operating in the US Gulf, as well as 10%, 25%, 25% and 50% ownership in 4 SCV’s through the Island Ventures group – remaining ownership by Chouest
- Provider of commercial shipping services to the Island Offshore Group

### Real estate
- Owner and developer of 18,000 sqm real estate in Ulsteinvik
- Owner of local shopping mall, approx. 12,000 sqm
- Owner and developer of other property projects in the region

### Industry
- 30% ownership in Ulstein Marine Technology AS. Includes companies such as Diesel Power AS, Djupvik Dreiwerkstved AS, Baro Mekaniske Verksted AS, Pyrofabrikken AS
- Investor in Ulstein Mekaniske Verksted Holding ASA

### Finance
- Investor in Borea Holding AS, Sydvestor and Naustneset

## Edison Chouest (50%)

### Founded as Edison Chouest Boat Rental in Galliano, Louisiana, in 1960, the Edison Chouest Offshore companies (ECO) are recognized today as one of the most diverse and dynamic marine transportation solution providers in the world
- The world’s largest offshore vessel owner, with a growing fleet of over 200 vessels, ranging from 87 to over 360 feet in length, serving an expanding global customer base
- In-house design and building capabilities makes the group unique in the offshore service boat industry
- Owns and operates a growing fleet of new generation offshore service vessels supporting a vast majority of the U.S. Gulf deepwater market

### Web page: [www.chouest.com](http://www.chouest.com)
Corporate structure

**Borgstein Skipsinvest**
- **50%**
- Island Offshore Shiplolding LP
  - **Wellserver**
  - **Frontier**
  - **Champion**
  - **Condor (NB)**
  - **Centurion**
  - **Pride (NB)**
  - **Crown**
  - **Clipper (NB)**
  - **Navigator (NB)**

**Island Investment, LLC**
- **50%**
- Nor Management LLC
  - **80%**
  - Island Offshore Management AS
  - **100%**
  - Island Offshore Subsea AS

**Affiliated companies**
- IOM is responsible for marine and technical operations and crewing
- IOSS is a technology and engineering company and is responsible for LWI operations

**54%**
- IO VIII KS
  - 70%
  - **Spirit**
  - **Empress**
  - **Earl**
  - **Express**
  - **Endeavour**
  - **Patriot**
  - **Commander**
  - **Chieftain**
  - **Challenger**

**51%**
- IO Invest KS
  - **Captain**

**58%**
- IO III KS
  - **Constructor**

**70%**
- IO Pioneer KS

**100%**
- IO X KS
  - **Ocean Intervention**
  - **Duke**
  - **Duchess**
  - **Dawn**
  - **Dragon (NB)**
  - **Performer (NB)**

**51%**
- IO XII Ship AS
  - **Vanguard**
  - **Valiant**

*The ownership percentages presented above includes indirect ownerships through the General Partners.*

**Shipbuilding contracts for Condor and Clipper have not been formally assigned to IOSH as of date.**
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### Current fleet overview

#### High Speed Vessels
- **MV ISLAND PATRIOT**
  - Design: UT 776 E
  - Yard: Brevik Construction
  - Build: 2007
  - DWT: 4,802
  - L.O.A.: 93.0m

- **MV ISLAND CHALLENGER**
  - Design: UT 776 E
  - Yard: Brevik Construction
  - Build: 2007
  - DWT: 4,802
  - L.O.A.: 93.0m

- **MV ISLAND CHAMPION**
  - Design: UT 755 LN
  - Yard: Brevik Construction
  - Build: 2007
  - DWT: 3,180
  - L.O.A.: 76.6m

- **MV ISLAND EXPRESS**
  - Design: UT 755 LN
  - Yard: Brevik Construction
  - Build: 2007
  - DWT: 3,180
  - L.O.A.: 76.6m

- **MV ISLAND EMPRESS**
  - Design: UT 755 LN
  - Yard: Brevik Construction
  - Build: 2007
  - DWT: 3,204
  - L.O.A.: 76.6m

