

ANNUAR REPORT

Consolidated Cash Flow Description of Awilco LNG **Consolidated Notes to the** LNG Market Information **Financial Statements** Parent Company Financial Statements and Notes **Vessel Overview** Parent Company Income **Statement** Parent Company Balance **Shareholder Information** Sheet **Board of Directors' report Parent Company Statement** of Changes in Equity Statement of Responsibility Parent Company Cash Flow Statement Parent Company Notes to the Financial Statements Consolidated Income Statement **Consolidated Statement of Auditor's Report Comprehensive Income Consolidated Statement of Corporate Governance Financial Position** Social Responsibility **Consolidated Statement** of Changes in Equity



AWILCO LNG HAS AN INDUSTRIAL APPROACH AND A LONG TERM COMMITMENT TO THE LNG SECTOR

DESCRIPTION OF AWILCO LNG

COMPANY OVERVIEW

The Awilco LNG Group (the Group or Awilco LNG) is a Norwegian based owner and operator of LNG vessels in international trade. The Group currently owns the two 156,000 cbm 2013 built LNG TFDE membrane vessels WilForce and WilPride, and three 125,000 cbm LNG vessels; WilGas, WilPower and WilEnergy. Awilco LNG has an industrial approach and a long-term commitment to the LNG sector.

Commercial management is handled out of the Group's office in Oslo, Norway. In 2012 Awilco LNG established its own in-house technical management company, which handles technical management of the Group's fleet.

Awilco LNG ASA (the Company) was incorporated in February 2011 by Awilco AS, a company in the AWILHELMSEN Group which has fostered several companies previously listed on Oslo Stock Exchange, for the purpose of acquiring three secondhand LNG vessels.

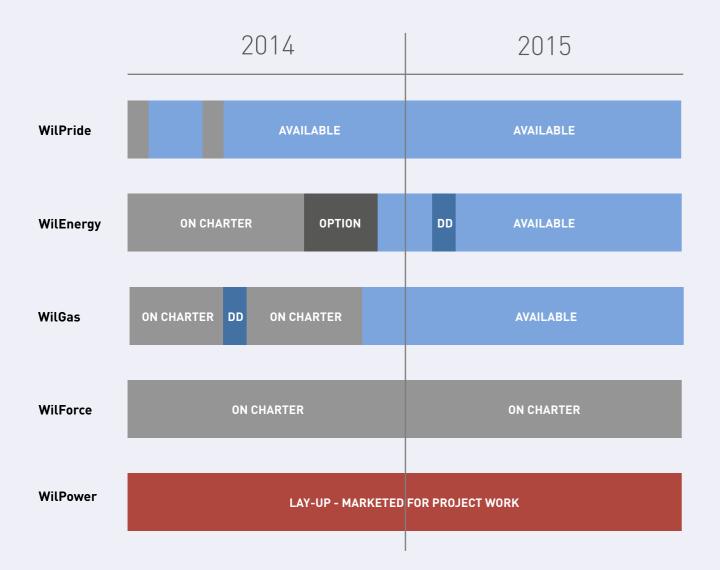
The three LNG vessels WilGas, WilPower and WilEnergy were acquired for an aggregate price of USD 67 million, which was financed through private placements in February and April 2011, in addition to shareholder loans that were subsequently converted to equity. WilGas was delivered to the Group in March 2011, WilPower at the end of May 2011 and WilGas at the end of June 2011.

On 12 May 2011, Awilco LNG signed shipbuilding contracts for construction of two LNG newbuildings, which were partly financed through a private placement of NOK 534.8 million in May 2011.

On 6 September 2011 the Company's shares were listed at the Oslo Stock Exchange under the ticker ALNG.

On 16 September 2013 the Group took delivery of its first 156,000 cbm TFDE newbuilding WilForce, and on 28 November 2013 Awilco LNG took delivery of its second 156,000 cbm TFDE newbuilding WilPride. Both vessels were financed through a sale-leaseback, financing 75 % of the cost.

CONTRACT COVERAGE





WILPRIDE

Was delivered from DSME on 28 November 2013, and completed its maiden voyage in February 2014. The vessel is trading in the spot market. She is currently employed on a single voyage and scheduled for re-delivery end April. Awilco LNG is continuously evaluating commercial opportunities.

WILENERGY

Is on charter until August 2014 with a three month option in charterer's favour.

WILGAS

Is on charter to Brazilian oil major Petrobras until October/ November 2014. She is scheduled to undergo dry-docking in May 2014.

WILFORCE

Was delivered from DSME on 16 September 2013, and completed its maiden voyage in December 2013. She was subsequently, on 24 January 2014, delivered to an oil and gas major on a three year contract plus one year option in charterer's favour.

WILPOWER

Is in lay-up and marketed for project work.

ORGANISATION



MANAGEMENT

Awilco LNG had 10 employees at the end of 2013. The Group handles the commercial operation of the vessels from its main office in Oslo.

In 2012 Awilco LNG established its own technical management company which handles technical management of the Group's fleet.

The Group purchases certain administrative services from Awilhelmsen Management AS and technical sub-management services from Wilhelmsen Marine Services AS, both companies in the AWILHELMSEN Group.



JON SKULE STORHEILL Chief Executive Officer

Prior to his appointment as CEO of Awilco LNG ASA Mr. Storheill was Managing Director of Awilco AS, Director of S&P/Projects with Frontline Management and Director/Partner of shipbroking company P.F. Bassøe AS. Mr. Storheill has also been the Chairman of the Board of Wilhelmsen Marine Services AS in addition to serving with various board positions in the industry. Mr. Storheill has 25 years of shipping experience, is a Norwegian citizen and resides in Oslo, Norway.



SNORRE SCHIE KROGSTADChief Financial Officer

Mr. Krogstad was previously CFO at Camillo Eitzen & Co ASA. He has held various shipping- and banking related positions since 1991. Mr. Krogstad has a BSc in Business Administration from University of Vermont, USA. Mr. Krogstad is a Norwegian citizen and resides in Oslo, Norway.



IAN S. WALKER SVP Chartering

Mr. Walker previously held a similar position within Golar LNG. He has previously held various Commercial, Marketing and Project Development roles in LNG projects for both BG and Shell and has been involved in the natural gas & shipping industry for more than 25 years. Mr. Walker is a Scottish citizen and resides in Bærum, Norway.



JAN ESPEN ANDERSEN Head of Operation

Mr. Andersen was previously Head of Operations at Höegh LNG. He has held various shore side marine related positions since 1997 following 7 years at sea and is a certified Master Mariner. Mr. Andersen has 23 years of shipping experience, is a Norwegian citizen and resides in Oslo, Norway.

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BOARD OF DIRECTORS



SIGURD E. THORVILDSENChairman and Non-Executive Director

Mr. Thorvildsen is the CEO of the AWILHELMSEN group and Chairman of the Board of Awilco Drilling Plc. He has more than 20 years of experience from the shipping- and offshore industry. Mr. Thorvildsen has previously held several senior positions, among them the position as CEO of Awilco AS, the Chairman of the Board of Awilco Offshore ASA and Awilco Heavy Transport ASA (later Ocean HeavyLift ASA). He holds an MSc in Business and Economics from the Norwegian School of Management. Mr. Thorvildsen is a Norwegian citizen and resides in Oslo, Norway. Mr. Thorvildsen is a member of the Remuneration Committee.



HENRIK FOUGNER Non-Executive Director

Mr. Fougner is the COO of the

AWILHELMSEN group, and serves on the
board of Awilco Drilling Plc. He has more
than 25 years of experience from the
shipping, offshore and banking industry
both in Norway and internationally. Mr.
Fougner has previously held several senior
positions, among them the position as
CEO of Awilco Offshore ASA and CFO of
Awilco AS. He holds an MBA from the
Norwegian School of Economics and
Business Administration. Mr. Fougner is
a Norwegian citizen and resides in Oslo,
Norway. Mr. Fougner is a member of the
Audit Committee.



Mr. Torgersen is the CEO of Astrup Fearnley AS, the parent company of a number of investment and broker companies. Mr. Torgersen has extensive board experience from a number of companies in the property, shipping, finance and offshore sectors, and is a member of the boards of Atlantic Container Line AB, Finnlines Plc, Norske Skogindustrier ASA and IM Skaugen. Mr. Torgersen holds an MBA (Finance) from Hochschule St. Gallen. Mr. Torgersen is a Norwegian citizen and resides in Oslo, Norway. Mr. Torgersen is a member of the Remuneration Committee.



SYNNE SYRRIST Non-Executive Director

Mrs. Syrrist has work experience as an independent consultant to Norwegian companies, and as financial analyst in Elcon Securities ASA and First Securities ASA. She has also an extensive nonexecutive experience from both listed and private companies, and is a member of the boards of Awilco Drilling Plc, Norwegian Property ASA, Eidesvik Offshore ASA and Global Rig Company ASA. She holds a Master of Science from NTH and is a Certified Financial Analyst (AFA) from NHH. Mrs. Syrrist is a Norwegian citizen and resides in Oslo, Norway. Mrs. Syrrist is the chairman of the Audit Committee.



ANNETTE MALM JUSTAD Non-Executive Director

Mrs. Malm Justad has previously worked as CEO in Eitzen Maritime Services, Vice President and Head of Purchasing at Yara International ASA, Vice President and Fleet Manager at Norgas Carriers AS and has held various technical and commercial positions for Norsk Hydro ASA. She also serves as Chairman of the Board of American Shipping Company ASA and as board member of PGS ASA. In addition she is Chairman of the Board of Store Norske Spitsbergen Kulkompani AS. Mrs. Malm Justad holds a Master in Technology Management from MIT/NTH and a Master in Chemical Engineering from NTH. Mrs. Malm Justad is a Norwegian citizen and resides in Oslo, Norway.



LNG MARKET INFORMATION

INTRODUCTION

Natural gas is a naturally occurring hydrocarbon gas mixture which consists primarily of methane. Liquefied natural gas (LNG) is natural gas that has been cooled and converted to liquid form for efficient storage and transportation. Once natural gas has been produced, the LNG supply chain involves three steps; liquefaction, transportation and regasification.

The liquefaction process involves removal of certain components such as water, hydrogen sulphide and carbon dioxide from the natural gas and then condensation of the gas into liquid form at close to atmospheric pressure by cooling it down to below -160 degrees celsius. LNG is about 1/600th the volume of natural gas at standard temperature and pressure, making it much more cost efficient to transport over long distances where pipelines do not exist.

Onshore transportation of natural gas is generally through pipelines, while offshore transportation is in purpose designed cryogenic LNG vessels where the natural gas has been cooled down and liquefied.

In regasification terminals or vessels the liquefied natural gas is returned to its initial, gaseous state, and then fed into transmission and distribution networks. Natural gas' predominant use is for electricity generation and heating.

LNG has become an important source of energy as natural gas is non-toxic, clean-burning and relatively cheap. Natural gas is widely considered as an important factor in reaching strict emission targets, and according to various market analysts the demand going forward is expected to be strong.

LNG VALUE CHAIN

PRODUCTION LIQUEFACTION TRANSPORTATION REGASIFICATION OFFTAKE A PROPERTY **ONSHORE** Installation LNG Plant LNGC Terminal Power Plant **OFFSHORE** Platform/Installation I NG EPSO LNGC **FSRU** Gas - to - wire

LNG TRANSPORTATION

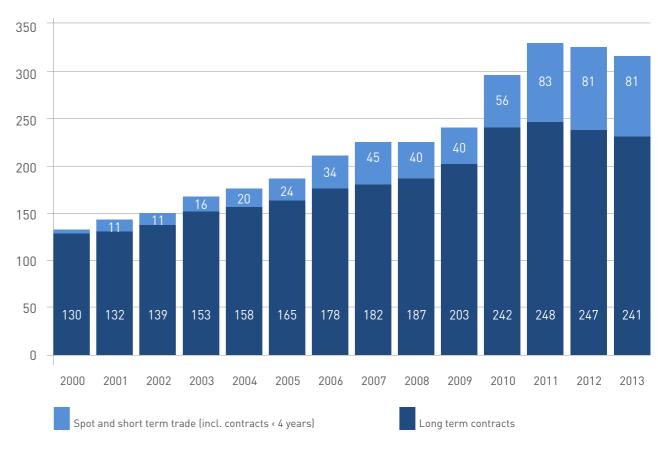
Offshore transportation of liquefied natural gas in LNG vessels is the most flexible, safe and economic way of distributing natural gas from seller to buyer over long distances. With a global LNG fleet, the natural gas market opens up for extensive trade of LNG from exporting countries to importing countries. The use of LNG carriers enables export of natural gas to importers without land based pipeline connections, such as Japan.

A LNG carrier is a special purpose built vessel designed for transportation of LNG. The first LNG vessels entered operations in the early 1960's. The fleet of vessels above 100,000 cbm has grown steadily ever since, reaching 357 vessels at the end of 2013 according to Fearnley LNG. The LNG shipping market is industrial in its nature, with few publicly traded companies that provide pure exposure to the segment; the largest owners are mostly energy companies or Japanese trading conglomerates.

Given the vast expenditure involved in liquefaction projects, operators and project developers have historically secured tonnage on 15-25 years long term fixed contracts to serve their shipping needs. Parallels to the LNG transportation market are being drawn to the tanker market at the beginning of the 1970s, in that it is currently a market dominated by relatively few companies and utility players, with capital intensive infrastructure projects and point to point long term contracts. The development has been similar in the natural gas and power markets, which developed in a similar fashion as the crude market.

The spot market has evolved slowly, but the trend in LNG shipping is towards more medium, short and spot cargoes. In 2001 spot and medium term cargoes constituted $7.7\,\%$ of the total volume, and by the end of 2013 this share had increased to $25\,\%$ according to Pareto Securities.

GLOBAL LNG TRADE (BCM)



Source: Pareto Securities

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DURING THE LAST FEW YEARS THE PERIODIC PRICE DIFFERENTIALS BETWEEN KEY LNG MARKETS HAVE PROVIDED LNG PLAYERS WITH ARBITRAGE OPPORTUNITIES. WHICH HAS INCREASED THE NUMBER OF RE-LOADS AND CONSEQUENTLY INCREASED THE NEED FOR A SPOT MARKET.

Over the last decade, the number of trading routes for LNG shipping has increased. Until 2006 there were few exporters of LNG and the trade was dominated by a few players, mainly large oil companies. This has changed substantially over the last couple of years, due to the entry of trading houses and power companies in addition to increased number of LNG exporting terminals affecting supply side. On the demand side cheaper and more flexible regasification solutions (FSRUs), diversification of supply and the appealing costs and environmental factors in natural gas has led to an increase in the number of countries importing LNG.

During the last few years the periodic price differentials between key LNG markets have provided LNG players with arbitrage opportunities, which has increased the number of reloads and consequently increased the need for a spot market.

The trend towards shorter term and more spot oriented trading is likely to continue going forward as a result of increased trading of LNG volumes with an increase in trading routes and changing trading routes. The spot market in the near- to middle term is, however, expected to remain fairly illiquid compared to other commodity/spot trading shipping markets.

LNG TRADE FLOWS 2006



LNG TRADE FLOWS 2013



Source: Fearnley LNG

LNG CARRIER FLEET

Historically the most common LNG vessel design was the Moss design. The design was developed in the 1970s and uses free standing insulated spherical tanks, where the tanks and the vessel are two separate structures. Later the Membrane design has become the most common design. The Membrane design involves insulation built directly into the hull, followed by a membrane covering the inside tanks. This design utilises the volume of the vessel in a more optimal manner. The modern vessels are normally powered by Tri-fuel diesel electric engines (TFDE), whereas vessels built up until 2009 are normally powered by steam turbines. The TFDE vessels are more fuel efficient, and the modern vessels have considerable lower boil-off rate due to improved containment system. As a consequence, modern vessels have a substantial economic advantage compared to the older vessels.

According to Fearnley LNG, the LNG fleet counted 97 vessels above 100,000 cbm in 2001, whereas at the end of 2013 the fleet consisted of 357 vessels, of which about 250 are membrane vessels. At the beginning of 2014 the orderbook for vessels (excluding FSRU) above 100,000 cbm was 97 vessels, of which 70 are committed to contract and 27 available. In 2014 33 vessels are scheduled for delivery, in 2015 27 vessels and in 2016 25 vessels according to ship brokers. It is however expected that due to the anticipated softer market conditions, deliveries of vessels which are not committed to contracts may be delayed for a period of time.

There are currently only seven yards with registered LNG vessels on order, the largest being Samsung followed by DSME and Hyundai Heavy Industries. The remaining yards are Mitsubishi, Kawasaki, STX and Hudong-Zhonghua.

Construction time for an LNG carrier is about three years, and thus new orders may not be delivered until early 2017 at the earliest. Limited supply is expected from other yards in the foreseeable future, as LNG vessels are very complicated to build and involve severe challenges for a shipyard with limited experience.

The design life of a modern LNG carrier is 40 years. At the end of 2013 36 vessels were older than 30 years. A softer market combined with the lower efficiency of older tonnage and the need for dry-docking every 2.5 years has made it less economical to invest in older tonnage. As a consequence it is anticipated that scrapping will increase over the next years.

Based on historic averages about 1.2 vessels are required to carry 1 MTPA according to Fearnley LNG. The potential U.S LNG export will according to market analyst increase this figure. Based on the current liquefaction capacity under construction, the current orderbook is most likely sufficient to address the shipping demand for the next two years and there is a risk of oversupply of vessels in 2014 and 2015. However, based on new LNG capacity under construction from 2016 and onwards, the existing orderbook is most likely not sufficient to cover shipping demand from 2016-17.

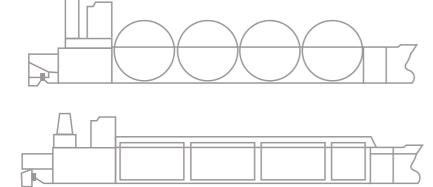
HISTORICAL DAYRATE LEVELS

Spot market rates were reported at about USD 70,000 per day at the beginning of the 2000s, but an influx of new tonnage through the second half of the decade, coupled with lower than anticipated LNG volumes as a result of delayed projects, hit the LNG transportation market hard. Rates bottomed in Q2 2010 below USD 30,000 per day, combined with low utilisation.

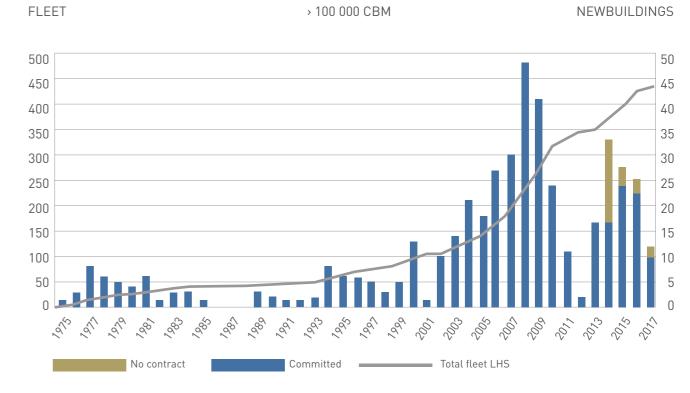
The rates started to increase in the summer of 2010, and in March 2011 the Fukushima disaster in Japan caused further tightening in the market. Spot rates peaked at about USD 150,000 per day at the end of 2011 for modern tonnage. The market remained firm for the first half of 2012, while a quiet market during the second part of 2012 and most of 2013 led to weakening rates. Spot rates at the end of 2013 were reported by brokers at about USD 100,000 per day for modern TFDE vessels and USD 35,000 per day for older vessels.