- **MV ISLAND EARL**
  - Design: UT 776 E
  - Yard: Brevik Construction
  - Build: 2008
  - DWT: 3,238
  - L.O.A.: 76.6m

- **MV ISLAND DUKE**
  - Design: UT 717 CD
  - Yard: VARD Brevik
  - Build: 2013
  - DWT: 3,800
  - L.O.A.: 84,85m

- **MV ISLAND DUCHESS**
  - Design: UT 717 CD
  - Yard: VARD Brevik
  - Build: 2013
  - DWT: 3,800
  - L.O.A.: 84,85m

- **MV ISLAND DAWN**
  - Design: UT 717 CD
  - Yard: VARD Brevik
  - Build: 2014
  - DWT: 3,800
  - L.O.A.: 84,85m

- **MV ISLAND DRAGON**
  - Design: UT 717 CD
  - Yard: VARD Brevik
  - Build: 2014
  - DWT: 3,800
  - L.O.A.: 84,85m

- **MV ISLAND CONDOR**
  - Design: UT 776 CD
  - Yard: VARD Brevik
  - Build: 2014
  - DWT: 4,800
  - L.O.A.: 93,00m

- **MV ISLAND CLIPPER**
  - Design: UT 776 CD
  - Yard: VARD Brevik
  - Build: 2015
  - DWT: 4,800
  - L.O.A.: 93,00m

#### Pelagic Trawler Fishing and Aquaculture
- **MV ISLAND VANGUARD**
  - Design: UT 797 CD
  - Yard: Aker Yards
  - Build: 2007
  - DWT: 84,85m

- **MV ISLAND SPIRIT**
  - Design: UT 755 LN
  - Yard: Aker Yards
  - Build: 2006
  - DWT: 3,195
  - L.O.A.: 73.6m

- **MV ISLAND VICTORY**
  - Design: UT 776 CD
  - Yard: STX OSV Brevik
  - Build: 2009
  - DWT: 4,790
  - L.O.A.: 93.0m

#### Subsea Support
- **MV OCEAN INTERVENTION III**
  - Design: UT 745 E
  - Yard: Kleven Verft
  - Build: 2005
  - DWT: 3,026
  - L.O.A.: 90.7m

- **MV ISLAND ENDEAVOUR**
  - Design: UT 755 LN
  - Yard: Aker Yards
  - Build: 2008
  - DWT: 3,170
  - L.O.A.: 76.6m

- **MV ISLAND CHEIFFAIN**
  - Design: UT 776 CD
  - Yard: STX OSV Brevik
  - Build: 2009
  - DWT: 4,790
  - L.O.A.: 93.0m

- **MV ISLAND CRUSADER**
  - Design: UT 776 CDG
  - Yard: Brevik Construction
  - Build: 2012
  - DWT: 4,750
  - L.O.A.: 96.0m

- **MV ISLAND CONTENDER**
  - Design: UT 776 CDG
  - Yard: STX OSV Brevik
  - Build: 2012
  - DWT: 4,750
  - L.O.A.: 96.0m
The RLWI contracts with Statoil for Frontier and Wellserver only guarantees 200 days utilization per year, however the demand for the service has been on a full year basis since 2006.
Value adjusted contract coverage

Order backlog (excl. options) as of date is NOK 9.5bn (16.1bn incl. options)

Definition: Value adjusted contract coverage calculated based on contract days, adjusted by average broker value of vessel
**Fleet utilization**

### 2012

- 93% fleet utilization in 2012
- Overall satisfactory for the RLWI fleet, especially Frontier with 99% utilization
- PSV utilization somewhat lower than budget due to weak spot market
- AHTS satisfactory despite weak spot market
- Challenges with utilization for Brazil subsea vessel, but improvement in second half of 2012

### 2013

- 88% fleet utilization in 2013
- Significant yard stay program carried out this year
- Increased exposure in the spot market in 2013 due to new deliveries
- Volatile spot market for both PSVs and AHTS.