MOSS DESIGN

MEMBRANE DESIGN



LNG FLEET DEVELOPMENT AND ORDERBOOK



Source: Fearnley LNG

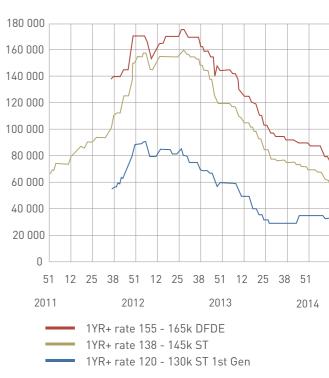
LNG SPOT CHARTER RATES

USD PER DAY

180 000 160 000 140 000 120 000 100 000 80 000 60 000 40 000 20 000 51 12 25 38 51 12 25 38 51 12 25 38 51 2011 2012 2013 2014 Spot rate 155 - 165k DFDE Spot rate 138 - 145k ST Spot rate 120 - 130k ST 1st Gen

LNG 1YR+ CHARTER RATES

USD PER DAY



Source: Fearnley LNG

LNG DEMAND

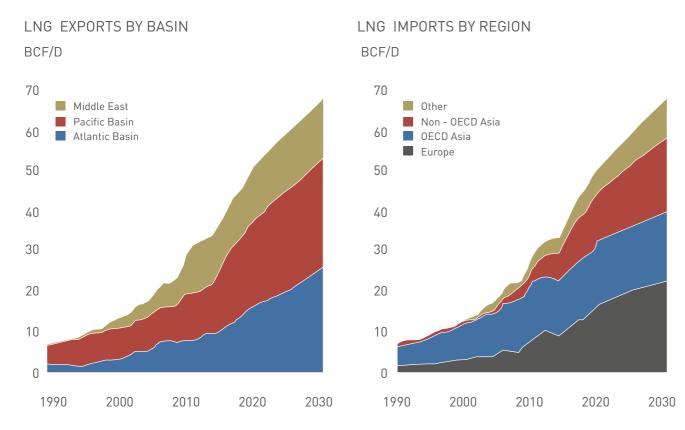
According to BP natural gas is expected to be the fastest growing fossil fuel over the period 2013 - 2035, with demand increasing 1.9 % a year on average. LNG exports are expected to grow more than twice as fast as gas consumption, at an average of 3.9 % per year, and account for 26 % of the growth in global gas supply to 2015. LNG 's share of traded gas is expected to rise from 32 % in 2012 to above 46 % by 2035. Shale gas supplies are expected to meet approx. 50 % of the growth in gas demand.

Asia is expected to be the main source of incremental demand, accounting for 49 % of world LNG demand growth until 2025 of which 39 % is in non-OECD Asia and 10 % is in OECD Asia, according to BP forecasts.

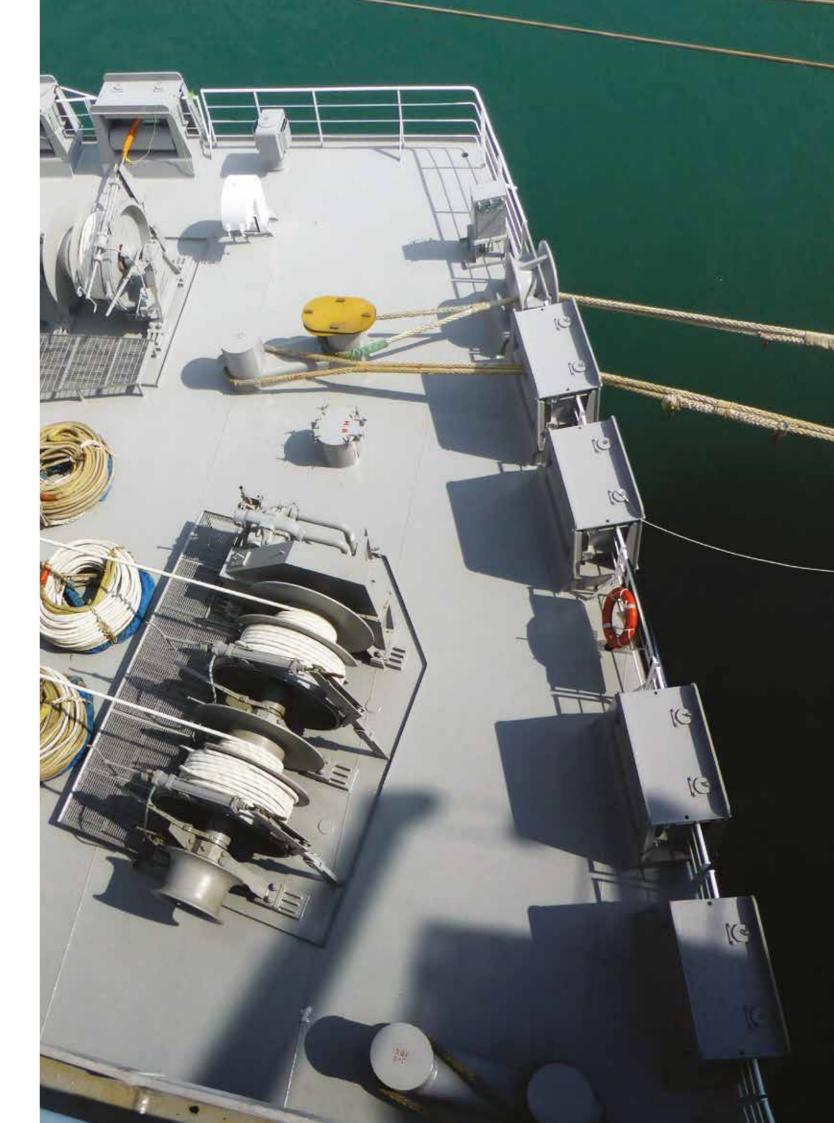
For the first time ever, LNG exports declined for two consecutive years in 2012 and 2013. The reason for the decline was not declining demand, but rather supply side issues such as technical issues leading to unscheduled and scheduled production disruptions, depletion from mature gas fields, increased domestic gas consumption leading to reduced LNG

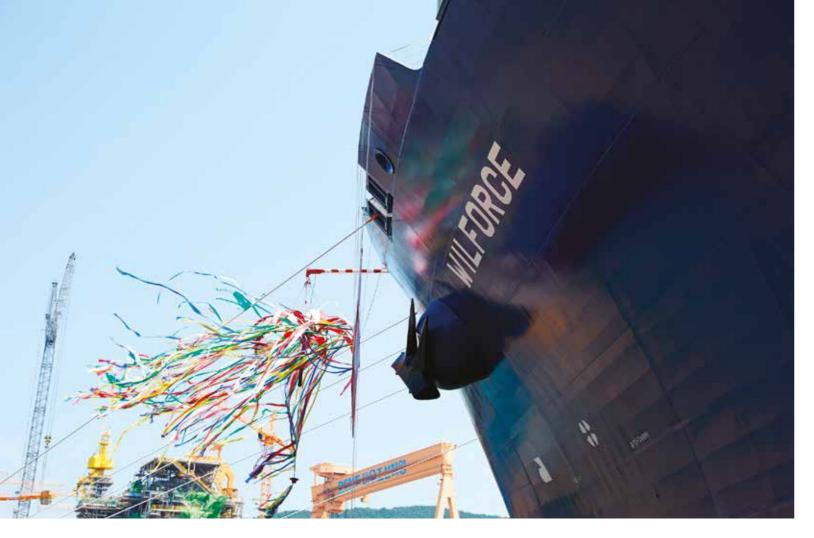
exports and delayed production start of new facilities. The largest importer in 2013 was Japan with 87.5 MT, representing a growth of 2 % from 2012. The persistent high import is largely driven by continued shut-down of nuclear reactors. The second largest importer in 2013 was South Korea, importing about 41 MT in 2013, compared to 36 MT in 2012. The third largest importer, China, imported 18.5 MT in 2013 up from 14.7 MT in 2012, which is only 21 % of Japan's LNG import volume. This is however expected to change as the Chinese Government targets natural gas to account for 10 % of the total energy demand in 2020, compared to 4 % in 2010. Based on proposed projects in China, import capacity could reach 70 MTPA by 2020. The fourth largest importer India imported about 13.2 MT in 2013, a decline of 5 % from previous year. India is the second most populated country in the world, but is currently only the fifth largest energy consumer. According to ExxonMobil, India's energy demand is expected to show the strongest percentage growth rate globally during the period 2010 to 2025, and demand for natural gas is far exceeding the domestic supply. Existing LNG import capacity in India is currently about 14 MTPA, and it is estimated to grow to about 50 MTPA by 2017.

LNG DEMAND FORECAST 2010-2030









LNG EXPORTS

MTPA 350 300 250 200 150 100 2010 Solo Solo 20% Zog, HISTORICAL EXPORT VOLUMES NET FORECASTED VOLUME ADDITIONS

Source: DNB Markets

LNG PRODUCTION

Global LNG export in 2013 declined for a second year in a row and amounted to an estimated 236 MT. As detailed above, LNG demand is set to grow substantially going forward, and historically LNG supply has been the constraining factor in the global LNG market. New LNG production capacity currently under construction is approx. 125 MTPA. Further 170 MTPA of new project capacity is scheduled for final investment decision in 2014 with planned start up from 2017 and onwards.

There are several new LNG production plants scheduled to commence production in 2014. The Angolan liquefaction plant started normal production early 2014 and is reported currently producing at about 50 % of nameplate capacity (5.2MTPA), and is expected to reach nameplate capacity early 2015. Furthermore, the first cargoes from the new plant in Skikda (Algeria) have been shipped and the plant is expected to reach nameplate capacity of 4.5 MTPA during 2014. Three other plants are scheduled to commence in 2014, with a combined nameplate capacity of 10-12 MTPA according to market analysts; Gassi

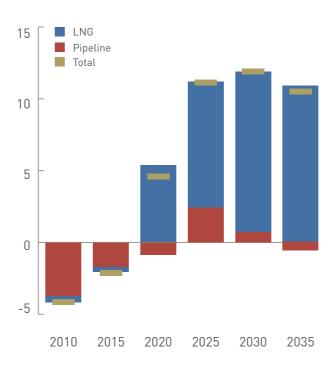
Touil, PNG LNG and Gladstone on Curtis Island. In general there is always a degree of uncertainty linked to start-up dates and production rate from new facilities, and analyst therefore expect a net additional production of 16 MT in 2014.

Currently Qatar, Malaysia and Indonesia are the largest LNG exporters. In the coming years Australia, the US and Canada are expected to become significant LNG exporters.

As recently as six years ago, North America was preparing to import LNG. However, the shale gas revolution has transformed the region from an LNG importer to a potentially massive LNG exporter. There are currently 30 applications for a total of 295 MTPA for export to non-FTA countries. Nine of the projects are based on existing LNG import facilities, which represent significant costs advantages. Of the 30 applications six have been approved for non-FTA export, with a total capacity of 64 MTPA. The first US exports are scheduled for early 2016. In addition there are six projects which have applied for export license from Canada with a potential export volume of 53 MTPA.

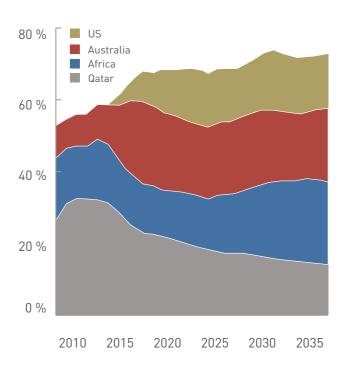
US NATURAL GAS **NET EXPORTS**

BCF/D



Source: BP

SHARE OF GLOBAL LNG TRADE



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VESSEL OVERVIEW

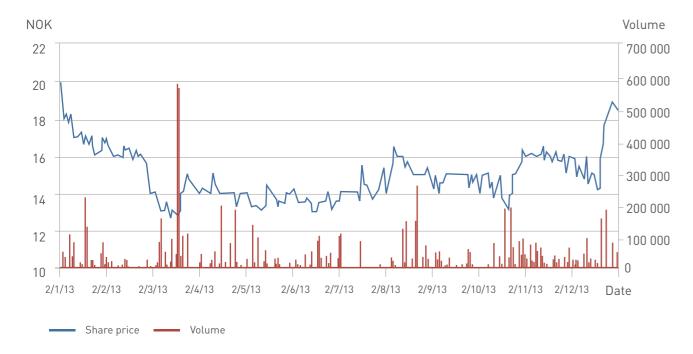
Awilco LNG owns the two 156,000 cbm 2013 built LNG TFDE membrane vessels WilForce and WilPride, and three 125,000 cbm LNG vessels WilGas, WilPower and WilEnergy.

	a de	YEAR BUILT	2013	DRAFT	12.521 M
OR CO	YARD	DSME	MANAGER	ALNG TM	
WILFORCE	The state of the s	CAPACITY	156,007 M3	FLAG	NIS
		DWT	87,750 MT	PROPULSION	TFDE
	ia +	YEAR BUILT	2013	DRAFT	12.521 M
WILPRIDE		YARD	DSME	MANAGER	ALNG TM
WILP		CAPACITY	156,089 M3	FLAG	NIS
		DWT	87,677 MT	PROPULSION	TFDE
		YEAR BUILT	1984	DRAFT	11.527 M
WILGAS	WILGAS	YARD	NAGASAKI	MANAGER	ALNG TM
WIL		CAPACITY	125,631 M3	FLAG	NIS
		DWT	67,552 MT	PROPULSION	STEAM TURBINE
	الماء	YEAR BUILT	1983	DRAFT	11.466 M
WER	TO SECOND	YARD	KAWASAKI	MANAGER	ALNG TM
WILPOWER		CAPACITY	125,660 M3	FLAG	МІ
		DWT	69,991 MT	PROPULSION	STEAM TURBINE
	il il n	YEAR BUILT	1983	DRAFT	11.527 M
WILENERGY		YARD	NAGASAKI	MANAGER	ALNG TM
VILEN		CAPACITY	125,556 M3	FLAG	МІ
>		DWT	67,055 MT	PROPULSION	STEAM TURBINE



SHAREHOLDER INFORMATION

Awilco LNG share price development (ticker: ALNG)



Source: Oslo Stock Exchange

OWNERSHIP	SHAREHOLDER/ NUMBER OF SHARES	OWNERSHIP	SHAREHOLDER/ NUMBER OF SHARES
33.7%	AWILCO AS 22 874 500	1.2 %	TOLUMA NORDEN AS 781 429
8.8%	EUROCLEAR BANK S.A./N.V. 5 996 226	1.0 %	ODIN MARITIM 702 784
8.2 %	HOME CAPITAL AS 5 581 976	1.0 %	GLAAMENE INDUSTRIER 667 426
7.8 %	ASTRUP FEARNLEY A/S 5 260 050	0.8 %	FIDUCIA AS 541 850
7.6 %	UTHALDEN A/S 5 135 050	0.8 %	KLP AKSJE NORGE VPF 537 987
6.7%	JP MORGAN CLEARING CORP. 4 574 560	0.7 %	TVENGE TORSTEIN INGV 500 000
4.5 %	MORGAN STANLEY & CO LLC 3 071 248	0.7%	KLP AKSJE NORDEN VPF 490 881
3.0 %	CREDIT SUISSE SECURITIES 2 035 000	0.5 %	MORGAN STANLEY&CO IN 371 000
2.7 %	SIX SIS AG1 1 836 360	0.4 %	KOMMUNAL LANDSPENSJO 304 500
1.7 %	VERDIPAPIRFONDET DNB 1 184 008	6.6 %	OTHER SHAREHOLDERS 4 505 239
1.2 %	MP PENSJON PK 836 800	100 %	TOTAL 67 788 874

TOP 20 SHAREHOLDERS (AS PER 31.12.2013)

BOARD OF DIRECTORS' REPORT



BOARD OF DIRECTORS' REPORT

2013 was a key year for Awilco LNG ASA (Awilco LNG or the Company). Entering 2013 the Company had two newbuildings on order for delivery in 2013 without financing or employment. In 2013 Awilco LNG managed to successfully finance, take delivery on time and within budget and secure the maiden voyage for both vessels. WilForce was subsequently employed for a 3 year contract and WilEnergy for a 9 month contract. The whole fleet is managed in-house. In 2013 the Company has thus developed into a fully integrated LNG shipping company.

The LNG shipping market entered 2013 on a positive note with high rates. Continuous production disruptions in Nigeria and certain other LNG production plants as well as delayed start-up of the Angola LNG production resulted in reduced LNG production for the second year in a row. The effect was lower market activity for long periods and weakening rates. The long term fundamentals for the LNG market do however remain firm. In the short term it is expected that the LNG shipping market will be negatively affected by the 33 newbuildings scheduled for delivery during 2014, resulting in potential oversupply of vessels until new production is on-stream.

BUSINESS SUMMARY

The Awilco LNG Group (Awilco LNG, ALNG or the Group) is a pure play LNG transportation provider, owning and operating LNG vessels. The Group owns two TFDE LNG vessels and three 2nd generation LNG vessels. The parent company Awilco LNG ASA is listed on Oslo Axess under the ticker ALNG. Awilco LNG's registered business address is in Oslo, Norway.

The three 125,000 cbm LNG vessels WilPower, WilGas and WilEnergy were purchased and taken delivery of in 2011. Additionally in 2011, Awilco LNG ordered two newbuildings which were delivered in September and November 2013.

WilGas was on contract for the entire year, while the WilEnergy contract expired in February 2013. After the expiry of the contract, WilEnergy was employed on several single voyages until November 2013, when the vessel was delivered on a nine month contract expiring in August 2014. The third 2nd generation vessel, WilPower, was idle at the beginning of 2013, and during the spring of 2013 the vessel entered cold lay-up.

The newbuildings were delivered in September and November 2013. Both vessels were subsequently fixed for maiden voyages enabling cool down and the necessary vetting approvals. Furthermore, WilForce was committed on a 3 year contract to a European oil and gas major. The contract commenced in January 2014.

At the end of 2013 the Company had 4 vessels employed. The maiden voyage for WilPride ended 9 February 2014, and the

vessel was subsequently employed for a single voyage in April. The Company established Awilco LNG Technical Management AS (ALNG TM) in cooperation with Wilhelmsen Marine Services (WMS) in 2012. ALNG TM is 100 % owned by Awilco LNG ASA, and based on the sub-management agreement ALNG TM will be able to utilise the vast technical experience WMS has gained as technical operator of vessels for more than 70 years. ALNG TM performs technical management of the whole Awilco LNG fleet.

The general positive trend in the market for both modern and older LNG vessels continued in the beginning of 2013. As a result of several production disruptions at a number of LNG plants, LNG volumes fell and the market activity eased off throughout the year, though with somewhat stronger vessel demand during 4th quarter. As a consequence of lower LNG production the market rates declined during the year.

The reported spot day-rates for modern TFDE vessels started 2013 above USD 140,000 and ended the year at about USD 100,000. The reported spot day-rate for 1st and 2nd generation vessels was USD 50,000 at the beginning of the year and ended at USD 35,000.

Demand for LNG is robust and is expected to increase considerably going forward. The last two years LNG production has been the bottleneck. Year-on-year LNG production declined in 2013 compared to the preceding year. For the first time ever, there has been two subsequent years with declining production. Estimated net production decline in 2012 and 2013 was about 4 MTPA and 3 MTPA respectively. The decline was due to a

combination of disruptions as well as increased domestic gas consumption in some LNG producing nations. The anticipated production startup from a new liquefaction plant in Angola was delayed, and only a few cargoes were exported in 2013. Market analysts expect a gradual ramp up of Angola throughout 2014 to full capacity of 5.2 MTPA in 2015. In 2014 market analyst expects a net additional production of 16 MT. In total there is about 125 MTPA of new LNG production capacity under construction. In general, there will always be uncertainties linked to startup of new production, and at what time the production facilities will reach nameplate production capacity.

Transport distance is an important factor for the demand for LNG shipping. Despite lower production in 2012 the ton-mile remained at similar level as the year before. In 2013 the trend turned and ton-mile is estimated to have been reduced by 2 % compared to 2013.

The current orderbook for vessels larger than 100,000 cbm stand at approximately 97 LNG carriers, corresponding to about 25 % of the world-wide fleet. 33 vessels are expected to be delivered during 2014 and 27 in 2015. Of the 33 vessels to be delivered during 2014, 16 vessels are reported to be committed to a charter. Construction time for a newbuilding is about three years, so new orders will only be added to the fleet from early 2017 onwards.