Comments
Solid counterparties

- The Island Offshore Group’s key customers are major oil & gas companies with strong credit ratings.

- The Company’s well intervention services are performed in an alliance with FMC and Aker Solutions.

-logos of Statoil (AA-), Total (AA-), Shell (AA), bp (A), Schlumberger (A+), ConocoPhillips (A), Aker Solutions (BB+), and FMC Technologies (BBB).
New building program – Island Offshore

- **Island Pride**
  - UT 737 CD (SCV)
  - 27th March 2014

- **Island Dragon**
  - UT 717 CD (PSV)
  - 12th June 2014

- **Island Performer**
  - SX 121
  - 25th June 2014

- **Island Condor**
  - UT 776 CD
  - 30th October 2014

- **Island Clipper**
  - UT 776 CD
  - 17th February 2015
Island Offshore with extensive RLWI track record

Number of wells performed by Island Offshore (p.a.)

- **Frontier**: 11, 16, 14, 16, 17, 16, 16, 15
- **Wellserver**: 14, 16, 17, 18, 19, 21
- **Constructor**: 17, 7, 16, 17, 13

Customer base:
- Statoil
- ConocoPhillips
- bp
- Gaz de France
- TAQA
Top Hole Drilling Vessel Island Navigator UT 777L

- Capitalizing on LWI position, customer base and track record to introduce top hole drilling service from monohull vessel

- Strong economic rationale for clients:
  - more efficient employment of semi-sub units
  - increased production flow and utilization of subsea wells

- Lack of drilling-rig capacity and high day-rates forces oil-companies to look for alternative and less costly solutions

- Total number of worldwide floating drilling units is approx. 258 and increasing

- Approx. 1,548 wells are drilled per year (6 wells per unit) whereof top-hole drilling portion is approx. 14 days
  - 14 days x 1,548 = 21,672 days of top-hole drilling per year

**PRINCIPAL DIMENSIONS**

- L.O.A ........................................... APPROX. 168,8 m
- L.P.P ........................................... APPROX. 157,4m
- BREADTH MLD (B) ......................... APPROX. 28m
- DEPTH MAIN DECK (D) ................. APPROX. 11,7m
- DESIGN DRAUGHT ........................ APPROX. 8,5m
- MAX DAUGHT (T) .......................... APPROX. 9m
- ACCOMMODATION ........................ 91 PERSONS IN SINGLE CABINS
Average well, total operation approx 45 days; Top-hole drilling portion, approx 14 days

1. Top Hole ops.:
   1. No Riser or BOP
   2. No fluid returns
   3. Short drilg. sections
   4. Large OD tubulars
   5. DP = advantage vs. shallow gas

2. Pressure controlled operations

3. Tail ops.:
   1. WH cutting
   2. Tidy up
"Small" drilling-unit versus Full-size drilling-unit

**Pros:**
- Lower day-rate
- Faster transit
- Dynamical Positioned vs Anchored units;
- Less time-consumption, no need for AHTS
- DP provides quick escape in a shallow gas scenario
- Improved Safety
- Can load large conductors / casings at quay-side, (lifting-operations from supply-vessels to drilling-rigs in open sea is challenging in bad weather)
- Lifting-operations internal on drilling-rigs are between several levels, while on a smaller unit this is a one-level operation

**Cons:**
- Lower regularity in harsh environment
- For deep water; Lower tripping-time due to small setback, or have to pick single joints from deck
- For deep wells; Lower tripping-time due to small setback, or have to pick single joints from deck
- Less conductor / casing storage area
Plug and abandonment – the next big market

Rigless permanent plugging of subsea wells

- Plug and abandonment (P&A) represents a significant market going forward
- Substantial savings can be realized from implementing rigless P&A of subsea wells
- Several wells have been successfully plugged and abandoned over the past years from monohull vessels
- Already a profitable business area for Island Offshore
  - Frontier, Vanguard, Constructor, Wellserver and Valiant have all performed P&A assignments in the past
- Island Offshore Subsea has an ongoing feasibility study with Statoil – significant potential has been identified

"Many of Statoil’s fields on the Norwegian continental shelf (NCS) are reaching the end of production. More than 1000 wells need to be abandoned due to field decommissioning over the next 5 to 25 years. Of these, almost half are subsea wells."

Statoil.com
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### P&L – Group consolidated accounts

<table>
<thead>
<tr>
<th>NOK million</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
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<tr>
<td></td>
<td>Audited</td>
<td>Audited</td>
<td>Audited</td>
<td>Audited</td>
<td>Audited</td>
<td>Unaudited</td>
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<tr>
<td>Gross operating income</td>
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<td>1 346</td>
<td>1 520</td>
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<td>1 289</td>
<td>1 431</td>
<td>1 660</td>
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<td>EBITDA</td>
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<td>773</td>
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<td>313</td>
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<td>-50</td>
<td>-42</td>
<td>-101</td>
<td>-117</td>
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</tbody>
</table>

#### Revenue

- **2009:** 1 129 (8% growth)
- **2010:** 1 289 (14% growth)
- **2011:** 1 431 (11% growth)
- **2012:** 1 660 (16% growth)
- **2013:** 1 824 (10% growth)

#### EBITDA

- **2009:** 491 (43% margin)
- **2010:** 550 (43% margin)
- **2011:** 663 (46% margin)
- **2012:** 773 (47% margin)
- **2013:** 847 (46% margin)

**EBITDA margin calculated in % of net operating income**
RLWI and Well Stimulation have shown rapid growth through 2009-2013, and now combined represents approx. 56% of revenue
Balance Sheet – Group consolidated accounts

<table>
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<th></th>
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<td>PP&amp;E</td>
<td>0</td>
<td>1</td>
<td>-</td>
<td>0</td>
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<tr>
<td>Periodical dry docking / maintenance</td>
<td>43</td>
<td>81</td>
<td>-</td>
<td>161</td>
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<td>Contract vessels</td>
<td>21</td>
<td>117</td>
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<tr>
<td>Vessels</td>
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<td>5 677</td>
<td>6 966</td>
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<tr>
<td>Long-term receivables financial institutions*</td>
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<td>1 502</td>
<td>1 317</td>
<td>1 133</td>
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<td>Other long term receivables</td>
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<td>97</td>
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<td><strong>Total fixed assets</strong></td>
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<td>7 413</td>
<td>8 393</td>
<td>9 263</td>
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<tr>
<td>Inventories</td>
<td>13</td>
<td>18</td>
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<td>Accounts receivables</td>
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<td>152</td>
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<tr>
<td>Other short term receivables</td>
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<td>181</td>
<td>265</td>
<td>216</td>
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<tr>
<td>Cash and bank deposits</td>
<td>55</td>
<td>129</td>
<td>36</td>
<td>432</td>
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<tr>
<td><strong>Total current assets</strong></td>
<td>395</td>
<td>480</td>
<td>653</td>
<td>931</td>
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<tr>
<td><strong>Total assets</strong></td>
<td>7 602</td>
<td>7 893</td>
<td>9 046</td>
<td>10 193</td>
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<tr>
<td>Paid in capital</td>
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<td>596</td>
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<tr>
<td>Other equity</td>
<td>398</td>
<td>606</td>
<td>857</td>
<td>1 058</td>
</tr>
<tr>
<td>Minority interests</td>
<td>606</td>
<td>720</td>
<td>900</td>
<td>989</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>1 600</td>
<td>1 922</td>
<td>2 353</td>
<td>2 643</td>
</tr>
<tr>
<td>Deferred tax</td>
<td>24</td>
<td>14</td>
<td>7</td>
<td>122</td>
</tr>
<tr>
<td>Liabilities to Eksportfinans ASA*</td>
<td>1 686</td>
<td>1 502</td>
<td>1 317</td>
<td>1 133</td>
</tr>
<tr>
<td>Liabilities to credit institutions</td>
<td>3 903</td>
<td>4 057</td>
<td>4 844</td>
<td>6 009</td>
</tr>
<tr>
<td>Other long-term liabilities</td>
<td>226</td>
<td>258</td>
<td>278</td>
<td>153</td>
</tr>
<tr>
<td><strong>Total long-term liabilities</strong></td>
<td>5 815</td>
<td>5 818</td>
<td>6 440</td>
<td>7 295</td>
</tr>
<tr>
<td>Liabilities to credit institutions</td>
<td>0</td>
<td>1</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>48</td>
<td>27</td>
<td>133</td>
<td>33</td>
</tr>
<tr>
<td>Tax payable</td>
<td>13</td>
<td>10</td>
<td>9</td>
<td>1</td>
</tr>
<tr>
<td>Government dues</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other short-term liabilities</td>
<td>102</td>
<td>102</td>
<td>103</td>
<td>97</td>
</tr>
<tr>
<td><strong>Total short-term liabilities</strong></td>
<td>163</td>
<td>140</td>
<td>246</td>
<td>132</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>6 002</td>
<td>5 971</td>
<td>6 693</td>
<td>7 549</td>
</tr>
<tr>
<td><strong>Total equity &amp; liabilities</strong></td>
<td>7 602</td>
<td>7 893</td>
<td>9 046</td>
<td>10 193</td>
</tr>
</tbody>
</table>