CONSOLIDATED FINANCIAL STATEMENTS

Income statement

The Group took delivery of WilForce and WilPride in September and November 2013 respectively, and the 2013 figures are therefore not directly comparable to the 2012 figures.

Freight income for the year amounted to USD 54.7 million (USD 56.6 million). The decrease was due to lower utilisation and charter rates on the 2nd generation vessels, offset by the effect of delivery of the newbuildings in the second half of 2013. Fleet utilisation (excl. vessel in lay-up) ended at 67 %, compared to 72 % in 2012.

Voyage related expenses were USD 12.8 million in 2013 compared to USD 4.3 million in 2012. The increase was mainly due to positioning of WilForce and WilPride after delivery, together with periods of idling WilEnergy, as well as the effect of gross presentation of bunkers cost reimbursed on short term charter contracts.

Operating expenses for the year were USD 18.5 million compared to USD 18.4 million in 2012, reflecting increased fleet size offset by lay-up of WilPower from end Q2 2013.

Administration expenses were recorded at USD 6.8 million in 2013. an increase from USD 4.6 million in 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 mainly as a result of increased number of options outstanding.

EBITDA for the year was USD 16.6 million (USD 29.3 million).

Depreciation and amortisation was USD 10.0 million (USD 7.7 million). The increase was due to delivery of the two newbuildings WilForce and WilPride.

No impairment loss was recognised in 2013 compared to a loss of USD 1.4 million in 2012.

Net finance expense was USD 5.5 million (USD 0.3 million). The increased finance expenses were due to interest charges on the WilForce and WilPride lease obligations.

Profit before tax was USD 1.1 million (USD 19.9 million).

Income tax expense for the year was a gain of USD 0.1 million (gain of USD 1.8 million), of which USD 0.1 million was payable (USD 0.0 million) and USD 0.2 million changes in deferred tax (USD 1.8 million).

Profit for the period was USD 1.2 million (USD 21.7 million).

Earnings per share

Basic and diluted earnings per share for the year were USD 0.02, compared to USD 0.32 in 2012.

Financial position

As at 31 December 2013 the Group's total assets were USD 513.6 million (USD 203.0 million).

The book value of vessels was USD 478.7 million (USD 195.5 million), whereby the increase was due to delivery of WilForce and WilPride including payment of final installments to the yard and other capitalised costs of USD 292.1 million (USD 42.7 million) and minor upgrades and dry-docking on 2nd generation vessels of USD 1.1 million (USD 12.9 million). The increase was offset by ordinary depreciation and amortisation of USD 10.0 million (USD 7.7 million).

Current assets were USD 34.5 million (USD 7.3 million), of which trade receivables was USD 3.7 million (USD 2.5 million), cash was USD 18.2 million (USD 2.6 million) and other short term assets was USD 8.2 million (USD 0.6 million). The increase



in other short term assets was mainly due to prepayment of WilForce and WilPride monthly lease payment of USD 3.0 million (nil 2012) and accrued revenue not invoiced of USD 4.2 million (nil 2012).

Non-current liabilities were USD 297.4 million (USD 0.3 million), of which the WilForce and WilPride lease liabilities were USD 297.3 million (nil 2012).

Current liabilities were USD 21.7 million (USD 9.4 million), of which USD 10.8 related to the short term portion of the WilForce and WilPride lease liabilities (nil 2012), USD 3.5 million (USD 0.7 million) was trade payables and USD 7.4 million provisions and accruals (USD 7.1 million). There were no drawings under the short term credit facility 31 December 2013 (USD 1.6 million).

Total equity at the end of the year was USD 194.5 million (USD 193.3 million), corresponding to a book equity ratio of 38 % (95 %).

Cash flow statement

In 2013 the Group had a positive cash flow from operating activities of USD 10.7 million (USD 28.4 million). Cash used in investing activities was USD 292.8 million (USD 55.5 million), of which USD 1.1 million (USD 12.9 million) was related to the 2nd generation vessels and USD 291.6 million (USD 42.4 million) was related to vessels under construction. Net cash from financing activities was USD 297.8 million (USD 1.2 million). Cash at the end of the year was USD 18.2 million (USD 2.6 million).

PARENT COMPANY FINANCIAL STATEMENTS

Operating income for the year amounted to NOK 5.5 million (NOK 5.6 million) and administration expenses NOK 32.6 million (NOK 26.4 million). Impairment of shares in subsidiaries amounted to NOK 84.0 million (nil 2012).

Net finance income amounted to NOK 182.7 million (NOK 37.5 million).

Profit for the period was NOK 72.4 million (NOK 26.5 million).

The Board of Directors proposes that the net profit of NOK 72.4 million for the Parent Company is transferred to retained earnings.

The Board will propose to the General Meeting 5 June 2014 that there will be no dividend distributed for the fiscal year 2013.

GOING CONCERN ASSUMPTION

The consolidated financial statements of the Group, and the parent company financial statements of Awilco LNG ASA, have been prepared on a going concern basis. Pursuant to the Norwegian Accounting Act \S 3-3a, and based on the obtained

newbuilding financing, the current contract coverage and the Company's overall position at the end of the year, the Board of Directors confirm that it is correct to prepare the accounts on a going concern assumption.

RISK FACTORS

Market conditions for shipping activities have historically been volatile, and as a consequence the financial results may vary significantly from year to year. The risk factors in the LNG shipping market can be divided into the following main components: market risk, operational risk and financial risk.

Market risk

Market risk relates to the supply of LNG vessels and the demand for LNG transportation. In the past there have been prolonged periods of oversupply of vessels due to delays in the construction of production capacity, with correspondingly low utilisation and depressed day rates. In the period 2004 to 2010 there was a general excess supply of vessels which had a negative impact on the market rates.

In 2014 and 2015 there will be a total of 60 vessels delivered of which 21 are not committed to a contract. The yard capacity is fully booked, and therefore the current orderbook for the near future will not increase.

Projecting the supply of LNG involves more uncertainty. Historically new projects have had a tendency to be delayed as liquefactions plants are highly complex construction projects. Furthermore actual production may fluctuate from one year to another, as shown in 2012 and 2013, where actual production decreased compared to the previous year for the first time in 30 years. The decrease has mainly been due to various production disruptions at several LNG production facilities such as feedgas supply issues, technical problems and scheduled and unscheduled maintenance. Lower LNG production will have an impact on the market rates for LNG vessels, as the oversupply of vessels is likely to reduce rate levels.

According to BP, the long term demand for LNG is forecasted to grow with 3.9 % per annum. Historically a limiting factor has been the growth and delays in liquefaction capacity. Over the last years we have seen substantial improvements in timing of some projects, but it should be anticipated that some liquefaction projects may experience delays which will impact demand growth for LNG vessels.

A sharp increase in the price of natural gas compared to other energy sources may impact LNG demand negatively.

On the other hand price increases may lead to increased LNG



price spreads between different geographic markets, thereby increasing demand for LNG transportation to execute arbitrage opportunities. The last couple of years the price spread between Europe and Asia has opened up LNG arbitrage opportunities between the Atlantic and Pacific basins, which have had a positive effect on the LNG vessel utilisation and rates.

When the market is weak, the supply side takes much longer time to adjust to the reduced demand, and as a consequence, the LNG shipping market may suffer for a period until balance is reinstated. In general older LNG carriers are more sensitive to a decrease in tonnage demand, as older vessels are less fuel efficient and have lower LNG transportation capacity.

Operational risk

Employment risk

The Group's ability to obtain charters will depend upon the prevailing market conditions. If the Group is unable to employ one or more of its vessels for a longer period of time, revenue will be substantially reduced.

Laws and regulations

The Group's operations and vessels are subject to international environmental laws and regulations, which have become more stringent in recent years. Although the Group is doing its outmost to comply, changes in laws and regulations may expose the Group to liability.

Technical risk

The 2nd generation vessels in the fleet are relatively old, which poses an increased technical risk compared to newer tonnage. Even though the Group obtains loss of hire insurance for contracts over a certain length, a technical breakdown will affect the earnings for a period of at least 14 days (deductible).

Piracy and war

A piracy attack or outbreak of war would affect the trading of the vessels.

Crew

The world-wide LNG fleet will increase over the coming years, and this will expose the Group to the risk related to attracting qualified officers and seafarers. The Group has and will take steps in order to mitigate this risk. Furthermore, as a result of potential increased demand for LNG crew, there is a risk that the salaries will increase at a higher rate than ordinary inflation.

Bunker price

The Group is only exposed to bunker price risk when the vessels are not on charter.

Financial risk

Financing risk

The Group has secured financing of the two newbuildings through sale-leaseback agreements with Teekay LNG Partners

L.P. The vessels were sold for USD 205 million each with a USD 50 million prepayment per vessel. The lease tenor is 4 years + 1 year option in favour of Awilco LNG for the WilPride, while the WilForce tenor is 5 years + 1 year option. The leasing agreements include purchase obligations at the end of the period. The purchase obligation for WilForce is MUSD 123.5 after 5 years and for WilPride MUSD 130.9 after 4 years. The purchase obligation will be further reduced if the option periods are declared. Lease payments are in USD. After the end of the leasing period there will be a refinancing risk. The level of financing that the Company will be able to obtain at the end of the lease agreements depends upon the market rates for the vessels as well as the contract status.

The 2nd generation vessels are financed by equity only.

Currency risk

The companies in the Group have USD as functional currency. Currency risks therefore arise in connection with transactions in other currencies than USD. The Group is to a certain degree exposed to currency fluctuations as it is exposed to NOK administration expenses. The Group may use financial derivatives to reduce short-term currency risk.

Liquidity risk

The shipping market is capital intensive. Insufficient liquidity will severely impact the ability to operate safely. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity and undrawn committed credit facilities at all times to meet its obligations without incurring unacceptable losses or risking damage to the Group's reputation. The Group had a USD 15 million credit facility for liquidity purposes, which was cancelled by the Group in March 2014. As of 31 December 2013 the credit facility was undrawn. The current contract coverage ensures sufficient liquidity to cover the Group's obligations for the next twelve months from the balance sheet date.

Interest rate risk

The Group has currently no other long term debt than fixed rate lease liabilities with a fixed interest element, and therefore has only limited interest rate risk related to bank deposits. If the Group enters into new long term financing facilities, the Group will evaluate using financial derivatives in order to hedge interest rate exposure.

Counterparty-/credit risk

The Group is exposed to credit risk from its operating activities through trade receivables (freight income), prepaid funding to vessel managers and from its financing activities, including

deposits with banks. The Group aims to do business with creditworthy counterparties only. Charter hire is received monthly in advance, effectively reducing the potential exposure to credit risk. Bank deposits are only deposited with internationally recognised financial institutions with a high credit rating.

HEALTH, SAFETY AND ENVIRONMENT

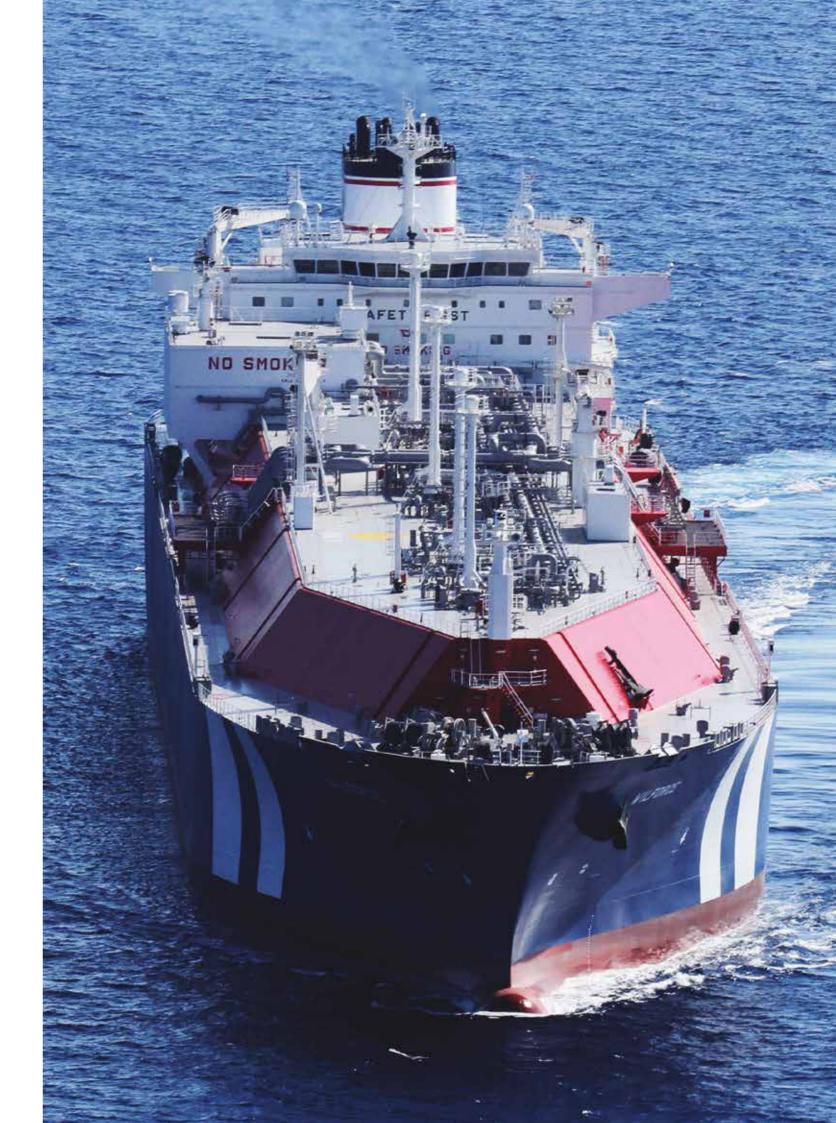
The Group has a lean onshore organisation and has outsourced certain services. At year end 2013 the Group had 10 onshore employees of which two female. Shipping has historically been male dominated, and there is currently no female representation among the management. The Group is aware of this imbalance and is positive to improve this ratio in the future. The Board of Directors of the Company has two female directors, representing 40 % of the Board.

The safety and well-being of Awilco LNG's employees and seafarers has the highest priority. All ships shall be operated, maintained and safe for crew, visitors, cargo and the environment. The Group's quality of operations is supported by experienced, educated and well trained staff onboard and onshore. The Group shall adhere to national and international laws and regulations and constantly promote best practices identified within its own operations and the industry in order to improve the competence of individual crewmembers and vessel safety performance. The Group's senior management is actively engaged in monitoring Awilco LNG's performance, in order to further encourage and promote positive trends, to provide advice and to take corrective action where negative trends are detected.

Awilco LNG aims to ensure a stable and motivating work environment for both onshore and offshore employees, ensuring high retention rates. The Group is proactively seeking to identify requirements and needs for additional training through regular audits, master and management reviews.

Absence due to illness for onshore employees was 0.8 % in 2013 (1.8 % in 2012). No work related injuries were reported during the year for shore-based employees. For seafarers, the LTIF (number of accidents per one million-man hours worked) was 0.0 during the year (same as in 2012).

Based on the long term goal of environmental excellence, Awilco LNG works towards minimising the environmental impact from its vessels. A zero tolerance for environmental spills has been adapted, together with a zero tolerance for emissions of ozone depleting substances and dumping of any type of waste to the marine environment. Additionally Awilco LNG aims to minimise as far as practically possible



the emission of NOx and SOx from diesel combustion engines, boilers, incinerators and emission cargo and fuel oil tanks and systems through evaporation.

For further information please see the Social Responsibility section in the annual report, which covers the requirements under the Norwegian Accounting Act § 3-3c.

CORPORATE GOVERNANCE

Awilco LNG strives to protect and enhance shareholder equity through openness, integrity and equal shareholder treatment, and sound corporate governance is a key element in the basis of the Awilco LNG strategy.

The corporate governance principles of the Company are adopted by the Board of Directors of Awilco LNG ASA. The principles are based on the Norwegian Code of Practice for Corporate Governance as of 23 October 2012 (the «Code of Practice»). Please see the Corporate Governance section in the annual report, and also the Company's web site www.awilcolng.no.

STRATEGY

The main strategy for Awilco LNG is to create shareholder value through the provision of a quality, reliable and customer oriented service to the market, in the best manner for its shareholders, employees and business connections.

The management team shall safely, efficiently and effectively deliver LNG transportation services to customers; with a view to securing the most lucrative contracts in conjunction with the highest achievable vessel utilisation.

Awilco LNG shall evaluate growth opportunities in terms of vessel acquisitions which best complement the Group's financial and operational aspirations.

OUTLOOK

The short term market for LNG vessels looks challenging as more than 30 newbuildings, of which 17 without contract, are scheduled for delivery in 2014. The delivery of newbuildings will be somewhat mitigated by exit of older tonnage and increased LNG production. However, it is anticipated that both rates and utilisation will be affected in 2014, leading to a softer market than 2013. Furthermore, the market for the older tonnage will be more affected due to the superior efficiency of the modern tonnage.

The long term outlook for LNG remains firm. Going forward natural gas is expected to increase its share in the world's energy mix. In percentage, LNG production is forecasted to grow more than twice as fast as the production of natural gas, according to market analysts. The current LNG carrier fleet and orderbook is not expected to be sufficient to meet the long term demand for LNG transportation. As a pure play LNG transportation provider, Awilco LNG is well positioned to benefit from the positive long term fundamentals in the LNG transportation market.

STATEMENT OF RESPONSIBILITY

We confirm to the best of our knowledge that the consolidated financial statements for 2013 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, as well as additional information requirements in accordance with the Norwegian Accounting Act, and that the financial statements for the parent company for 2013 have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway, and that the information presented in the financial

statements gives a true and fair view of the assets, liabilities, financial position and profit/(loss) for the period of Awilco LNG ASA and the Awilco LNG Group as a whole. We also confirm to the best of our knowledge that the Board of Directors' Report includes a true and fair review of the development and performance of the business and the position of Awilco LNG ASA and the Awilco LNG Group, together with a description of the principal risks and uncertainties that they face.