- Balance sheet at 31.12.2013 subject to review and audit.
- Other fixed asset additions include planned maintenance and dry docking and installments to yards for new builds.
- Significant improvement in cash position due bond issue and refinancing projects completed in December 2013.
- Net debt increase from NOK 5,1 mill to NOK 5,7 mill following bond issue, drawdown of ship mortgages for new builds and refinancing projects.
  - Gearing ratio estimated to 6,7
- Book value of equity NOK 2.643 mill at 31.12.2013; equity ratio of 29% adjusted for CIRR financing

*Represents CIRR (fixed interest rate deposits).
Committed capital expenditures

- The new building capex program totals NOK 2,856 mill comprising five vessels to be delivered in 2014-2015; NOK 2,723 remains as committed
- Island Dawn delivered in January 2014
- SBC for Top Hole Drilling unit Island Navigator from Kawasaki Heavy Industries subject to satisfactory financing. Estimated capex to NOK 1.770 mill with delivery March 2017
- Depending on the final financing structure, management estimates remaining equity financed capital expenditure for the program to be between NOK 534-575m
As of 31.12.13, the Group had outstanding debt of NOK 6bn including ship mortgages, bond and project financing.

- Group financial covenants are based on market practice:
  - Minimum value clause (MVC*) typically 120% / 125%
  - Positive WC
  - EBITDA / Debt Service > 1.1
- 2014 balloons relate to mortgage maturity for two AHTS owned by Island Offshore XII Ship AS; term sheet to refinance obtained
  - 2014 maturity includes NOK 184 mill repaid in January following sale of Island Pioneer

Large and diversified group of core lending banks.

On a general basis, balloon payments are expected to be refinanced through extensions on existing loan agreements, with limited changes to terms.

Debt maturity profile

<table>
<thead>
<tr>
<th>Year</th>
<th>Ship mortgage</th>
<th>Bond</th>
<th>Project finance</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>5,274</td>
<td>6,437</td>
<td>6,100</td>
<td>5,325</td>
</tr>
<tr>
<td>2014</td>
<td>5,000</td>
<td>6,500</td>
<td>6,500</td>
<td>5,000</td>
</tr>
<tr>
<td>2015</td>
<td>5,500</td>
<td>5,000</td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td>2016</td>
<td>4,538</td>
<td>4,538</td>
<td>4,538</td>
<td>4,538</td>
</tr>
<tr>
<td>2017</td>
<td>5,000</td>
<td>5,000</td>
<td>5,000</td>
<td>5,000</td>
</tr>
</tbody>
</table>

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Strong growth in tree awards drives demand for subsea services from advanced and versatile offshore vessels.

Development in global subsea tree awards


1st phase: Demand for tophole drilling
2nd phase: Demand for subsea installation & construction
3rd phase: Demand for IOR and IMR
4th phase: Demand for Plug & Abandonment

Source: Quest Offshore Resources Inc. (November 2013)
Subsea fields in dire need of well intervention and maintenance

Average age of producing subsea wells

- **NWECS**: 11.8 years
- **North America**: 8.9 years
- **West Africa**: 6.1 years
- **South East Asia**: 11.2 years
- **Brazil**: 11.2 years

Source: Infield, 2014

Subsea wells producing for more than 5 years

1st phase: Demand for tophole drilling
2nd phase: Demand for subsea installation & construction
3rd phase: Demand for IOR and IMR
4th phase: Demand for Plug & Abandonment

Source: Infield, 2013

1) Northwest Europe Continental Shelf
AHTS and PSV – global market

AHTS term fixtures

PSV term fixtures

AHTS utilization (ex. North Sea)

PSV utilization (ex. North Sea)

Source: Carnegie Research
AHTS and PSV - North Sea market

Vessel to working rig ratio (AHTS and PSV)

AHTS spot dayrates

PSV spot dayrates

Source: Carnegie Research
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Investment highlights

1. Large, modern and diversified fleet
2. Leading position in RLWI niche market with high entry barriers
3. Solid contract coverage with high quality counterparties
4. Strong market fundamentals
5. Committed ownership and network support
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Strategy

Island Offshore shall be an innovative supplier of services to the offshore industry. We shall create value for our customers through enthusiasm, flexibility and competence

- Overall objective of **Safe and Profitable** operations
- To be a reputable operator of high quality OSVs through differentiation
- Fleet consisting of state of the art vessels
- Fleet shall be maintained in compliance with national and international laws and regulations, especially with regards to Health, Safety and the Environment.
- All employees shall be highly qualified and conduct work of the highest standards and professionalism in all areas.

- Island Offshore shall be a responsive, trusted and flexible business partner. Through innovation in services and vessel technology we shall retain our position as the preferred operator in the market and continue to expand our business.
## Asset values and loans as of 31.12.2013