Sigurd E. Thorvildsen Chairman of the Board

Jon-Aksel Torgersen Board member

> Armett Kaln Justal Board member

Oslo 24 April 2014

Henrik Fougner Board member

CEO

Oslo 24 April 2014

Sigurd E. Thorvildsen Chairman of the Board

Jon-Aksel Torgersen Board member

Aunetty Kaln Justal

Board member

Henrik Fougner Board member

Jon Skule Storheill CEO

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Total comprehensive income/(loss) for the period

4,5 6	54 702	
6		56 626
	12 829	4 308
	41 873	52 318
7	18 524	18 354
8	6 799	4 631
	16 550	29 333
11	10 020	7 731
11	-	1 386
	6 530	20 216
17	167	660
17	5 638	974
	(5 471)	(314)
	1 059	19 902
10	112	1 813
	1 171	21 714
SA:		
9	0.02	0.32
9	0.02	0.32
	1 171	21 714
	-	-
	11 11 17 17 10	7 18 524 8 6 799 16 550 11 10 020 11 - 6 530 17 167 17 5 638 [5 471] 1 059 10 112 1 171 SSA: 9 0.02 9 0.02

Consolidated Statement of Financial Position

In USD thousands

	Note	31.12.2013	31.12.2012
ASSETS			
Non-current assets			
Vessels	11	478 705	73 631
Vessels under construction	11	-	121 886
Other fixed assets	11	361	262
Total non-current assets		479 066	195 779
Current assets			
Trade receivables	12	3 715	2 480
	13		
Inventory		4 316	1 623 593
Other short term assets	14	8 247	
Cash and cash equivalents	15	18 244	2 569
Total current assets		34 522	7 265
TOTAL ASSETS		513 588	203 044
EQUITY AND LIABILITIES			
Equity			
Share capital	19	48 420	48 420
Share premium		126 463	126 463
Retained earnings		19 620	18 448
Total equity		194 502	193 330
Non-current liabilities			
Deferred tax liabilities	10	-	189
Pension liabilities	8	105	120
Long-term interest bearing debt	22	297 256	-
Total non-current liabilities		297 361	309
Current liabilities			
Short-term interest bearing debt	18,22	10 765	1 633
Trade payables	20	3 507	713
Income tax payable	10	4	-
Provisions and accruals	16	7 449	7 059
Total current liabilities		21 725	9 404
TOTAL EQUITY AND LIABILITIES		513 588	203 044

Oslo, 24 April 2014

Sigurd E. Thorvildsen

Chairman of the Board

Jon-Aksel Torgersen Board member

Annette Malm Justad

Board member

Henrik Fougner

Board member

Board member

CEO

Jon Skule Storheill

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1 171

21 714

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	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	48 420	126 463	18 448	193 330

Consolidated Cash Flow Statement

In USD thousands

	Note	2013	2012
Cash Flows from Operating Activities:			
Profit/(loss) before taxes		1 059	19 902
Income taxes paid	10	(56)	(119)
Interest and borrowing costs expensed	17	5 568	455
Items included in profit/(loss) not affecting cash flows:			
Depreciation and amortisation	11	10 020	7 731
Impairment of vessel parts and equipment	11	-	1 386
Changes in operating assets and liabilities:			
Trade receivables, inventory and other short term assets		(8 538)	(94)
Trade payables, provisions and accruals		2 649	(819)
i) Net cash provided by / (used in) operating activities		10 702	28 442
Cash Flows from Investing Activities:			
Investment in vessels	11	(1 082)	(12 858)
Investment in vessels under construction	11	(291 562)	[42 428]
Investment in other fixed assets	11	(158)	[192]
ii) Net cash provided by / (used in) investing activities		(292 802)	(55 478)
Cash Flows from Financing Activities:			
Proceeds from borrowings	18,22	312 092	15 351
Repayment of borrowings	18,22	(6 584)	(13 718)
Interest and borrowing costs paid		(7 732)	(455)
iii) Net cash provided by / (used in) financing activities		297 775	1 178
Note the second and second and the second		45.455	(0= 0=0)
Net change in cash and cash equivalents (i+ii+iii)		15 675	(25 858)
Cash and cash equivalents at start of period		2 569	28 427
Cash and cash equivalents at end of period	15	18 244	2 569

Note 1 // Corporate information

Awilco LNG ASA (the Company or Parent Company) is a public limited liability company incorporated and domiciled in Norway. Its registered office is Beddingen 8, 0250 Oslo, Norway. The Company was incorporated 2 February 2011, and was listed on Oslo Axess on 6 September 2011 with the ticker ALNG.

The consolidated financial statements of the Company comprise the Company and its subsidiaries, together referred to as the Group or Awilco LNG. The principal activity of the Group is the investment in and operation of LNG transportation vessels. The Group owns and operates a fleet of two 2013 built TFDE membrane vessels and three second generation LNG carriers.

The consolidated financial statements for the period ended 31 December 2013 were authorised for issue by the Board of Directors on 24 April 2014 and will be presented for approval at the Annual General Meeting on 5 June 2014.

Note 2 // Summary of significant accounting policies

BASIS OF PREPARATION

The consolidated financial statements of Awilco LNG have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and the additional applicable disclosure requirements of the Norwegian accounting act. The consolidated financial statements have been prepared on a historical cost basis, with the exception of liabilities for cash-settled share-based payments which are measured at fair value, pensions which are measured according to IAS 19 and receivables and payables denominated in foreign exchange which are translated at period-end exchange rates.

The consolidated financial statements are presented in US Dollars (USD) rounded off to the nearest thousands, except as otherwise indicated. The consolidated financial statements have been prepared based on a going concern assumption.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

BASIS OF CONSOLIDATION

The consolidated financial statements include Awilco LNG ASA and its subsidiaries as of 31 December 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intercompany transactions and balances are eliminated in the consolidation. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control over the subsidiaries, and continue to be consolidated until the date that such control ceases.

REVENUE

Revenue is recognised to the extent that it is probable that a transaction will generate future economic benefits that will accrue to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received.

Revenues include minimum operating lease payments under time charters and fees for positioning and repositioning of vessels, which are presented as Freight Income net of offhire deductions. Revenue from time charter parties classified as operating leases is recognised in straight line over the term of the charter as services are provided based on number of days before and after the reporting period. Where the repositioning fees depend upon final redelivery location, they are recognised at the end of the charter when the revenue becomes fixed and determinable

LEASING

The determination of whether an arrangement contains a lease element is based on the substance of the arrangement. Leases are classified as finance leases if the terms of the lease agreement transfer substantially all the risks and benefits incidental to ownership of the leased item. All other leases are classified as operational leases.

The Group as lessor

Lease payments received under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease revenue over the term of the lease. Contingent rent is recognised as revenue in the period in which they are earned.

The Group as lessee

Operational lease expenses are recognised as an expense in the income statement on a straight line basis over the lease term.

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

Note 2 // Summary of significant accounting policies - continued

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.

Sale-leaseback arrangements

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.

FOREIGN CURRENCY

The consolidated financial statements are presented in USD, which is also the functional currency of all entities in the Group. Transactions in foreign currencies are recorded at the rate of exchange on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate applicable at the balance sheet date. Realised and unrealised foreign currency gains or losses on monetary items are presented as finance income or finance expense. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates applicable at the dates of the initial transactions.

CLASSIFICATION OF ITEMS IN THE STATEMENT OF FINANCIAL POSITION

Current assets and current liabilities include items that fall due for payment within one year after the reporting date. The short term part of long term debt is classified as short term debt.

VESSELS, VESSELS UNDER CONSTRUCTION AND OTHER FIXED ASSETS

Tangible non-current assets such as vessels, vessels under construction and other fixed assets are carried at historical cost less accumulated depreciation and impairment losses.

Costs of acquired vessels include expenditures that are directly attributable to the acquisition of the vessels. Cost of vessels under construction include all directly attributable costs incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Examples of such costs include supervision costs, site team costs, yard installments, technical costs and borrowing costs. Borrowing costs are determined by applying an interest rate to the average amount of accumulated expenditures during the construction period, limited to the

interest expense incurred during the reporting period. The interest rate used is the weighted average cost of borrowings in the Group.

Costs of vessels under construction are capitalised, classified as vessels under construction and presented as a tangible asset. The capitalised costs are reclassified from vessels under construction to vessels when the asset is available for its intended use.

In accordance with IAS 16 each component of the vessels with a cost that is significant in relation to the total cost of the item is separately identified and depreciated. Components with similar useful lives will be grouped into a single component. Drydocking is identified as a separate component of cost of vessels and depreciated separately. Depreciable amount of an asset is calculated as cost less residual value and impairment charges. Residual value is based on estimated salvage value of the vessels. Depreciation is calculated on a straight-line basis over the useful life of the assets, and depreciation is commenced when the asset is available for its intended use. Expected useful lives and residual values are reviewed yearly. The following estimated useful lives are applied:

Vessels 20 - 40 years Other fixed assets 3 - 5 years

Costs related to major inspections/classifications (dry-docking) are recognised in the carrying amount of the vessels if certain recognition criteria are satisfied. The recognition is made as the dry-docking is being performed, and depreciation is recognised from completion until estimated time to the next dry-docking. Any remaining carrying amount of the cost of the previous dry-docking is de-recognised upon initiation of the next dry-docking. The remaining costs that do not meet the recognition criteria are expensed as repairs and maintenance. When vessels are acquired remaining dry-docking is identified and depreciated as a separate component, based on estimated time to the next dry-docking.

Ordinary repairs and maintenance expenses are recognised in the income statement as incurred. Upgrades and material replacement parts and equipment are capitalised as costs of vessels and depreciated together with the respective component. Replaced parts and equipment are derecognised and presented as impairment losses in the income statement. If the carrying amount of the replaced part is not identifiable, cost of the replacement part less accumulated depreciation is used as an estimate.

Vessels, vessels under construction and other fixed assets are assessed for impairment indicators each reporting period. If impairment indicators are identified the recoverable amount is estimated, and if the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount an impairment loss is recognised. Each vessel is assessed as a separate cash generating unit (CGU) by Awilco LNG.

The recoverable amount is the higher of an asset's fair value less cost to sell (net selling price) and value in use. The fair value is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount; the reversal is limited up until the carrying amount net of accumulated depreciation if no impairment loss had been recognised in prior periods. Such reversals are recognised in the income statement.

INVENTORY

Inventories consist of bunkers on board the vessels. Inventories are measured at the lower of cost and net realisable value. Cost is determined in accordance with the first-in-first-out principle (FIFO), and expenses related to inventory are presented as voyage related expenses in the income statement.

PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, 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. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is recognised through profit and loss net of any reimbursement.

FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, using assumptions that market participants would use when pricing the asset or liability. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level of input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

SHARE-BASED PAYMENTS

For cash-settled share-based payments a provision is recorded for the rights granted reflecting the vested portion of the fair value of the rights at the reporting date. The provision is accrued over the period the beneficiaries are expected to perform the related service (vesting period). The cash-settled share-based payments are remeasured to fair value at each reporting date until the award is settled. Any changes in the fair value of the provision are recognised as administration expense in the income statement. The amount of unrecognised compensation expense related to non-vested share-based payment arrangements granted in the cash-settled plans is dependent on the final intrinsic value of the awards. Social security tax liability is recognised based on the intrinsic value of the cash-settled sharebased payments.

PENSIONS

The Group has implemented a defined contribution plan for its onshore employees. The plan complies with the requirements in the Norwegian law on required occupational pension ("Lov om obligatorisk tjenestepensjon"). Contributions on salary up until 12G are funded in a life insurance company, whereas contributions on salary over 12G are funded by the Group.

Contributions to the funded plan are recognised as an employee benefit expense in the income statement when they fall due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. The Group has no further payment obligations once the contributions have been paid.

The liability arising from the plan funded by the Group is classified as a non-current liability in the statement of financial

Note 2 // Summary of significant accounting policies - continued

position. Changes in the liability are recognised as employee benefit expenses in the income statement in the periods during which services are rendered by employees. The liability becomes payable to the employee upon termination, voluntary or involuntary, of the employment.

TAXES

The income tax expense consists of current income tax and changes in deferred tax.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary difference can be utilised. Deferred income tax is calculated on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group.

Deferred income tax assets and liabilities is determined using tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax liabilities and deferred tax assets are recognised at nominal values and classified as non-current liabilities and non-current assets in the statement of financial position. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Current income tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

For Group companies subject to tonnage tax regimes, the tonnage tax is recognised as an operating expense

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Group becomes part to the contractual obligations of the instrument. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legal right to offset the amounts and intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash represents cash on hand and deposits with banks that are repayable on demand. Cash includes restricted employee taxes withheld. Cash equivalents represent short term, highly-liquid investments which are readily convertible into known amounts of cash with original maturities of three months or less.

Trade and other receivables

Non-derivative financial assets such as trade receivables and other short term receivables are classified in the loans and receivables category. Such financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Impairment of financial assets

On each reporting date objective evidence that a financial asset or a group of financial assets is impaired is assessed. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults

Trade payables and other current liabilities

Non-derivative financial liabilities such as trade payables and other current liabilities are classified in the other financial liabilities category. Such financial liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition the financial liabilities are measured at amortised cost using the effective interest method.

Note 2 // Summary of significant accounting policies - continued

Interest-bearing debt

All borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest method. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. Own equity instruments that are acquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. Voting rights relating to treasury shares are nullified and no dividends are allocated to them.

DIVIDENDS

Dividend payments are recognised as a liability in the Group's financial statements from the date when the dividend is approved by the General Meeting.

EARNINGS PER SHARE

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

CASH FLOW STATEMENT

The cash flow statement is presented using the indirect method.

SEGMENT INFORMATION

The Group's current business is limited to operating LNG transportation vessels. The potential market for the vessels is and will be the international global LNG transportation market, and the business will be exposed to the same risks and returns wherever the vessels are employed. The Group's internal reporting does not distinguish between different segments, and as the vessels are managed as one operating segment Awilco LNG has only one reportable segment.

Note 3 // Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make estimates, judgments and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments concerning the carrying values of assets and liabilities that are not readily apparent from other sources. This presents a substantial risk that actual conditions will vary from the estimates. The key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING **POLICIES**

In general management has to apply judgement in the process of applying the Group's accounting policies, in addition to items involving estimates described below, in the process of preparing the financial statements

Sale-leaseback agreements WilForce and WilPride

Judgement has been applied regarding the sale-leaseback arrangements of the vessels WilForce and WilPride, based on the substance of the transaction and by applying criteria in IAS 17, IFRIC 4 and SIC-27. Based on an overall assessment of the agreements, for instance regarding the right to sell the vessels or pledge the vessels as collateral, Management has assessed that the agreements represent finance lease agreements. If Management had concluded differently the overall effect on the financial statements would not have been material.

ESTIMATES AND ASSUMPTIONS

Depreciation of vessels

Depreciation is based on management's estimates of the vessels' components, useful lives of the components and the vessels' residual values less costs associated with scrapping. Estimates may change due to changes in scrap value, technological development, competition and environmental and

legal requirements. Management reviews the future useful lives of each significant component and the residual values of the vessels annually, taking into consideration the above mentioned factors. Any changes in estimated useful lives and/or residual values impact the depreciation of the vessels prospectively. As of 31 December 2013, the vessels had a carrying value of USD 478.7 million, and a total residual value was estimated at USD 65.1 million.

Impairment of vessels

Management assesses whether there are any indicators of impairment at each reporting date. The vessels are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

Fair value is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal, and is based on certificates of valuation from reputed shipbrokers. As with any valuation these certificates are based on uncertain assumptions of values realisable in a transaction between willing seller and buyer. Changes in circumstances and assumptions may give rise to impairment losses in the relevant

When value in use calculations are performed, management must estimate the expected future cash flows from the assets or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. This will be based on management's evaluations, including estimates of future performance, revenue generating capacity of the assets, and assumptions of the future market conditions and appropriate discount rates. Changes in circumstances and in management's evaluations and assumptions may give rise to impairment losses in the relevant periods.

As of 31 December 2013, the vessels had a carrying value of USD 478.7 million.

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Note 4 // Freight income

Freight income	2013	2012
WilForce	6 309	-
WilPride	4 241	-
WilGas	28 926	21 685
WilPower	-	8 044
WilEnergy	15 226	26 896
Total freight income	54 702	56 626

Freight income consists of revenues from time charter contracts, and includes timecharter hire, ballast bonuses and bunker compensation. MUSD 1.9 of freight income relates to bunkers compensation received from charterers' on single voyages, which are presented gross in the income statement (nil in 2012). The vessels are owned by single purpose entities which are owned 100 % by the Company. The following specifies the contractual freight income assessed as operational lease agreements to be received from 1 January 2014 based on firm charter contracts:

Expected future freight income	< 6 mon.	6 mon 1 yr	> 1 yr	Total
WilForce	13 157	14 536	59 566	87 259
WilPride	3 753	-	-	3 753
WilGas	12 046	8 440	-	20 486
WilPower	-	-	-	-
WilEnergy	6 335	1 388	-	7 723
Total expected future freight income	35 290	24 365	59 566	119 221

Note 5 // 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. Performance is not evaluated by geographical region. Revenue from the Group's country of domicile was nil in both 2013 and 2012.

Information about major customers

The Group had two customers each contributing with more than 10 % of the Group's revenues in 2013, compared to three in 2012. The contribution from the two customers in percentage of total revenue varied from 12 to 53 % in 2013, compared to 14 to 44 % in 2012.

Note 6 // Voyage related expenses				
Voyage related expenses	2013	2012		
Bunker consumption	11 140	3 587		
Commission	515	663		
Other voyage expenses	1 175	58		
Total voyage related expenses	12 829	4 308		

Bunker consumption relates to periods where the vessels have been idle or repositioning, and for single voyage charters where bunker consumption has been reimbursed by the charterers (see note 4). When the vessels are on time charter contracts bunker consumption is for the charterer's expense. Commission paid to related parties is disclosed in note 21.

Note 7 // Operating expenses		
Operating expenses	2013	2012
Crew expenses	10 358	9 761
Other operating expenses	6 890	7 151
Insurance expenses	1 222	1 385
Tonnage tax	54	58
Total operating expenses	18 524	18 354
Number of seafarers	2013	2012
Seafarers year end	139	94
Note 8 // Administration expenses Administration expenses	2013	2012
Salaries and other remuneration	3 357	2 123
Social security cost	401	315
Pension	73	172
Other employee related expenses	30	12
Total employee related expenses	3 861	2 623
Management fees	1 887	447
Consultant, legal and auditor's fees	478	350
Other administrative expenses	1 143	1 211
- Less captialised newbuildings cost price	(570)	-
Total administrative expenses	6 799	4 631

Information regarding remuneration to key management, management fees to related parties, fees to the Board of Directors and auditor's fees is provided in note 21.

Number of onshore employees	2013	2012
Onshore employees year end	10	8
Average number of onshore work years	9.5	6.1

Pensions

The Group has a defined contribution plan for onshore employees which complies with the requirements in the Norwegian law on required occupational pension ("Lov om obligatorisk tjenestepensjon"). The pension plan is a defined contribution plan whereby salary up until 12G is funded in a life insurance company. Defined contributions regarding salary over 12G is funded by the Group. As at 31 December 2013 the pension liability for the Group was KUSD 105 (31 December 2012 KUSD 120).

The pension plan of the Group's CEO was covered by a defined benefit plan in Awilco AS. The Company reimbursed Awilco AS for expenses related to the pension plan. On 1 February 2014 this plan was terminated, and subsequently the CEO is covered by the Company's defined contribution plans as described above. See note 21 for further information.

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ROUP

Synthetic option programme

At the Company's General Meeting held 22 August 2011 a synthetic option program for the employees of the Company was adopted. The program is limited to 2 % of the total amount of outstanding shares in the Company, amounting to 1 355 777 shares. The synthetic options are cash settled, and vest three years after grant date. Vesting is contingent upon employment on the vesting date. The option programme was implemented in December 2011, and further options were awarded in April 2012, August 2012 and August 2013. All options have been awarded as of August 2013. An amendment of the exercise period was made during 2013, whereby all vested options have to be declared within two years from the vesting date.

Awards	Aug 2013	Aug 2012	April 2012	Dec 2011
Date of grant	26.08.13	22.08.12	01.04.12	04.12.11
Options granted	394 712	359 713	143 427	457 925
Vesting date	26.08.16	22.08.15	22.08.14	22.08.14
Expiry date	27.08.18	23.08.17	23.08.16	23.08.16
Exercise price (NOK)	16.00	20.20 / 24.00	20.20	20.20
Weighted exercise price (NOK)	16.00	20.62	20.20	20.20
Outstanding as of year end			2013	2012
Range of exercise price (NOK)			16.00 - 24.00	20.20 - 24.00
Weighted exercise price (NOK)			19.09	20.36
Number of options			1 355 777	961 065
Weighted average remaning contractual life (years)			3.50	2.02

Fair value of the synthetic share options is calculated using the Black & Scholes option pricing model. Expected volatility is based on historical volatilities of a peer entity. Interest rates used are quoted Norwegian government bonds and bills retrieved from Norges Bank. The weighted average inputs to Black & Scholes model and fair values on the reporting dates are listed below:

Key assumptions	2013	2012
Share price (NOK)	18.60	19.50
Expected life (years)	3.50	2.02
Volatility	60 %	60 %
Risk free interest rate	1.66 - 2.14 %	1.45 %
Weighted fair value per option (NOK)	8.04	6.30
Option liability and expense	2013	2012
Carrying value liability	797	289
Option expense	508	185
Intrinsic value of vested options	-	-

Note 9 // Earnings per share

Basic earnings per share are calculated by dividing profit/(loss) for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the profit/(loss) for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all potentially dilutive ordinary shares to ordinary shares. The Company did not have any potentially dilutive ordinary shares as per 31 December 2013 or 31 December 2012.