<table>
<thead>
<tr>
<th>Vessel name</th>
<th>Build year</th>
<th>Work mode</th>
<th>Design</th>
<th>Broker valuation</th>
<th>Mortgage</th>
<th>LTV</th>
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<tr>
<td>Frontier</td>
<td>2004</td>
<td>RLWI</td>
<td>UT 737L</td>
<td>665</td>
<td>382</td>
<td>57%</td>
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<tr>
<td>Patriot</td>
<td>2005</td>
<td>WS</td>
<td>Ulstein P105</td>
<td>298</td>
<td>100</td>
<td>34%</td>
</tr>
<tr>
<td>Ocean Intervention III</td>
<td>2005</td>
<td>SCV</td>
<td>UT 745 E</td>
<td>374</td>
<td>226</td>
<td>60%</td>
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<tr>
<td>Pioneer</td>
<td>2006</td>
<td>SCV</td>
<td>Ulstein P101</td>
<td>438</td>
<td>183</td>
<td>42%</td>
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<tr>
<td>Vanguard</td>
<td>2007</td>
<td>AHTS</td>
<td>UT 787 CD</td>
<td>590</td>
<td>193</td>
<td>33%</td>
</tr>
<tr>
<td>Valiant</td>
<td>2007</td>
<td>AHTS</td>
<td>UT 787 CD</td>
<td>618</td>
<td>193</td>
<td>31%</td>
</tr>
<tr>
<td>Spirit</td>
<td>2007</td>
<td>SCV</td>
<td>UT 755 LN</td>
<td>223</td>
<td>72</td>
<td>32%</td>
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<tr>
<td>Express</td>
<td>2007</td>
<td>PSV</td>
<td>UT 755 LN</td>
<td>175</td>
<td>69</td>
<td>39%</td>
</tr>
<tr>
<td>Empress</td>
<td>2007</td>
<td>PSV</td>
<td>UT 755 LN</td>
<td>175</td>
<td>69</td>
<td>39%</td>
</tr>
<tr>
<td>Champion</td>
<td>2007</td>
<td>PSV</td>
<td>UT 776 CD</td>
<td>321</td>
<td>78</td>
<td>24%</td>
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<tr>
<td>Earl</td>
<td>2008</td>
<td>PSV</td>
<td>UT 755 LN</td>
<td>175</td>
<td>73</td>
<td>42%</td>
</tr>
<tr>
<td>Endeavour</td>
<td>2008</td>
<td>PSV</td>
<td>UT 755 LN</td>
<td>175</td>
<td>75</td>
<td>43%</td>
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<tr>
<td>Challenger</td>
<td>2008</td>
<td>PSV</td>
<td>UT 776 CD</td>
<td>336</td>
<td>137</td>
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<tr>
<td>Constructor</td>
<td>2008</td>
<td>RLWI</td>
<td>SX 121</td>
<td>950</td>
<td>468</td>
<td>49%</td>
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<tr>
<td>Wellserver</td>
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<td>RLWI</td>
<td>UT 767 CD</td>
<td>963</td>
<td>741</td>
<td>77%</td>
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<tr>
<td>Chieftain</td>
<td>2009</td>
<td>PSV</td>
<td>UT 776 CD</td>
<td>365</td>
<td>199</td>
<td>55%</td>
</tr>
<tr>
<td>Commander</td>
<td>2009</td>
<td>WS</td>
<td>UT 776 CD</td>
<td>365</td>
<td>191</td>
<td>52%</td>
</tr>
<tr>
<td>Centurion</td>
<td>2011</td>
<td>WS</td>
<td>UT 776 CD</td>
<td>423</td>
<td>303</td>
<td>72%</td>
</tr>
<tr>
<td>Crusader</td>
<td>2012</td>
<td>PSV</td>
<td>UT 776 CDG</td>
<td>453</td>
<td>266</td>
<td>59%</td>
</tr>
<tr>
<td>Contender</td>
<td>2012</td>
<td>PSV</td>
<td>UT 776 CDG</td>
<td>453</td>
<td>278</td>
<td>61%</td>
</tr>
<tr>
<td>Captain</td>
<td>2012</td>
<td>WS</td>
<td>UT 776 CD</td>
<td>423</td>
<td>277</td>
<td>66%</td>
</tr>
<tr>
<td>Crown</td>
<td>2013</td>
<td>SCV</td>
<td>UT 776 CD</td>
<td>518</td>
<td>331</td>
<td>64%</td>
</tr>
<tr>
<td>Duke</td>
<td>2013</td>
<td>PSV</td>
<td>UT 717 CD</td>
<td>273</td>
<td>184</td>
<td>67%</td>
</tr>
<tr>
<td>Duchess</td>
<td>2013</td>
<td>PSV</td>
<td>UT 717 CD</td>
<td>273</td>
<td>187</td>
<td>68%</td>
</tr>
</tbody>
</table>

**TOTAL** | 10 018 | 5 275 | 53% |
Senior management of the Group

Morten Ulstein

**2002 – present**
Private Investor
Chairman of Island Offshore Group of companies

**1999 – 2002**
Chief Executive Officer, Rolls Royce Commercial Marine

**1999-1999**
Chief Executive Officer, Vickers Ulstein Marine Systems

**1995 – 1999**
Executive Vice President, Ulstein Industrier AS
Managing Director, Ulstein Propeller

**1992 – 1995**
Corporate Vice President, Ulstein Holding AS

**1985-1992**
Managing Director, Ulstein Bergen AS

**1985-1988**
Managing Director, Bergens Mekaniske Verksteder AS

**1985-1985**
Marketing Manager, Ulstein Trading Ltd. AS.

**1979 – 1985**
Managing Director, Ulstein Pte. Ltd., Singapore

Gary Chouest

**1970 – present**
President of ECO

**1965 - 1970**
Shoreside Vessel Manager

**1960 - 1965**
Started in Family Business “Edison Chouest Offshore” as vessel crew. Worked up to licensed Captain at age 18.
Senior management of the Group