Earnings per share	2013	2012
Profit/(loss) for year attributable to ordinary equity holders (KUSD)	1 171	21 714
Weighted average number of shares outstanding, basic and diluted	67 788 874	67 788 874
Basic/diluted earnings per share (USD)	0.02	0.32

Note 10 // Income taxes

Tax regimes

The Company's subsidiaries in which the vessels are held are subject to Norwegian tonnage tax (NTT). Companies subject to NTT are exempt from ordinary tax on income derived from operations in international waters. The subsidiaries subject to NTT are taxed on a notional basis based on the net tonnage of the companies' vessels. Income and expenses not derived from the operation of vessels in international waters, such as finance income and expenses, are taxed according to ordinary corporate tax in Norway based on the relative composition of financial assets to total assets of the subsidiaries' balance sheets.

The other companies in the Group are subject to ordinary corporation tax in Norway.

Income tax expense	2013	2012	
Current income tax	61		
Changes in deferred tax	[173]	(1 813	
Total income tax expense / (income)	(112)	(1 813)	
Specification of basis for deferred tax	31.12.13	31.12.12	
Other fixed assets	(69)	(57)	
Loans to group companies (currency effects*)	-	(1 063)	
Provisions and accruals	806	302	
Pension liabilities	105	120	
Currency effects on long term debt	56	-	
Tax loss carry forward	3 152	2 045	
Basis for deferred tax asset / (liability)	4 050	1 347	
Not recognised deferred tax assets (basis)	(4 050)	[2 021]	
Basis for deferred tax asset / (liability)	-	[674]	
Tax rate	27 %	28 %	
Deferred tax asset / (liability)	-	189	

^{*}Currency effects on loans from the parent company to subsidiaries was not eliminated due to different tax regimes.

Recognition of deferred income tax assets is subject to strict requirements in respect of the ability to substantiate that sufficient taxable profit will be available against which the unutilised tax losses can be used. Based on these requirements and an assessment by the Group, deferred tax assets arising from tax loss carry forward has not been recognised. Utilisation of the tax loss carry forward is not limited in time.

As of 1 January 2014 the tax rate in Norway was reduced from 28 % to 27 %. Deferred tax liabilities and deferred tax assets as of 31 December 2013 have been calculated using a tax rate of 27 %.

Reconciliation of effective tax rate	2013	2012
Profit/(loss) before taxes	1 059	19 902
Tax based on ordinary tax rate 28%	297	5 573
Effects from:		
Loss subject to tonnage tax	(228)	(7 439)
Permanent differences	(251)	5
Not recognised deferred tax asset	663	270
Currency effects	(665)	[221]
Effect of change in the tax rate	17	-
Prior year correction	55	-
Total income tax expense / (income)	(112)	(1 813)
Income tax payable	2013	2012
Current tax payable recognised in income statement	61	-
Current tax payable recognised directly in equity	-	-
Total income tax payable	61	-

Note 11 // Vessels, vessels under construction and othe	r fixed assets	
Vessels	2013	2012
Cost at beginning of period	85 188	73 788
Newbuildings delivered	413 953	-
Capitalised dry-docking	422	6 873
Capitalised upgrades and replacements	660	5 987
Derecognition of cost due to impairment loss parts and equipment	-	[1 459]
Cost as of 31 December	500 223	85 188
Accumulated depreciation at beginning of period	11 557	3 933
Depreciation	9 961	7 698
Derecognition of acc. dep. due to impairment loss parts and equipment	-	(73)
Accumulated depreciation and impairment as of 31 December	21 518	11 557
Carrying amount as of 31 December	478 705	73 631
Estimated useful lifes		
Vessel main components	20-40 years	20-40 years
Dry-dock	2.5-5 years	2.5-5 years
Estimated remaining useful life	1-40 years	2-12 years
Depreciation method	Straight line	Straight line

Newbuildings delivered: WilForce was delivered from the yard DSME on 16 September 2013 at a cost of MUSD 207.4. WilPride was delivered from same on 28 November 2013 at a cost of MUSD 206.5.

Dry-docking: WilGas is scheduled for dry-docking in Q2 2014, and due to long lead-time on certain items MUSD 0.4 has been purchased and capitalised in 2013.

Note 11 // Vessels, vessels under construction and other fixed assets - continued

In February 2012 WilEnergy completed dry-docking at a total cost of MUSD 4.4, of which MUSD 0.9 was capitalised in 2011 and MUSD 3.5 was capitalised in 2012. WilPower completed dry-docking in June 2012 at a total cost of MUSD 9.5, whereby MUSD 4.3 was capitalised as dry-docking and MUSD 5.3 was capitalised as upgrades and replacements. MUSD 3.4 of the MUSD 4.3 in dry-docking was capitalised in 2012. The remaining capitalised upgrades and replacements of MUSD 0.7 in 2012 related to all three steam vessels. Dry-docking costs are depreciated over the period until next expected dry-docking, usually 2.5 to 5 years.

Depreciation: Depreciable amount is calculated as cost less residual value. Residual values are calculated based on the vessels' lightweight tonnage and an estimated scrap rate per ton, less related scrapping costs. Estimated residual values are in the range of MUSD 12 to MUSD 15.

Impairment: Based on an impairment test the Group has calculated recoverable amount as fair value less cost to sell based on brokers' valuations. The valuations showed a positive headroom compared to carrying amounts as of both 31 December 2013 and 31 December 2012.

During dry-docking of WilPower in 2012 certain parts and equipment were replaced. The replaced parts were derecognised and an impairment loss of KUSD 1 386 was recognised.

Vessels pledged as collateral: The vessels WilGas and WilEnergy were pledged as security for the MUSD 15 overdraft facility, see note 18 for further information. The facility was cancelled in March 2014.

The vessel WilForce is pledged, and the vessel WilPride is in the process of being pledged, by the lessor as security for lessor's financing. Awilco LNG has quiet enjoyment agreements covering both the bareboat agreements and the repurchase agreements regarding both vessels.

Vessels under construction	2013	2012
Cost at beginning of period	121 886	79 230
Installments paid to yard	275 413	39 345
Other capitalised costs	16 654	3 311
Newbuildings delivered	(413 953)	-
Cost as of 31 December	-	121 886
Carrying amount as of 31 December	-	121 886
Other fixed assets	2013	2012
Cost at beginning of period	302	111
Acquisition	158	191
Cost as of 31 December	461	302
Accumulated depreciation at beginning of period	40	6
Depreciation	59	34
Accumulated depreciation as of 31 December	99	40
Carrying amount as of 31 December	361	262
Estimated useful life	3-5 years	3-5 years
Depreciation method	Straight line	Straight line

Other fixed assets consists of fixtures, IT equipment and company cars.

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Note 12 // Trade receivables

Trade receivables	31.12.13	31.12.12
Trade receivables	3 715	2 480
Allowance for doubtful debts	-	-
Trade receivables carrying value	3 715	2 480

According to contract terms freight income is paid in advance, and thus the Group has limited amounts of trade receivables. No impairment has been required on trade receivables in 2013 or 2012. See note 20 regarding management of credit risk.

Ageing analysis trade receivables

	Neither past			Past due but	not impaired	
	Total	due / impaired	< 30 days	30-60 days	61-90 days	> 90 days
31.12.13	3 715	3 715	-	-	-	-
31.12.12	2 480	2 480	-	-	-	-

Note 13 // Inventory

Inventory	31.12.13	31.12.12
Bunkers	4 316	1 623
Total inventory	4 316	1 623

Inventory consists of the vessels' inventory of bunkers, accounted for using the FIFO principle.

Note 14 // Other short term assets

Other short term assets	31.12.13	31.12.12
Prepaid operating expenses	749	396
Prepaid lease liability	3 044	-
VAT-receivable	128	75
Accrued revenue	4 241	-
Other short term receivables	85	122
Total other short term assets	8 247	593

Note 15 // Cash and cash equivalents

		31.12.2013		31.12.2012	
Currency	Code	FX rate	Carrying value	FX rate	Carrying value
US dollars	USD	1	18 384	1	1751
Norwegian kroner	NOK	6.0800	(141)	5.5664	818
Total cash and cash equivalents	5		18 244		2 569

As of 31 December 2013 KUSD 146 is restricted cash related to employee withholding tax (31 Dec 2012 KUSD 145), and KUSD 75 is restricted cash related to requirements from operating the vessels (31 Dec 2012 KUSD 75).

Note 16 // Provisions and accruals

Provisions and accruals	31.12.13	31.12.12
Accrued expenses, invoice not received	1 584	906
Deferred revenue	3 542	4 937
Salary related provisions, incl. synthetic options	2 323	1 189
Other accruals and provisions	-	27
Total provisions and accruals	7 449	7 059

Deferred revenue relates to time charter hire for January invoiced in December.

Note 17 // Finance income and expenses		
Finance income	2013	2012
Interest income	6	60
Currency gains	161	600
Total finance income	167	660
Finance expenses	2013	2012
Interest expenses finance lease liabilities	4 944	-
Interest and fees overdraft facility	256	453
Currency losses	42	510
Other finance expenses	397	11
Total finance expenses	5 638	974

For further information on the overdraft facility and lease liabilities please see note 18 and 22 respectively.

Note 18 // Financial instruments

Classes of financial instruments and fair values

Loans and receivables at amortised cost

	Carrying amount		Fai	air value	
	31.12.13	31.12.12	31.12.13	31.12.12	
Trade receivables	3 715	2 480	3 715	2 480	
Other short term assets	8 247	593	8 247	593	
Cash and cash equivalents	18 244	2 569	18 244	2 569	
Total	30 206	5 642	30 206	5 642	

Other financial liabilities at amortised cost

	Carrying amount		Fair	value
	31.12.13	31.12.12	31.12.13	31.12.12
Finance lease liabilites	308 021	-	308 021	-
Overdraft facility	-	1 633	-	1 633
Trade payables	3 507	713	3 507	713
Total	311 528	2 346	311 528	2 346

Fair value of financial instruments

Fair value of trade receivables, other short term assets, cash and cash equivalents, overdraft facility and trade payables approximate their carrying amounts due to the short-term maturities of these instruments.

Note 19 // Share capital and shareholders

The fair value of finance lease liabilities is estimated by discounting future cash flows using rates for debt on similar terms, credit risk and remaining maturities. The fair value of the finance lease liabilities approximates the carrying amounts as there have been no significant changes in the market rates for similar debt financing between the date of securing the debt financing and the reporting date.

Overdraft facility

In April 2013 the MUSD 20 overdraft facility agreement with Nordea Bank Norge ASA expired, and a new MUSD 15 facility was entered into in June 2013. The agreed interest rate was LIBOR plus a margin of 300 bps, additionally there was a 125 bps commitment fee for any undrawn amount. The MUSD 15 facility was cancelled by the Group in March 2014.

The facility was undrawn as at 31 December 2013 (KUSD 1 633 31 December 2012). Utilisation of the overdraft facility requires that the Group is in compliance with certain financial covenants. As of year end 2013 and 2012 the Group complied with these covenants.

Share capital	No. of shares	Par value	Share
Share capital as of 31 December 2011	67 788 874	4	
Issued shares 2012	-	-	

Issued shares 2012	-	-	-
Share capital as of 31 December 2012	67 788 874	4	48 420
Share capital as of 31 December 2012	67 788 874	4	48 420
Issued shares 2013	-	-	-
Share capital as of 31 December 2013	67 788 874	4	48 420

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.

Overview of shareholders as of 31 December 2013

Shareholder	No. of shares	In %
AWILCO AS	22 874 500	33.7 %
EUROCLEAR BANK S.A/N.V. ('BA')	5 996 226	8.8 %
HOME CAPITAL AS	5 581 976	8.2 %
ASTRUP FEARNLEY A/S	5 260 050	7.8 %
UTHALDEN A/S	5 135 050	7.6 %
JP MORGAN CLEARING CORP.	4 574 560	6.7 %
MORGAN STANLEY & CO LLC	3 071 248	4.5 %
CREDIT SUISSE SECURITIES	2 035 000	3.0 %
SIX SIS AG	1 836 360	2.7 %
VERDIPAPIRFONDET DNB	1 184 008	1.7 %
MP PENSJON PK	836 800	1.2 %
TOLUMA NORDEN AS	781 429	1.2 %
ODIN MARITIM	702 784	1.0 %
GLAAMENE INDUSTRIER	667 426	1.0 %
Other shareholders	7 251 457	10.7 %
Total	67 788 874	100 %

Note 20 // Capital and financial risk management

Capital management

A key objective in Awilco LNG's capital management is to ensure that the Group maintains a capital structure in order to support its business, maintain investor and creditor confidence and maximise shareholder value. The Group evaluates its capital structure in light of current and projected cash flow, the relative strength of the shipping markets, new business opportunities and the Group's financial commitments. As part of the Group's long term capital management strategy, the Company was listed on Oslo Axess in September 2011. Capital is managed on the Group level, although each vessel owning company has a capital structure addressing company specific financial and operational requirements and risks.

The Group monitors its capital using the book equity ratio, which stands at 38 % as at 31 December 2013 (95 % 31 December 2012). The Group's policy is to maintain an equity ratio above 30 %.

Equity ratio	31.12.13	31.12.12
Book equity	194 502	193 330
Total assets	513 588	203 044
Book equity ratio	38 %	95 %

Dividend policy

capital 48 420

The Group's intention is to pay regular dividends in support of the Group's main objective of maximising returns to shareholders.

Any future dividends proposed will be at the discretion of the Board of Directors and will depend upon the Group's financial position, earnings, debt covenants, capital requirements and other factors. There are no current estimates regarding the potential future dividend level or timing of dividend payments.

Financial risk management

The Group is in its business exposed to financial risks such as market risk, credit risk and liquidity risk. The Group's management identifies, evaluates and implements necessary actions to manage and mitigate these risks. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Market risk

Market risk from financial instruments is the risk that future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, foreign currency risk and price risk. Financial instruments held by the Group is affected by market risk. The Group does not enter into any financial instruments, including financial derivatives, for trading purposes.

Interest rate risk: At the balance sheet date the Group has no short term interest bearing debt which is subject to a floating interest charge (31 December 2012 MUSD 1.6). Lease liabilities are repaid with fixed and predetermined monthly payments, and thus subject to a fixed interest rate element. The Group also has bank deposits subject to floating NIBOR and LIBOR rates. No interest rate derivatives have been entered into to mitigate the floating interest rate risk. The Group will in the future evaluate the need for hedging of interest rate risk.

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The functional currency of all the entities in the Group is USD, and the Group has only minor currency risk from its operations since all income and all major vessel costs are in USD. However the Group has exposure to NOK as administration expenses and parts of cash and cash equivalents, other short term assets, trade payables and provisions and accruals are denominated in NOK. Financial instruments denominated in currencies other than USD at 31 December 2013 include trade payables, other short term assets and bank deposits in NOK which gives a net short exposure to NOK. Based on these financial instruments denominated in NOK at 31 December 2013, a 10 % change in the USD/NOK rate would have an effect on the profit/(loss) for the reporting period of KUSD 59 and no direct effect on equity (KUSD 341 in profit/(loss) effect in 2012).

Price risk: The Group will normally have limited exposure to risks associated with bunkers price fluctuations as the bunkers is for the charterers account when the vessels are on contract. The Group has currently not entered into any bunker derivatives, however this is subject to continuous assessments.

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The Group is also subject to price risk related to the spot/short term charter market for chartering LNG carriers which may be uncertain and volatile and will depend upon, among other things, the natural gas prices and energy market which the Group cannot predict.

Currently, no financial instruments has been entered into to reduce this risk.

Credit risk

Credit risk refers to the risk that a counterparty defaults on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from its operating activities through trade receivables, prepaid funding to vessel managers and from its financing activities, including deposits with banks.

The Group aims to do business with creditworthy counterparties only. Prior to entering into a charterparty the Group evaluates the credit quality of the customer, assessing its financial position, past experience and other factors. If the counterparty is not assessed as of adequate credit quality the Group may demand guarantees to reduce credit risk to an acceptable level. Charter hire is paid monthly in advance, effectively reducing the potential exposure to credit risk. The credit quality of outstanding trade receivables as at 31 December 2013 is assessed to be good. Furthermore as disclosed in note 12, none of the trade receivables outstanding as at 31 December 2013 are past due. Credit risk associated with prepaid funding to vessel managers is evaluated to be minimal based on an assessment of the counterparty. Bank deposits are only deposited with internationally recognised financial institutions with a high credit rating. Currently bank deposits are with banks rated A1 to Aa3 (based on Moody's), hence the assessed credit risk is minimal.

Awilco LNG has not provided any material guarantees for third parties' labilities, and the maximum exposure to credit risk is represented by the carrying amount of financial assets in the statement of financial position.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations when they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity and undrawn committed credit facilities at all times to meet its obligations without incurring unacceptable losses or risking damage to the Group's reputation. To ensure this, the Group continuously monitors the maturity of the financial assets and liabilities and projected cash flows from operations. As described in note 18 the Group had an overdraft facility agreement of MUSD 15 which was undrawn 31 December 2013. The facility was cancelled by the Group in March 2014.

 $The following tables show the contractual \ maturities \ of \ financial \ liabilities \ and \ new building \ commitments \ on \ an \ undiscounted \ basis:$

Per 31 December 2013

	< 3 mon.	3-12 mon.	1-5 yrs	> 5 yrs	Total
Trade payables	3 507	-	-	-	3 507
Finance lease liabilities	2 571	8 194	297 256	-	308 021
Interest on finance lease	6 267	18 811	75 731	-	100 809
Total	12 345	27 005	372 986	-	412 336

Per 31 December 2012

	< 3 mon.	3-12 mon.	1-5 yrs	> 5 yrs	Total
Trade payables	713	-	-	-	713
Overdraft facility	-	1 633	-	-	1 633
Newbuild. commitments	-	275 413	-	-	275 413
Total	713	277 046	-	-	277 759

Note 21 // Related parties

To provide the Group with access to important and required knowledge and services, the Group has entered into the following agreements and transactions with related parties:

Related party	Description of service	No.
Wilhelmsen Marine Services AS (WMS)	Technical Sub-management Services	1
Awilhelmsen Management AS (AWM)	Administrative Services	2
Awilco AS	Pension	3
Astrup Fearnley Group	Ship Brokering Services	4

[1] The Group's in-house technical manager, ALNG TM, has entered into a sub-management agreement with 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 in Norway. 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] AWM provides Awilco LNG with administrative and general services including accounting and payroll, legal, secretary function and IT. The 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 in Norway. 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) Until 1 February 2014 the Company's CEO was part of the defined benefit pension plan in Awilco AS, and the Company reimbursed Awilco AS for expenses related to this.

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

Purchases from related parties	2013	2012
Wilhelmsen Marine Services AS	3 849	3 337
Awilhelmsen Management AS	677	201
Awilco AS	116	144
Astrup Fearnley Group	443	582

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.

Balances with related parties (liabilities)	31.12.13	31.12.12
Wilhelmsen Marine Services AS	143	253
Awilhelmsen Management AS	-	-
Awilco AS	-	60
Astrup Fearnley Group	-	-

Balances with related parties are presented as Trade payables or Provisions and accruals in the statement of financial position.

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Remuneration to key management

2013 Remuneration

	Salary	Bonus	Share options	Pensions	O ther	Total
CEO Jon Skule Storheill 13	472	357	193	60	54	1 136
CFO Snorre S. Krogstad	333	150	100	39	30	651
Total	805	507	293	99	84	1 787

2012 Remuneration

	Salary	Bonus	Share options	Pensions	Other	Total
CEO Jon Skule Storheill 13	500	155	69	60	48	831
CFO Snorre S. Krogstad	315	79	33	40	31	498
Total	815	234	102	100	79	1 330

¹⁾ Until 1 February 2014 the CEO of the Company was part of the defined benefit pension plan in Awilco AS, and pension expenses of KUSD 60 was reimbursed by the Company to Awilco AS in 2013 (KUSD 60 in 2012).

Reference is made to the Company's statement regarding compensation to leading employees for further information regarding remuneration to key management.

Bonus agreements

The Company has established a bonus scheme for key management which is partly based on set goals and partly on a discretionary evaluation of the Group's and the employee's performance. The potential bonus payment to the CEO is discretionary and not limited, while the potential bonus payment to the CFO is limited to 12 months salary.

Loans, advances and guarantees

Awilco LNG has not provided any loans, advances or guarantees to key management.

Severance plans

The CEO of the Company has an agreement of 18 month severance payment including a six month period of notice in case of involuntary resignment or by redundancy.

Synthetic option programme

A synthetic option program for employees of the Company was established in 2011. Further information regarding the terms and calculations is provided in note 8. Figures in the tables above represents the option expense in the period.

Remuneration to Board of Directors

Remuneration to the Board of Directors consists of a Director's fee which is fixed for the year depending on the role on the Board as well as compensation for other Board elected committees. The Board's fees are approved by the Annual General Meeting.

2013 Remuneration

		Audit	Remuneration	
	Director's fee	committee fee	committee fee	Total
Sigurd E. Thorvildsen	59	-	8	67
Jon-Aksel Torgersen	34	-	8	42
Henrik Fougner	34	8	-	42
Annette Malm Justad	34	-	-	34
Synne Syrrist	34	8	-	42
Total compensation for the period	195	16	16	227

2012 Remuneration

	B:	Audit	Remuneration	
	Director's fee	committee fee	committee fee	Total
Sigurd E. Thorvildsen	59	-	4	63
Jon-Aksel Torgersen	36	-	4	40
Henrik Fougner	36	8	-	44
Annette Malm Justad	36	-	-	36
Synne Syrrist	36	8	-	44
Total compensation for the period	202	16	8	226

Directors' and key management's shares and options in the Company

Note 21 // Related parties - continued

Board of Directors	shares	options
Sigurd E. Thorvildsen	-	-
Jon-Aksel Torgersen	541 850	-
Henrik Fougner	-	-
Annette Malm Justad	-	-
Synne Syrrist	-	-
Total	541 850	_

Key management	Common shares	Synthetic options
CEO Jon Skule Storheill	-	529 425
CFO Snorre S. Krogstad	-	284 546
Total	-	813 971

For further information about synthetic options see note 8.

Auditor's fee	2013	2012
Statutory audit	98	68
Other assurance services	1	2
Tax advisory	9	39
Total fees to auditor, excl. VAT	108	109

SROUP

Subsequent to delivery from DSME on 16 September 2013 and 28 November 2013 respectively the vessels WilForce and WilFride were sold to companies in the Teekay LNG Partners L.P. Group (Teekay) for MUSD 205 less MUSD 50 in pre-paid charter hire each, and simultaneously chartered back by Awilco LNG on bareboat basis. The bareboat agreement for WilPride is for four years plus a one year option in Awilco LNG's favour, and for WilForce five years plus a one year option in Awilco LNG's favour. The bareboat rate is fixed at USD 49,100 per day per vessel for the whole duration, payable monthly up front. Awilco LNG has repurchase obligations at the end of the charter period of MUSD 130.9 after four years, 123.5 after five years and MUSD 115.5 after six years. The sale-leaseback agreements are assessed as financial lease arrangements by Management, and MUSD 155.0 per vessel was recognised as a lease liability at the commencement date 16 September and 28 November respectively. The agreements impose no financial covenants or commercial restrictions on the Group.

Carrying amount

Minimum lease payments

Present value of min. lease payments

The net carrying amount of the finance lease liabilities is classified into long-term and short-term portions:

			31.12.2013	31.12.2012
Long-term interest bearing debt			297 256	-
Short-term interest bearing debt			10 765	-
Total			308 021	-
Payments towards finance lease liabilities				
		Butantant	2013	T. 1. 1
		Principal	Interest	Total
Lease payments WilForce		1 505	3 749	5 254
Lease payments WilPride		474	1 195	1 669
Total		1 979	4 944	6 923
			2012	
		Principal	Interest	Total
Lease payments WilForce		-	-	-
Lease payments WilPride		-	-	-
Total		-	-	-
Future minimum lease payments and their present value				
Per 31 December 2013				
	< 1 year	1 - 5 yrs	> 5 yrs	Total
Minimum lease payments	35 843	372 986	-	408 829
Present value of min. lease payments	34 507	273 514	-	308 021
Per 31 December 2012				

< 1 year

1 - 5 yrs

> 5 yrs

Total

Note 23 // Subsidiaries

The consolidated financial statements include the financial statements of Awilco LNG ASA and its subsidiaries listed in the table below:

Company name	Country	Principial activity	incorporated	voting share
Awilco LNG 1 AS	Norway	Owner of LNG/C WilGas	2 February 2011	100 %
Awilco LNG 2 AS	Norway	Owner of LNG/C WilPower	2 February 2011	100 %
Awilco LNG 3 AS	Norway	Owner of LNG/C WilEnergy	2 February 2011	100 %
Awilco LNG 4 AS	Norway	Owner of LNG/C WilForce	6 May 2011	100 %
Awilco LNG 5 AS	Norway	Owner of LNG/C WilPride	6 May 2011	100 %
Awilco LNG 6 AS	Norway	No activity	12 May 2011	100 %
Awilco LNG 7 AS	Norway	No activity	12 May 2011	100 %
Awilco LNG Technical Management AS	Norway	Technical management	17 September 2012	100 %

The subsidiaries' registered office is Beddingen 8, 0250 Oslo. All subsidiaries are included in the consolidated financial statement from their respective dates of incorporation.

Note 24 // Commitments, contingencies and guarantees

Operating lease commitments

The Group has operating lease commitments related to office rental. The contractual amounts fall due as follows:

	31.12.2013	31.12.2012
Within 1 year	144	156
1 to 5 years	240	104
After 5 years	-	-
Total	384	261

Note 25 // Events after the reporting 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.

The MUSD 15 overdraft facility was cancelled by the Group in March 2014.

IFRS ISSUED AND ADOPTED BY THE GROUP

The following new standards, amendments and interpretations were taken into use with effect from 2013:

IFRS 13 Fair Value Measurement

IFRS 13 Fair value measurement specifies principles and guidance for fair value measurement of assets and liabilities when other IFRSs require or permit fair value measurements. The standard does not change what is required or permitted to be measured at fair value. IFRS 13 applies both at initial recognition and for subsequent measurements. The new rules have no material impact on the Group's income statement or statement of financial position, but have an impact on the note information. See note 18 for further information.

Amendments to IAS 1 - Presentation of Financial Statements

The amendments to IAS 1 entail that items of income and expense in other comprehensive income are to be grouped together based on whether or not they can be reclassified to the profit or loss section of the income statement at a future date. The amendment only affects the presentation in other comprehensive income, and has no effect on the Group's financial statements.

IFRS ISSUED BUT NOT ADOPTED BY THE GROUP

Standards and interpretations that are issued up to the date of issuance of the consolidated financial statements, but not yet effective, are disclosed below. Only standards and interpretations that are applicable for the Group have been included. The Group's intention is to adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the consolidated financial statements are issued.

IFRS 9 Financial Instruments

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, hedge accounting and impairment of financial assets will be addressed. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation - Special Purpose Entities.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent. The Group has evaluated which entities that are required to be consolidated in accordance to IFRS 10 and made a comparison with the current requirements in IAS 27.

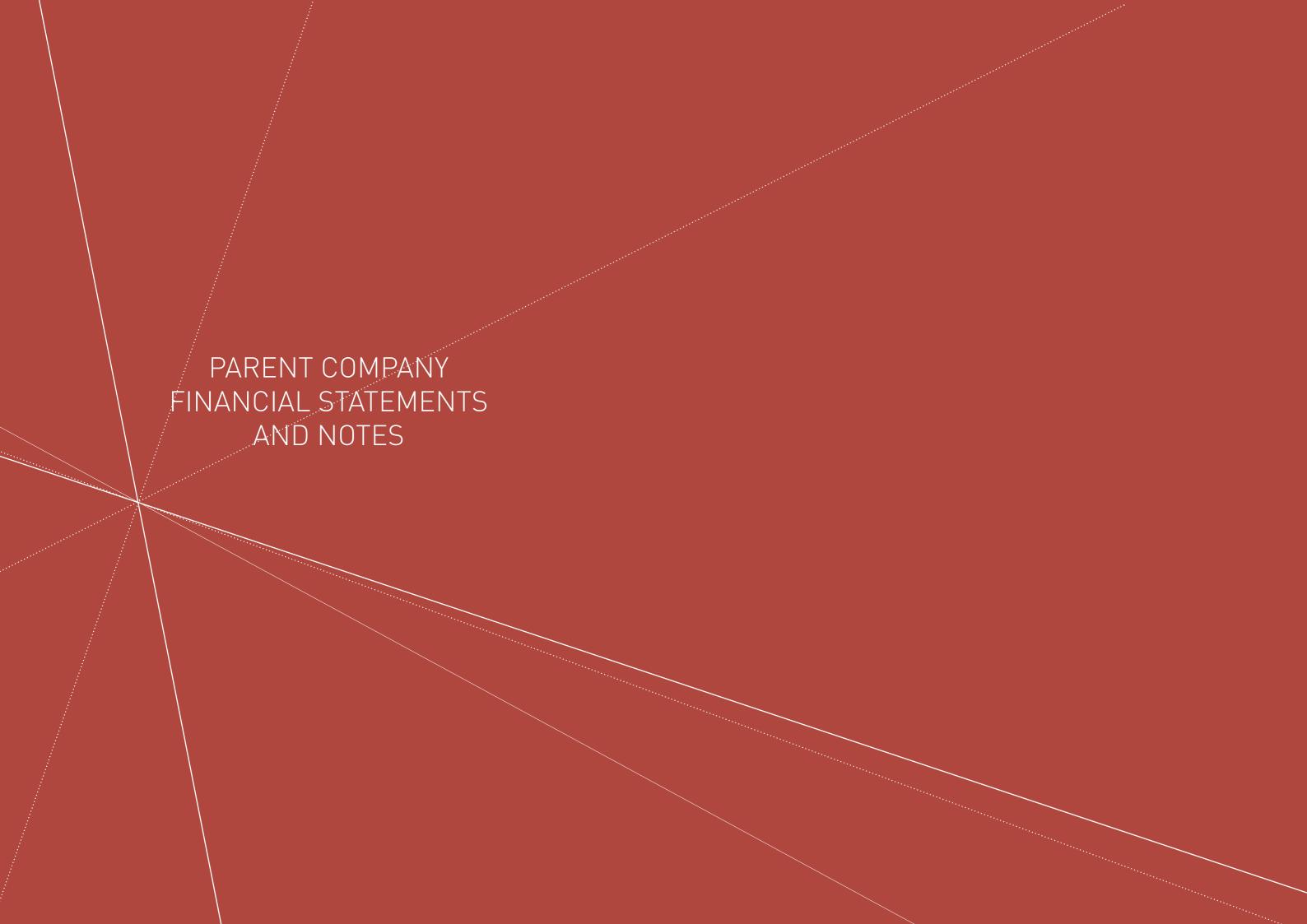
IFRS 10 has revised the definition of control compared to IAS 27. Entities the investor controls are required to be consolidated in accordance to IFRS 10. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The amendments become effective for financial statements starting on or later than 1 January 2014 within the EU/EEA region.

The Group has evaluated the entities to be consolidated pursuant to IFRS 10 and compared with the requirements of the current IAS 27, and based on this evaluation no impact on the Group's financial position or performance has been identified.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required, but has no impact on the Group's financial position or performance. The amendments become effective for financial statements starting on or later than 1 January 2014 within the EU/EEA region.





Income	Statem

	Note	2013	2012
Operating income	6	5 526	5 605
Administration expenses	3	32 644	26 439
Earnings before interest, taxes, depr. and amort. (EBITDA)		(27 118)	(20 834)
Depreciation and amortisation	10	337	190
Impairment of shares in subsidiaries	6	83 958	-
Earnings before interest and taxes		(111 413)	(21 024)
	,	400 500	50.005
Finance income	4	190 780	79 835
Finance expenses	4	8 068	42 346
Net finance income/(expense)		182 712	37 489
Profit/(loss) before taxes		71 299	16 465
Income tax expense	5	1 091	10 051
Profit/(loss) for the period		72 390	26 516
Allocations/transfers of profit/(loss) for the period:			
Allocted to/(transferred from) retained earnings		72 390	26 516
Total allocations and transfers		72 390	26 516

In NOK thousan	do

	Note	31.12.2013	31.12.2012
ASSETS			
Non-current assets			
Other fixed assets	10	2 056	1 509
Shares in subsidiaries	6	944 727	681 360
Loans to subsidiaries	6	42 800	369 940
Total non-current assets		989 583	1 052 809
Current assets			
Short term receivables subsidiaries	6	175 372	119 776
Other short term assets		816	481
Cash and cash equivalents	7	9 918	23 962
Total current assets		186 106	144 219
TOTAL ASSETS		1 175 689	1 197 028
EQUITY AND LIABILITIES			
Equity			
Share capital	8	271 155	271 155
Share premium		690 357	690 357
Retained earnings		139 353	66 963
Total equity		1 100 866	1 028 476
Non-current liabilities			
Deferred tax liabilities	5	_	1 091
Pension liabilities	3	628	669
Loans from subsidiaries	6	1 501	-
Total non-current liabilities		2 129	1 760
Current liabilities			
Short term payables subsidiaries	6	59 223	159 888
Trade payables		315	162
Provisions and accruals	9	13 156	6 743
Total current liabilities		72 694	166 792
		4.455.400	4.400.000
TOTAL EQUITY AND LIABILITIES		1 175 689	1 197 028

Oslo, 24 April 2014

Sigurd E. Thorvildsen

Chairman of the Board

Jon-Aksel Torgersen

Board member

Annette Malm Justad

Board member

Henrik Fougner

Board member

Board member

Jon Skule Storheill CEO

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For the period ended 31 December 2013

Statement of Changes in Equity

In NOK thousands	Share capital	Share premium	Retained earnings	Total equity
Equity at 1 January 2013	271 155	690 357	66 963	1 028 476
Profit/(loss) for the period	-	-	72 390	72 390
Balance as at 31 December 2013	271 155	690 357	139 353	1 100 866
For the period ended 31 December 2012				
In NOK thousands	Share	Share	Retained	
	capital	premium	earnings	equity
In NOK thousands Equity at 1 January 2012				equity
	capital	premium	earnings	Total equity 1 001 960 26 516

Cash Flow Statement

In NOK thousands	Note	2013	2012
Cash Flows from Operating Activities:			
Profit/(loss) before taxes		71 299	16 465
Income taxes paid	5	-	[709]
Items included in profit/(loss) not affecting cash flows:			
Depreciation and amortisation	10	337	190
Accrued net interest income on group loans		[13 218]	(22 157)
Impariment of shares in subdiaries	6	83 958	-
Changes in operating assets and liabilities:			
Other short term assets		[334]	429
Short term receivables/payables subsidiaries		[156 261]	183 004
Trade payables, provisions and accruals		36 149	7 489
i) Net cash provided by / (used in) operating activities		21 930	184 712
Cash Flows from Investing Activities:			
Investment in subsidiaries	6	(10 000)	[120]
Loan to subsidiaries	6	(25 090)	(188 126)
Investment in other fixed assets	10	(885)	[1 116]
ii) Net cash provided by / (used in) investing activities		(35 975)	(189 363)
Cash Flows from Financing Activities:			
Issuance of shares, net of transaction costs		-	-
Issuance of shareholder loan		-	-
iii) Net cash provided by / (used in) financing activities		-	
Not shares in each and each equivalents (i. ii. iii)		(1/ 0//)	(/ /E1)
Net change in cash and cash equivalents (i+ii+iii)	7	(14 044)	(4 651)
Cash and cash equivalents at start of period	7	23 962	28 613
Cash and cash equivalents at end of period	7	9 918	23 962
Interest paid		49	9
•			214

Awilco LNG ASA (the Company) is a public limited liability company incorporated and domiciled in Norway. Its registered office is Beddingen 8, 0250 Oslo, Norway. The Company was incorporated 2 February 2011, and was listed on Oslo Axess on 6 September 2011 with the ticker ALNG.

Awilco LNG ASA is through its subsidiaries engaged in the operations of and investments in LNG transportation vessels.

Note 2 // Summary of significant accounting policies

BASIS FOR PREPARATION

The financial statements of Awilco LNG ASA have been prepared in accordance with the Norwegian accounting act and generally accepted accounting principles in Norway. The financial statements are presented in Norwegian kroner (NOK) rounded off to the nearest thousands, except as otherwise indicated.

The principal accounting policies applied in the preparation of these financial statements are set out below.

SHARES IN SUBSIDIARIES

Shares in subsidiaries are measured at cost less accumulated impairment losses. Such assets are impaired to fair value when the decrease in value is for reasons not considered being of a temporary nature and must be deemed necessary based on generally accepted accounting principles. Impairment losses are reversed when the rationale for the recognised impairment loss no longer applies. Dividends, group contributions and other distributions from subsidiaries are recognised in the same period as they are recognised in the financial statement of the subsidiary. If dividends and group contributions exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital and will be deducted from the carrying value of the subsidiary in the balance sheet of the Company.

FOREIGN CURRENCY

The functional currency of the Company is USD whereas the presentation currency is NOK. Transactions in foreign currencies are recorded at the rate of exchange on the date of the transaction. Monetary assets and liabilities denominated in other currencies are translated at the exchange rate applicable at the balance sheet date. Realised and unrealised foreign currency gains or losses on monetary items are presented as finance income or finance expense.

REVENUE RECOGNITION

Revenues from the sale of services are recognised in the income statement once services have been rendered.

OTHER FIXED ASSETS

Other fixed assets are capitalised and depreciated linearly over the estimated useful life. Costs for maintenance are expensed as incurred. If carrying value of other fixed assets exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the greater of the net realisable value and value in use. In assessing value in use, the discounted estimated future cash flows from the asset are used.

CLASSIFICATION OF ITEMS IN THE BALANCE SHEET

Current assets and current liabilities include items that fall due for payment within one year after the reporting date. The short term part of long term debt is classified as short term debt.

LOANS AND RECEIVABLES

Loans and receivables are initially recognised at fair value net of any transaction costs. The assets are subsequently carried at amortised cost using the effective interest method, if the amortisation effect is material, and the carrying amount is subsequently reduced by any impairment losses.

Note 2 // Summary of significant accounting policies - continued

TAXES

The income tax expense consists of current income tax and changes in deferred tax.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year.

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statement.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary difference can be utilised. Deferred income tax is calculated on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company.

Current income tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity.

SHARE-BASED PAYMENTS

For cash-settled share-based payments a provision is recorded for the rights granted reflecting the vested portion of the fair value of the rights at the reporting date. Administration expense is accrued over the period the beneficiaries are expected to perform the related service (vesting period), with a corresponding increase in provisions. The cash-settled share-based payments are remeasured to fair value at each reporting date until the award is settled. Any changes in the fair value of the provision are recognised as administration expense in the income statement. The amount of unrecognised compensation expense related to non-vested share-based payment arrangements granted in the cash-settled plans is dependent on the final intrinsic value of the awards. Social security tax liability is calculated based on the intrinsic value of the cash-settled share-based payments.

PENSIONS

The Company has implemented a defined contribution plan for its employees. The plan complies with the requirements in the Norwegian law on required occupational pension ("Lov om obligatorisk tjenestepensjon"). Contributions on salary up until 12G are funded in a life insurance company, whereas contributions on salary over 12G are funded by the Group.

Contributions to the funded plan are recognised as an employee benefit expense in the income statement when they fall due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. The Company has no further payment obligations once the contributions have been paid.

The liability arising from the plan funded by the Group is classified as a non-current liability in the balance sheet. Changes in the liability are recognised as employee benefit expenses in the income statement in the periods during which services are rendered by employees. The liability becomes payable to the employee upon termination, voluntary or involuntary, of the employment.

CASH AND CASH EQUIVALENTS

Cash represents cash on hand and deposits with banks that are repayable on demand. Cash includes restricted employee taxes withheld. Cash equivalents represent short-term, highly-liquid investments which are readily convertible into known amounts of cash with original maturities of three months or less.