<table>
<thead>
<tr>
<th>Henning Sundet</th>
<th>Håvard Ulstein</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2004 – present</strong></td>
<td><strong>2004 – present</strong></td>
</tr>
<tr>
<td>Chief Financial Officer, Borgstein AS/Island Offshore Group</td>
<td>Managing Director, Island Offshore Management AS</td>
</tr>
<tr>
<td>Managing Director, Island Offshore Shipping AS</td>
<td></td>
</tr>
<tr>
<td>Senior Advisor/Partner, Sydvestor Corporate AS</td>
<td>Managing Director, Island Offshore Shipping AS</td>
</tr>
<tr>
<td>Senior Vice President, Nordea Bank Norge ASA</td>
<td>Sales Manager, Ulstein Ship Technology AS</td>
</tr>
<tr>
<td>Senior Vice President, Christiania Bank og Kreditkasse</td>
<td>Managing Director, Ulstein Espana SA</td>
</tr>
<tr>
<td>Vice President, Christiania Bank og Kreditkasse</td>
<td>Area Sales Manager, Ulstein International AS</td>
</tr>
<tr>
<td>Manager, Union Bank of Norway, Luxembourg</td>
<td>Service Engineer, Ulstein Maritime Ltd. Vancouver, Canada</td>
</tr>
<tr>
<td>Assistant Vice President, Sunnmørsbanken</td>
<td>Service Engineer, Ulstein Propeller AS</td>
</tr>
</tbody>
</table>
Important affiliated companies

**Island Offshore Management AS (IOM)**
- Established in 2002 and is the responsible for marine and technical operations of Island Offshore fleet in addition to serving as the contract interface towards the end-clients
  - General marine, technical and commercial operation of the Group’s vessels
  - Newbuilding supervision
  - Crewing
  - Commercial and legal counterparty to end customers
- May charter vessels on a bareboat or charter party basis from the ship owning companies within the Island Offshore Group
- Main office in Ulsteinvik
- Jointly owned by Borgstein and Edison Chouest
- Employs close approx 60 persons

**Island Offshore Subsea AS (IOSS)**
- Established in 2005 as a technology and engineering company
- Main office in Stavanger, branch office in Aberdeen
- 100% owned by Island Offshore Management AS
- Provides RLWI and related engineering services and services with focus on Increased Oil Recovery
- Responsible for RLWI operation
- Employs close to 140 persons onshore and offshore, of which approximately 60 are onshore personnel
- Also includes ownership in two companies focused on developing new technology – Agat Technologies (52%) and Penetrators Norge (16%)
## RLWI related services

### Engineering services
- Through IOSS, the group is actively involved in the development of new technologies for the enhancement of increased oil recovery and increased efficiency and reduced cost in other subsea operations.

### Top hole drilling
- RLWI vessels provide the capability to drill surface hole for conductor pipe, install the subsea wellhead and cement the casing in place. Using the monohull DP3 vessels provide a lower cost solution than using rigs.

### X-Mas Tree installation
- Utilizing Island Offshore’s DP monohull vessels, batch setting and installation of multiple subsea X-Mas Trees (both horizontal and vertical) have been performed in central and northern parts of the North Sea.

### Plug and abandonment
- Traditionally plugging and abandonment of suspended subsea wells have been done by drilling rigs. Over the last few years subsea wells have been successfully plugged and abandoned and wellheads recovered using monohull DP vessels. IOSS has an ongoing feasibility study with Statoil.