DIVIDENDS

Proposed dividend payments from the Company are recognised as a liability in the Group's financial statements on the reporting date 31 December current year.

CASH FLOW STATEMENT

The cash flow statement is presented using the indirect method.

Note 3 // Administration expenses

2013	2012
17 115	11 966
1 881	1 814
230	976
132	68
19 358	14 825
4 672	809
1 179	1 285
7 435	9 521
32 644	26 439
6.	
2013	2012
6	6
6	6
	17 115 1 881 230 132 19 358 4 672 1 179 7 435 32 644 6.

Pensions

The Company has a defined contribution plan for its employees which complies with the requirements in the Norwegian law on required occupational pension ("Lov om obligatorisk tjenestepensjon"). The pension plan is a defined contribution plan whereby salary up until 12G is funded in a life insurance company. Defined contributions regarding salary over 12G is funded by the Company. As at 31 December 2013 the pension liability for the Company was TNOK 628 (31 December 2012 TNOK 669).

The pension plan of the Company's CEO was covered by a defined benefit plan in Awilco AS. The Company reimbursed Awilco AS for expenses related to the pension plan. On 1 February 2014 this plan was terminated, and subsequently the CEO is covered by the Company's defined contribution plans as described above. See note 21 in the consolidated financial statements for further information.

Synthetic option programme

Please see note 8 in the consolidated financial statements for disclosures regarding the synthetic option programme. The following amounts were recognised in the Company's accounts:

Option liability and expense	2013	2012
Carrying value liability	4 844	1 607
Option expense	3 237	996
Intrinsic value of vested options	_	_

Remuneration to key management

Please see note 21 in the consolidated financial statements for disclosures regarding remuneration to key management.

Remuneration to Board of Directors

Please see note 21 in the consolidated financial statements for disclosures regarding remuneration to Board of Directors.

Auditor's fee	2013	2012
Statutory audit	249	319
Other assurance services	-	-
Tax advisory	3	229
Total fees to auditor, excl. VAT	252	548

Finance income	2013	2012
Interest income	37	214
Interest income group companies	15 440	24 296
Currency gain	4 470	22
Dividends from subsidiaries	170 000	55 302
Other finance income group companies	833	-
Total finance income	190 780	79 835
Finance expenses	2013	2012
Interest expense	49	6
Interest expense group companies	2 196	2 142
Currency loss	3 539	40 153
Other finance expenses	2 284	44
Total finance expenses	8 068	42 346

Currency gains and losses mainly relate to translation effects from bank accounts and balances with subsidiaries denominated in USD and translated into NOK at the balance sheet date. See note 6 for a specification of interest income and expense group companies.

Note 5 // Income taxes

Tax regime

The Company is subject to ordinary corporation tax in Norway at a current tax rate of 28 %.

Income tax expense	2013	2012
Current income tax	-	-
Changes in deferred tax	(1 091)	[10 051]
Total income tax expense / (income)	(1 091)	(10 051)
Specification of basis for deferred tax	31.12.13	31.12.12
Other fixed assets	[416]	(316)
Loans to group companies (currency effects)	-	(5 915)
Provisions and accruals	4 902	1 665
Pension liabilities	628	669
Tax loss carry forward	8 300	2 823
Basis for deferred tax asset / (liability)	13 413	(1 073)
Not recognised deferred tax assets (basis)	[13 413]	[2 823]
Basis for deferred tax asset / (liability)	-	(3 896)
Tax rate	27 %	28 %
Deferred tax asset / (liability)	-	(1 091)

Recognition of deferred income tax assets is subject to strict requirements in respect of the ability to substantiate that sufficient taxable profit will be available against which the unutilised tax losses can be used. Based on these requirements and an assessment by the Company deferred tax assets arising from tax loss carry forward has not been recognised. Utilisation of the tax loss carry forward is not limited in time.

As of 1 January 2014 the tax rate in Norway was reduced from 28 % to 27 %. Deferred tax liabilities and deferred tax assets as of 31 December 2013 have been calculated using a tax rate of 27 %.

Note 5 // Income taxes - continued

Reconciliation of effective tax rate	2013	2012
Profit/(loss) before taxes	71 299	16 465
Tax based on ordinary tax rate 28 %	19 964	4 610
Effects from:		
Permanent differences	(24 020)	(15 452)
Not recognised deferred tax assets	2 859	791
Effect of change in tax rate	106	-
Total income tax expense / (income)	(1 091)	(10 051)
Income tax payable	31.12.13	31.12.12
Current tax payable recognised in income statement	-	-
Current tax payable recognised directly in equity	-	-
Total income tax payable	-	

Note 6 // Related parties and investments in group companies

Transactions with related parties

To provide the Company with access to important and required knowledge and services, the Company has entered into various agreements with related parties. Information regarding these contracts and the transactions and balances with related parties, except for subsidiary transactions, is provided in note 21 in the consolidated financial statement. Transactions with subsidiaries are disclosed below.

Subsidiaries

As of 31 December 2013 the Company has the following subsidiaries:

			Date
Company name	Country	Principial activity	incorporated
Awilco LNG 1 AS	Norway	Owner of LNG/C WilGas	2 February 2011
Awilco LNG 2 AS	Norway	Owner of LNG/C WilPower	2 February 2011
Awilco LNG 3 AS	Norway	Owner of LNG/C WilEnergy	2 February 2011
Awilco LNG 4 AS	Norway	Owner of LNG/C WilForce	6 May 2011
Awilco LNG 5 AS	Norway	Owner of LNG/C WilPride	6 May 2011
Awilco LNG 6 AS	Norway	No activity	12 May 2011
Awilco LNG 7 AS	Norway	No activity	12 May 2011
Awilco LNG Technical Management AS	Norway	Technical management	17 September 2012

The subsidiaries' registered office is Beddingen 8, 0250 Oslo, Norway.

Company name	Ownership/ voting share	Carrying amount 31.12.13	Carrying amount 31.12.12
Awilco LNG 1 AS	100 %	57 000	57 000
Awilco LNG 2 AS	100 %	68 042	57 000
Awilco LNG 3 AS	100 %	57 000	57 000
Awilco LNG 4 AS	100 %	373 800	255 000
Awilco LNG 5 AS	100 %	378 500	255 000
Awilco LNG 6 AS	100 %	120	120
Awilco LNG 7 AS	100 %	120	120
Awilco LNG Technical Management AS	100 %	10 145	120
Total carrying amount 31 December		944 727	681 360

A cash capital increase of NOK 10 million was concluded in Awilco LNG Technical Management AS in 2013, together with debt to equity conversions of NOK 95 million in Awilco LNG 2 AS, NOK 119 million in Awilco LNG 4 AS and NOK 124 million in Awilco LNG 5 AS.

Based on an assessment of the recoverable amount of shares in subsidiary Awilco LNG 2 AS an impairment charge of NOK 84 million was recognised in 2013.

Balances with subsidiaries

The Company provides financing to its subsidiaries through both long term and short term loans. The long term loans mature 31 December 2020 and are installment free in the period. Interest on both long term loans and short term receivables/payables is agreed to LIBOR + 3 % for USD denominated loans and NIBOR + 3 % for NOK denominated loans. See below for interest income from subsidiaries.

Balances with subsidiaries as at 31 December 2013

Subsidiary	Long term loans (+) /borrowings (-)	Short term receivables	Short term payables
Awilco LNG 1 AS	-	112 806	50 537
Awilco LNG 2 AS	42 800	387	-
Awilco LNG 3 AS	-	61 373	6 774
Awilco LNG 4 AS	-	603	-
Awilco LNG 5 AS	-	203	-
Awilco LNG 6 AS	-	-	-
Awilco LNG 7 AS	-	-	-
Awilco LNG Technical Management AS	(1 501)	-	1 912
Total	41 299	175 372	59 223

Short term receivable towards Awilco LNG 1 AS and Awilco LNG 3 AS mainly related to dividend receivable of NOK 110 and NOK 60 million respectively.

Balances with subsidiaries as at 31 December 2012

Subsidiary	Long term loans (+) /borrowings (-)	Short term receivables	Short term payables
Awilco LNG 1 AS	66 797	56 811	86 402
Awilco LNG 2 AS	66 797	29 280	119
Awilco LNG 3 AS	66 797	1 817	73 368
Awilco LNG 4 AS	84 775	17 271	-
Awilco LNG 5 AS	84 775	14 596	-
Awilco LNG 6 AS	-	-	-
Awilco LNG 7 AS	-	-	-
Awilco LNG Technical Management AS	-	-	-
Total	369 940	119 776	159 888

Transactions with subsidiaries

Awilco LNG ASA provides commercial management services to the vessel owning subsidiaries:

Commercial management fees from subsidiaries

Subsidiary	2013	2012
Awilco LNG 1 AS	2 806	2 085
Awilco LNG 2 AS	608	1 128
Awilco LNG 3 AS	1 373	2 392
Awilco LNG 4 AS	515	-
Awilco LNG 5 AS	224	-
Total	5 526	5 605

The commercial management fees are based on a fixed fee of USD 100 000 per vessel per year and a fixed percentage of gross freight income of 1.25 %.

Note 6 // Related parties and investments in group companies - continued

Project management fee Awilco LNG Technical Management

A subsidiary of the Company, Awilco LNG Technical Management AS, provides project management services to the Company. In 2013 the Company paid a fee of TNOK 801 for these services (nil in 2012).

Interest income from subsidiaries		
Subsidiary	2013	2012
Awilco LNG 1 AS	1 076	2 598
Awilco LNG 2 AS	5 256	2 567
Awilco LNG 3 AS	324	2 567
Awilco LNG 4 AS	4 421	8 750
Awilco LNG 5 AS	4 352	7 813
Awilco LNG 6 AS	-	-
Awilco LNG 7 AS	-	-
Awilco LNG Technical Management AS	10	-
Total	15 440	24 296

Interest expenses subsidiaries		
Subsidiary	2013	2012
Awilco LNG 1 AS	1 093	-
Awilco LNG 2 AS	-	1 090
Awilco LNG 3 AS	771	1 052
Awilco LNG 4 AS	-	-
Awilco LNG 5 AS	-	-
Awilco LNG 6 AS	-	-
Awilco LNG 7 AS	-	-
Awilco LNG Technical Management AS	332	-
Total	2 196	2 142

Note 7 // Cash and cash equivalents

		31.12	2.2013	31.1	2.2012
Currency	Code	FX rate	Carrying value	FX rate	Carrying value
US dollars	USD	6.0800	6 174	5.5664	20 918
Norwegian kroner	NOK	1	3 745	1	3 044
Total cash and cash equivalents			9 918		23 962

31 December 2013 TNOK 736 is restricted cash related to employee withholding tax (31 December 2012 TNOK 767), and TNOK 456 is restricted cash related to requirements from operating Awilco LNG's vessels (31 December 2012 TNOK 417).

Awilco LNG's liquidity is organised in a cash pool arrangement in which cash in the subsidiaries formally represents receivables or payables towards the parent company Awilco LNG ASA. The Group companies are jointly and severally liable for the total outstanding amount under the arrangement.

Note 8 // Share capital

Information about the Company's share capital is provided in note 19 to the consolidated accounts.

Note 9 // Provisions and accruals

Provisions and accruals	31.12.13	31.12.12
Accrued expenses, invoice not received	82	58
Salary related provisions, incl. synthetic options	13 075	6 551
Other accruals and provisions	-	133
Total provisions and accruals	13 156	6 743

Total provisions and accruals	13 156	6 743
Note 10 // Other fixed assets		
Other fixed assets	2013	2012
Cost at beginning of period	1 733	617
Acquisition	885	1 116
Cost as of 31 December	2 618	1 733
Accumulated depreciation at beginning of period	224	34
Depreciation	337	190
Accumulated depreciation as of 31 December	561	224
Carrying amount as of 31 December	2 056	1 509
Estimated useful life	3-5 years	3-5 years
Depreciation method	Straight line	Straight line

Other fixed assets consists of fixtures, IT equipment and company cars.

Note 11 // Capital and financial risk management

General information regarding capital and financial risk management is provided in note 20 in the consolidated accounts. Awilco LNG ASA presents its financial statement in NOK, and is thus exposed to foreign exchange translation risk regarding monetary items denominated in foreign currencies.

Note 12 // Commitments, contingencies and guarantees

Please see note 24 in the consolidated accounts. In addition Awilco LNG ASA has issued certain guarantees on behalf of companies in the Awilco LNG Group:

The Company has issued a guarantee towards the Teekay LNG Partners L.P. Group on behalf of the Company's subsidiaries Awilco LNG 4 AS and Awilco LNG 5 AS, guaranteeing for the performance of the bare-boat charter agreements described in note 22 in the consolidated accounts.

The Company has issued a guarantee towards Nordea Bank Norge ASA on behalf of the Company's subsidiaries Awilco LNG 1 AS and Awilco LNG 3 AS, guaranteeing for the outstanding amount under the overdraft credit facility described in note 18 in the consolidated financial statements. As security for any outstanding amounts under the overdraft credit facility Awilco LNG ASA has also pledged its shares in Awilco LNG 1 AS and Awilco LNG 3 AS in favour of Nordea Bank Norge ASA. The facility was cancelled by the Group in March 2014.

Note 13 // Events after the reporting date

Information on events after the reporting date is disclosed in note 25 in the consolidated accounts.

AUDITOR'S REPORT



Statsautoriserte revisorer Ernst & Young AS

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Medlemmer av den norske revisorforening

To the Annual Shareholders' Meeting of Awilco LNG ASA

AUDITOR'S REPORT

Report on the financial statements

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

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

Auditor's responsibility

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

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

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

Opinion on the financial statements of the Parent Company

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

Opinion on the financial statements of the Group

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

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

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

Opinion on registration and documentation

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

Oslo, 24 April 2014 ERNST & YOUNG AS

Finn Ole Edstrøm

State Authorised Public Accountant (Norway)

A member firm of Ernst & Young Global Limited



CORPORATE GOVERNANCE

The main strategy for Awilco LNG ASA (the Company or Awilco LNG) is to create shareholder value through the provision of a quality, reliable and customer oriented service to the market, in the best manner for its shareholders, employees and business connections. Awilco LNG strives to protect and enhance shareholder equity through openness, integrity and equal shareholder treatment, and sound corporate governance is a key element in the basis of the Awilco LNG strategy.

The corporate governance principles of the Company are adopted by the Board of Directors of Awilco LNG ASA (the Board). The principles are based on the Norwegian Code of Practice for Corporate Governance, dated 23 October 2012 (the «Code of Practice»). Below follows a description of the basis that Awilco LNG has implemented the Code of Practice. This description follows the same structure as the Code of Practice and covers all sections thereof. Deviations, if any, from the Code of Practice are discussed under the relevant section.

1 IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

The Board of Directors shall ensure that appropriate goals and strategies are adopted, that the adopted strategies are implemented in practice, and that the results achieved are subject to measurement and follow-up. The principles shall also contribute to ensure that the activities of the Company are subject to adequate controls. An appropriate distribution of roles and adequate controls shall contribute to the largest possible value creation over time, for the benefit of the owners and other stakeholders.

The Company has defined a mission statement "Marine Transportation through Safety and Environmental Excellence", and identified a set of core objectives that describes the focus and continuous improvement process based on the mission statement. The objectives include amongst others policies regarding; safeguarding of people, ships and cargoes, focus on limitation of any negative impact on the environment from our vessels and a separate statement regarding Safety Management & Environmental Protection Policy. This policy document, which is available on the Company's website www.awilcolng.no, describes the basic principles of the corporate values.

Awilco LNG's code of conduct – values and ethics forms an important foundation for Awilco LNG's corporate governance and demands high ethical standards, in which focus on safety and integrity are key factors. The Company has continuous focus on making sure that the corporate values are practiced in the Company's everyday life. The Company's code of conduct – values and ethics can be found on the Company's website.

2 THE BUSINESS

According to the Company's articles of association, its purpose is to carry out "shipping and other business related hereto". The objectives clause of the Company also includes "acquisitions, management, borrowings and sale of capital assets in the shipping business in addition to investments in shares, bonds and partnership contributions of any type connected with shipping, as well as participation, including ownership stakes in other shipping companies and other business naturally connected hereto."

The principal strategies of the Company are presented in the annual report.

3 EQUITY AND DIVIDENDS

The Company's equity is assessed as appropriate based on its goals, strategies and risk profile. The book equity of the Awilco LNG Group as per 31 December 2013 was USD 194.5 million, which represents an equity ratio of 38 %.

The Company's long term objective is to pay a regular dividend in support of the Company's main objective to maximise return on the invested capital. Any future potential dividends declared will be at the discretion of the Board of Directors and will depend upon the Group's financial position, earnings, debt covenants, capital requirements and other factors. Dividends will be proposed by the Board for approval by the General Assembly.

To the extent it is considered desirable, the Company may raise new equity in the capital market. On 8 June 2012, the Annual General meeting of the Company passed a resolution to confer authority to the Board to issue ordinary shares in the Company up to an aggregate nominal amount of NOK 54,231,099.00. The authority is valid until the Company's annual general meeting in 2014, but not later than 8 June 2014. The Board has not made use of this authority.

The authority granted to the Board to increase the Company's share capital is not restricted to defined purposes. The Company views it as an advantage that the Board has the flexibility to increase the share capital without the purpose defined in advance.

The Board is currently not authorised to purchase own shares in the market

4 EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH RELATED PARTIES

The Company has one class of shares, and each share has one vote at the General Assembly.

In the case of assignment of shares, the other shareholders do not have pre-emptive rights. Assignment of shares in the Company is not conditional upon approval by the Board of Directors.

In the event of any material transactions between the Company and shareholders, Directors or close associates thereof, the Board of Directors shall consider arranging for an independent assessment of the transaction.

Awilco LNG has entered into a sub-management agreement with Wilhelmsen Marine Services AS (WMS) for technical management of the fleet. Furthermore, Awilco LNG has entered

into an agreement with Awilhelmsen Management AS (AWM) for administrative services. Both WMS and AWM are related companies to Awilco AS, which owns 33.7 % of the shares in Awilco LNG. The management fees are, in the Company's opinion, made at market terms. Information regarding transactions with related parties is described in note 21 to the consolidated financial statements.

5 FREELY NEGOTIABLE SHARES

The shares of Awilco LNG are listed on the Oslo Axess stock exchange. All issued shares carry equal shareholder rights in all respects, and there are no restrictions on transfer of shares. The articles of association place no restrictions on voting rights.

6 GENERAL MEETINGS

The Annual General Meeting will normally take place early June each year, but at latest by 30 June. Notice of the meeting will normally be published through the Oslo Stock Exchange distribution channel and the Company's website at least 21 days in advance. Documentation containing the information necessary for the shareholders to make decisions on all the items on the agenda will simultaneously be made available on the Company's website, and will only be sent to shareholders that request the documentation on paper. The Board may decide by the notice of the meeting that shareholders who intend to attend the General Meeting shall give notice to the Company within five days prior to the General Meeting.

Registration is made in writing, per telefax or by e-mail. The Board wishes to make efforts to enable as many shareholders as possible to attend. Shareholders who are not able to attend are invited to meet by proxy, and efforts will be made for the proxies to relate to each individual item on the agenda.



The General Meeting will be chaired by the Chairman of the Board unless otherwise agreed by a majority of those shares represented at the meeting.

7 NOMINATION COMMITTEE

According to the articles of association the Company shall have a Nomination committee that has the responsibility of proposing members to the Board of Directors and members of the Nomination committee. The Nomination committee shall also propose fee payable to the members of the Board and the members of the Nomination committee.

The members of the Nomination committee shall be shareholders or representatives of shareholders. The members of the Nomination committee, including its Chairman, are elected by the General Meeting. The members of the Nomination committee's period of service shall be two years unless the General Meeting decides otherwise.

The Annual General Meeting held on 8 June 2012 elected the current Nomination committee consisting of Tom Furulund and Henrik Christensen.

8 THE BOARD OF DIRECTORS: COMPOSITION AND **INDEPENDENCE**

The Company's Board of Directors shall comprise of 3 to 6 directors pursuant to the decision of the General Meeting. The Directors are elected for a period of two years unless otherwise determined by the General Meeting. The Board appoints the Chairman amongst the elected Board members.

The composition of the Board of Directors aims to ensure that the interests of all shareholders are represented. Currently three of the five directors are independent from the principal shareholder of the Company. The Board consists of the following members: Sigurd E. Thorvildsen (Chairman), Henrik Fougner, Jon-Aksel Torgersen, Synne Syrrist and Annette Malm Justad.

9 THE WORK OF THE BOARD OF DIRECTORS

The Board's statutory duties include the overall administration and management of the Company. The Board adopts a meeting schedule for the following year in December. The directors shall normally meet in person, but if so allowed by the Chairman, directors may participate in any meeting of the Board by means of telephone. The internal allocation of responsibilities and tasks is regularly discussed and monitored in light of current legislation and employment contracts. The Board is regularly briefed on the Company's financial situation, the vessels' charter/market situation, liquidity situation and cash flow forecast, as well as any

changes in the competition situation. The Board performs a yearly evaluation of its work.

The Board has established an Audit committee consisting of Synne Syrrist (Chairman) and Henrik Fougner, and has implemented an Audit committee charter. The Company's CFO is the secretary of the committee. The auditor shall participate in discussions of relevant agenda items in meetings of the Audit committee. The committee shall hold separate meetings with the auditor and the CEO at least once a year.

Furthermore, the Company has established a Remuneration committee consisting of Sigurd E. Thorvildsen and Jon-Aksel Torgersen. The Remuneration committee prepares guidelines and proposals regarding remuneration to executive personnel, which are reviewed and resolved by the Board of Directors.

10 RISK MANAGEMENT AND INTERNAL CONTROL

The Board ensures that the Company has satisfactory internal control procedures to manage its exposure to risks related to the conduct of the Company's business, including environmental conditions, to support the quality of its financial reporting and to ensure compliance with laws and regulations. The Board performs an annual review of the Company's key risks and the internal controls implemented to address these risks. The Board has identified and stated the various risks of Awilco LNG in the Company's annual report. Additionally, the Board is regularly briefed on the Company as described under section 9 above.

The Company has established an Audit committee that regularly evaluates and discusses the various risk elements of Awilco LNG, and potential for improvement. The Audit committee reports to the

Awilco LNG's main goal is safe and efficient ship operation with no accidents, personal injury, environmental damage, or damage to equipment. In order to achieve these goals Awilco LNG has identified some core objectives that describe our focus and our continuous improvement process. The operation of technical management and newbuildings is closely monitored through dedicated supervision and safety reporting systems. Furthermore, the Company has established contingency plans and executes drills and training in order to improve emergency preparedness.

In addition to its own controlling bodies and external audit, the Company is subject to external supervision by Det Norske Veritas (DNV) for classification in accordance with ISO.

11 REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration of the Board shall reflect the Board's responsibilities, knowhow, time commitment and the complexity of the business activities. The directors do not receive profit related remuneration, share options or retirement benefits from the Company. The remuneration is proposed by the Nomination committee. More information about the remuneration of the individual directors is provided in note 21 in the consolidated accounts.

Directors or their related companies shall normally not undertake special tasks for the Company in addition to the directorship. However, the Company utilises outsourcing of technical submanagement, accounting and administrative services to WMS and AWM which are related companies. In addition ship brokering services are purchased on a competitive basis from a group of companies related to one of the Board members. All agreements and fees with related parties are approved by the Board. Furthermore, the members of the Audit committee and Remuneration committee receive a fee for serving on the committees.

12 REMUNERATION OF THE EXECUTIVE PERSONNEL

The Board has drawn up guidelines for determining the remuneration to executive personnel. The remuneration is based on a base salary, bonus and synthetic share options.

The General Meeting has given the Board of Directors the authority to implement a synthetic option program for leading employees of the Company limited to 2 % of the total amount of outstanding shares in the Company.

For information about the salary, options, pension and social security cost of the executive personnel, see note 21 in the consolidated accounts.

13 INFORMATION AND COMMUNICATION

The Company aims to keep shareholders, analysts, investors and other stakeholders updated on the Company's operations in a timely fashion. The Company provides information to the market through quarterly and annual reports; investor- and analyst presentations open to the media and by making operational and financial information available on the Company's website. Events of importance are made available to the stock market through notification to the Oslo Stock Exchange in accordance with the Stock Exchange regulations. Information is provided in English.

All stock exchange announcements and press releases, including the financial calendar, are made available on the Company's website.

14 TAKE-OVER

The Company's Articles of Association contains no defense mechanism against the acquisition of shares, and no other actions have been taken to limit the opportunity of acquiring shares in the Company.

In the event of a takeover bid the Board will seek to comply with the recommendations outlined in item 14 of the Code of Practice. If a bid has been received, the Board will seek to issue a statement evaluating the offer and make recommendations as to whether the shareholders should accept the offer or not. Normally it will be required to arrange a valuation from an independent expert. If the Board finds that it is unable to give a recommendation, the Board will explain the reason for not giving a recommendation. The statement should show whether the decision was unanimous, and if not, the background for why certain Board members did not adhere to the statement.

If a situation occurs where the Board proposes to dispose of all or a substantial part of the activities of the Company such a proposal will be placed before the General Meeting.

15 AUDITOR

The auditor is appointed by the General Meeting, which also determines the auditor's fee. The auditor shall annually present an audit plan to the Audit committee. The auditor attends the Audit committee's review and discussion of the annual accounts. The Board of Directors minimum holds one annual meeting with the auditor without the CEO or other members of the executive group being in attendance.

The Company's management regularly holds meetings with the auditor, in which accounting principles and internal control routines are reviewed and discussed.

The auditor shall annually confirm compliance with the applicable independence rules and regulations in legislation and the audit firm's internal independence standards. The Audit committee has issued guidelines stipulating the management's possibility to undertake consulting services by the auditor. Auditor's fees are disclosed in note 21 in the consolidated accounts.





SOCIAL RESPONSIBILITY

INTRODUCTION

The Awilco LNG Group (Awilco LNG or the Company) has implemented a set of objectives, principles and procedures related to social responsibility to enable the Company to achieve and maintain its mission statement and objectives. Awilco LNG has implemented the highest standard of safe operation, meeting all environmental protection requirements and ensuring safe custody of our vessels, crew, customers' cargoes and owner's interests. Our commitment to our social responsibility ensures that Awilco LNG is a preferable LNG shipping company.

Awilco LNG is engaged in the global marine transportation of LNG, liquefied natural gas. Marine transportation is generally considered as the most efficient form of transporting natural gas over long distances. Natural gas is widely accepted as the least pollutive fossil fuel, and emits up to 60 % less CO₂ than coal when used for electricity generation. Natural gas is widespread, abundantly available and cheap when comparing to other fossil fuels. The increased use of natural gas is expected to reduce the use of more pollutive fossil fuels such as coal and oil. According to ExxonMobil's 2013 Energy Outlook natural gas will be the fastest growing major fuel toward 2040, and by 2025 it will have overtaken coal as the second most consumed fuel. Awilco LNG's contribution to sustainable economic growth mainly relates to the potential for increased use of natural gas in the global energy mix.

Awilco LNG aims to provide positive impact on the communities we operate in, our employees, clients and suppliers through the Code of Ethics and Conduct (available at our webpage www. awilcolng.no), such as opposing corruption and facilitation payments in any form.

In general global marine transportation has a significant effect on the environment. Awilco LNG takes this impact seriously, and we work continuously to reduce our environmental footprint through improving fuel efficiency, optimising trade routes and improving waste management.

This report constitutes Awilco LNG's reporting according to the requirements of the Norwegian accounting act § 3-3c on social responsibility reporting.

SCOPING OF MATERIAL ISSUES FOR AWILCO LNG

A materiality assessment forms the basis for how we prioritise our social responsibility efforts, and thereby also impacts our internal and external reporting on social responsibility issues. The following issues have been assessed as the most material based on both their importance to Awilco LNG's business and their importance to Awilco LNG's stakeholders such as employees, customers, suppliers, regulators and investors:



IMPORTANCE TO BUSINESS

The Company's strategy is to integrate sustainability on these matters systematically into all material business processes to ensure Awilco LNG is assessed as a responsible enterprise.

THE MATERIAL ISSUES

Mission statement

Awilco LNG's mission statement is "Marine transportation through safety and environmental excellence".

Health and safety

Company policies and objectives

The safety and well-being of Awilco LNG's employees and seafarers has the highest priority, as set out in the mission statement above and detailed in the Company's Safety Management & Environmental Protection Policy. Our objectives are zero accidents and no personal injuries. The Group shall adhere to national and international laws and regulations and constantly promote best practices identified within its own operations and the industry in order to improve the competence of individual crewmembers and vessel safety performance.

How we achieve our objectives

Our objectives are operationalised in the Company's Safety
Management & Environmental Protection Policy. The objective
of this policy is to ensure that the Company gives the highest
priority to the safety of human life and health through the
following measures:

- Provide support to ships' operation by implementation
 of a well-structured Safety Management System (SMS)
 based on a well-defined management organisation. The
 SMS is an integral part of all our activities, and includes
 instructions and procedures which contribute to the highest
 safety standards onboard our ships, ensuring that cargo is
 handled correctly and preventing situations which threaten
 safety of our personnel. The SMS is based on national and
 international requirements and standards for quality and
 safety, including the ISM code (International Management
 Code for the Safe Operation of Ships and Pollution
 Prevention) and the TMSA (Tanker Management and SelfAssessment guidelines) issued by OCIMF (Oil Companies
 International Marine Forum)
- Operate the vessels with continuously properly trained, informed and motivated crews. Awilco LNG aims to ensure a stable and motivating work environment for both onshore and offshore employees, ensuring high retention rates. The Group is proactively seeking to identify requirements and needs for additional training through regular audits, master and management reviews. A healthy lifestyle is promoted by providing fresh and healthy food and physical exercise opportunities
- Provide, equip and maintain the ships to the necessary standard as required by national regulation and international convention
- Avoid safety hazards through preventive safety measures, for instance by maintaining armed guards on all vessels passing through High Risk Areas
- Establish contingency plans and execute drills and training to improve emergency preparedness to meet situations which represent dangers to life, health, environment, ship and cargo

- See to it that a safety management culture is implemented within the Company
- Use a reporting system for accidents, near accidents, non-conformities and improvements, with special attention to the learning effect through feedback of experience and suggestions for improvement
- Use performing measures to continuously improve our operations

To accomplish the objectives Awilco LNG will plan, organise, perform, document and verify performance. Awilco LNG has a comprehensive Risk Management Program which includes detailed step by step risk assessment procedures. Risk assessments are performed during revisions of the Safety Management System (SMS), and are included as a fixed agenda item during safety meetings onboard and ashore. Verification of implementation is based on monitoring of risk assessment forms filed from each vessel in the fleet. The TMSA guidelines are used to improve the way we work in order to reach our objectives.

Performance in 2013

The Company's senior management is actively engaged in monitoring Awilco LNG's performance in order to further encourage and promote positive trends, to provide advice and to take corrective action where negative trends are detected. Performance and results are measured using certain Key Performance Indicators (KPIs). KPI targets are resolved by senior management on an annual basis, and results are reported to senior management on a quarterly basis. Procedures and any new initiatives shall be part of the management review and include monitoring and measurements, adjustment of targets, and recording of achieved improvements. The procedures and activities shall be audited on a routine basis. The following main KPIs are the focus of Awilco LNG with regards to health and safety:

KPI Definition Result 2013 LTIF (Lost time injury frequency) Number of accidents per one-million man hours worked Nil TRCF (Total recordable case frequency) The sum of all work related, lost time injuries, restricted work injuries and medical treatment injuries Nil Number of fatalities due to injuries Number of deaths among the crew resulting from a work injury Nil Number of personnel injuries Physical damage or impairment to any part of the body resulting 1

from an incident



IN 2014 AWILCO LNG WILL CONTINUE EFFORTS TO IMPROVE AND STRENGTHEN THE SAFETY CULTURE TO ENSURE THAT THE POSITIVE RESULTS FROM 2013 ARE UPHELD.

Considering that the Group was founded in 2011 and has spent the last 2.5 years building the organisation and management systems, the performance in 2013 is assessed as acceptable.

Going forward

In 2014 Awilco LNG will continue efforts to improve and strengthen the safety culture to ensure that the positive results from 2013 are upheld. The Company's ambition is no fatalities and to minimise the number of personnel injuries.

Environmental impact

Awilco LNG's potential environmental impact can be divided in

- 1. Emissions from fuel consumption
- 2. Major environmental accidents
- 3. Waste management including ballast water and spills

Although the shipping industry contributes with 3 to 4 % of the global annual CO_2 emissions to the atmosphere, marine transportation is generally considered as the most efficient form of transporting natural gas over long distances.

Awilco LNG's fleet consists of vessels with either dual or trifuel propulsion systems which are able to run on boil-off gas from the LNG cargo when laden. When natural gas is cooled down to liquefied state at minus 160 degrees celsius a certain amount of the LNG will naturally condensate and regasify into its gaseous state (boil off gas). The boil off gas is produced at a rate dependent on the outside temperature and the level of filling of the tanks, and can either be reliquified into LNG or used as fuel for propulsion of the vessels. Due to the cost and energy needed to power a reliquefaction process plant on a LNG carrier very few vessels are outfitted with such plants. The boil off gas is thus used for propulsion, which makes sense both economically, as natural gas is cheaper than the alternatives, and environmentally, as natural gas is a considerably cleaner fuel than heavy fuel oil and gasoil. Natural gas emits less CO₂ than regular fuels, relatively low levels of NOx and almost

no SOx and particulates. Based on both environmental and economic factors LNG fuelled vessels are considered by many as the future in shipping; LNG carriers have used LNG as a fuel since the start of the business in the 1970s.

On ballast voyages the vessels run on ordinary heavy fuel oil or gasoil, or potential LNG cargo heel. As the vessels carry regular bunkers the potential environmental impact related to major environmental accidents mainly relate to the risk of a ship suffering a breach and subsequently leak substantive amounts of bunker oil into the environment.

The last potential impact mainly relate to waste produced by the vessels, discharge of untreated ballast water and potential spills of chemicals, bilge water and sludge etc. into the environment. Discharge of untreated ballast water may potentially introduce non-native organisms into marine environments worldwide. IMO is in the process of ratifying regulations on this matter, which are expected to be effective in a few years.

Company policies and objectives

Based on the long term goal of environmental excellence, and as set out in the Company's Safety Management & Environmental Protection Policy, Awilco LNG works toward minimising the environmental impact from its vessels with the goal of zero spills. The Company has adapted a zero tolerance policy towards:

- Spills to the environment
- Emissions of ozone depleting substances
- Dumping of any type of garbage or waste to the marine environment

Additionally Awilco LNG aims to minimise as far as practically possible the emission of CO₂, NOx and SOx from diesel combustion engines, boilers, incinerators and emission cargo and fuel oil tanks and systems through evaporation.

Awilco LNG shall adhere to national and international environmental laws and regulations, and constantly promote best practices identified within its own operations and the industry in order to improve the impact on the environment.

How we achieve our objectives

Our objectives are operationalised in the Company's Safety Management & Environmental Protection Policy. The objective of this policy is to ensure that the Company gives the highest priority to the environment through the following measures:

- Provide support to ships' operation by implementation
 of a well-structured Safety Management System (SMS)
 based on a well-defined management organisation. The
 SMS is an integral part of all our activities, and includes
 instructions and procedures which contribute to the
 highest safety standards onboard our ships, ensuring that
 cargo is handled correctly and preventing situations which
 threaten the environment. The SMS is based on national
 and international requirements and standards for quality and
 safety, including the ISM code and the TMSA issued by OCIMF
- Operate the vessels with continuously properly trained, informed and motivated crews
- Provide, equip and maintain the ships to the necessary standard as required by national regulation and international convention. As an example, both the WilForce and WilPride are built and specified to the highest standard and latest eco-friendly technology, and both are equipped with USCG approved ballast water treatment systems
- Establish contingency plans and execute drills and training to improve emergency preparedness to meet situations which represent dangers to life, health, environment, ship and cargo
- See to it that a safety management culture is implemented within the Company
- Use a reporting system for accidents, near accidents, non-conformities and improvements, with special attention to the learning effect through feedback of experience and suggestions for improvement

- Optimisation of hull and propeller cleaning intervals to reduce fuel consumption
- Implement a policy of environmentally friendly purchasing, where procurement and purchasing activities shall address environmental aspects, such as:
 - · Reducing packaging volumes;
 - Encouraging recycling activities; and
 - Use of non-disposable and recyclable equipment and materials
- Use performing measures to continuously improve our operations.

The same risk assessment procedures and continuous improvement tools and initiatives as described under Health and Safety above is utilised in Awilco LNG's work to reduce its environmental impact.

Performance in 2013

The Company's senior management is actively engaged in monitoring Awilco LNG's performance, in order to further encourage and promote positive trends, to provide advice and to take corrective action where negative trends are detected. Performance and results are measured using certain Key Performance Indicators (KPIs). KPI targets are resolved by senior management on an annual basis, and results are reported to senior management on a quarterly basis. Procedures and any new initiatives shall be part of the management review and include monitoring and measurements, adjustment of targets, and recording of achieved improvements. The procedures and activities shall be audited on a routine basis. The following main KPIs are the focus of Awilco LNG with regards to environmental impact:

KPI	Definition	Result 2013
Number of releases of substances	The number of releases of substances covered by MARPOL to the environment	Nil
Number of severe spills of bulk liquid	A severe spill is a spill above one barrel to the environment	Nil
Emitted mass of CO ₂ (MT)	The total mass of emitted CO_2 in laden and ballast condition, calculated on the basis of fuel consumption and engine speed	165 085
Emitted mass of NOx (MT)	The total mass of emitted NOx in laden and ballast condition, calculated on the basis of fuel consumption and engine speed	2 781
Emitted mass of S0x (MT)	The total mass of emitted SOx in laden and ballast condition, calculated on the basis of fuel consumption and fuel quality	1 980
Tons of garbage produced		308



Considering that the Group was established in 2011, the performance in 2013 is assessed as acceptable.

Going forward

To further improve the Company's environmental management system, and reduce our environmental footprint, Awilco LNG is aiming to obtain ISO 14001 certification in 2014. Based on the increased fleet size the emission of CO_2 , NOx and SOx is expected to increase.

Anti-corruption

Company policies and objectives

Corruption is generally estimated to cost approx. 5 % of global GDP each year. Reduced corruption would increase safety for seafarers, reduce costs of operations and reduce complexity. Awilco LNG is a firm opponent of corruption in any form, and is committed to the highest ethical standard in business conduct worldwide. Awilco LNG desires fair and open competition in all markets, both nationally and internationally. Awilco LNG's policy is to comply with all applicable laws and governmental rules and regulations in the country in which it is operating.

How we achieve our objectives

The Company's anti-corruption policies are described in our Code of Ethics and Conduct document. The following policies to address the objectives have been implemented in the Company:

No employee of the Company shall directly or indirectly

- offer, promise, give or receive bribe, illegal or inappropriate gifts or other undue advantages or remuneration in order to achieve business or other personal advantage
- Under no circumstances shall the Company or any of its employees be part of actions that breach applicable competition legislation. Any employee is to confer with his or her immediate superior, the executive management or the board if he or she has a question with respect to the possible anti-competitive effect of particular transactions or becomes aware of any possible violation of applicable competitive legislation

Implementation of the Company's policies takes place through emphasis on awareness and the use of risk assessments on a Group level.

Performance in 2013

- During the year Awilco LNG chose not to continue negotiations for a commercial contract with an external party due to certain terms in the contract which were not according to the Company's Code of Ethics and Conduct
- Management has not become aware of any breaches of the Company's Code of Ethics and Conduct throughout the year

Going forward

Going forward Awilco LNG will continue work to ensure that our standards of behavior are according to the Code of Ethics and Conduct, and the Company expects that the positive results from 2013 are upheld.



