

FARSTAD SHIPPING ASA
QUARTERLY REPORT

2-2014

Better by Far®





4 466

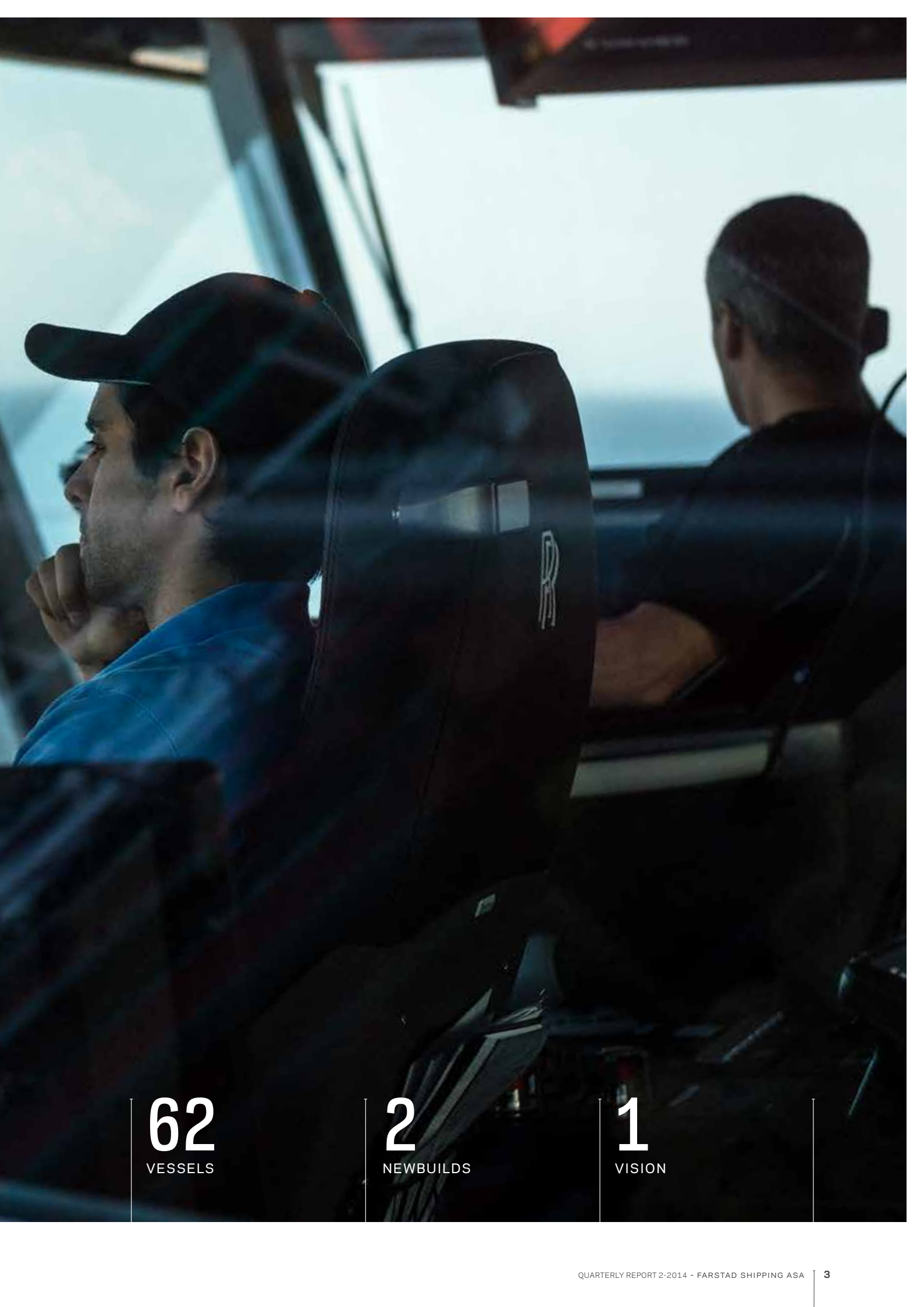
MARKET VALUE

1 051

OPERATING INCOME

179

OPERATING PROFIT (EBIT)



62

VESSELS

2

NEWBUILDS

1

VISION

IMPORTANT EVENTS FIRST HALF YEAR 2014



CHARTER AGREEMENTS



PSV Far Spica

Farstad Shipping ASA has during the first half year been awarded contracts totaling NOK 1.93 billion. Subsequent to the half year end, the company has been awarded contracts totaling additional NOK 1.75 billion. These figures do not include the charterer's options to extend certain contracts.

The new contracts are important to



AHTS Far Sirius

maintain the company's long term chartering strategy. As a consequence of the new contracts, the company has chosen to relocate three vessels from the North Sea market.

Far Spica (PSV 2013, Vard 1 08) has started working on a contract in South Africa.



PSV Far Seeker

Far Sirius (AHTS 2014, UT 731 CD) is en route to Australia and is expected to commence on a contract in October.

Far Seeker (AHTS 2008, UT 751 E) is scheduled to start her voyage to Australia during August, and will commence working on a contract in November.

DELIVERY OF 2 AHTS AND 2 PSV



AHTS Far Sirius

During the first half year, Farstad Shipping has taken delivery of two AHTS UT 731 CD.

AHTS Far Sigma and AHTS Far Sirius were delivered from Vard Langsten on 10 February and 3 April respectively. Far Sigma is trading the North Sea spot market, while Far Sirius is en route to Australia to start on a contract for Woodside Energy Ltd.



PSV Far Sun

In addition, two PSV Vard 1 07 have been delivered after the half year end.

PSV Far Sun was delivered from Vard Langsten 10 July, and started immediately on a long-term contract for Statoil.

PSV Far Sygna was delivered from Vard Vung Tau in Vietnam 13 August. After delivery, the vessel is scheduled for dry-dock in Singapore prior to the journey to the North Sea.

Far Sygna will start on a contract for Statoil after arrival.

SALE OF VESSEL



PSV Far Grimshader

Far Grimshader (PSV 1983, UT 706 L, 3 225 DWT) was sold 7 February. The sale gave a booked profit of NOK 15.0 million in the first quarter.

This completes the sale of all the company's vessels built during the 1980s.

VALUES, VISION & GOALS

Our Values express the attitudes and the culture Farstad Shipping's employees stand for. The Values give clear guidelines for the priorities which form the basis for the further development of the company. As a leading supply shipping company we depend on having dedicated, knowledgeable and competent people to run our business safely and efficiently. A modern and competitive fleet is also a prerequisite for this.

SAFETY CONSCIOUS

INCLUSIVE

VALUE PRODUCTIVE

VISIBLE AND TRANSPARENT

RELIABLE

CORPORATE VISION

BETTER BY FAR®

We intend to develop the company further by abiding our Values so that we can maintain a leading, competitive position in those markets in which we are present.

BUSINESS CONCEPT

We shall be a leading provider of specialized offshore tonnage to the international oil and gas industry.

OBJECTIVES

Our overall goal is to have zero injuries to people, zero harm to the environment and zero loss or damage to equipment.

The company's growth shall be based on good profitability and financial strength. Our goal is to provide our shareholders with a competitive return.

FOCUS

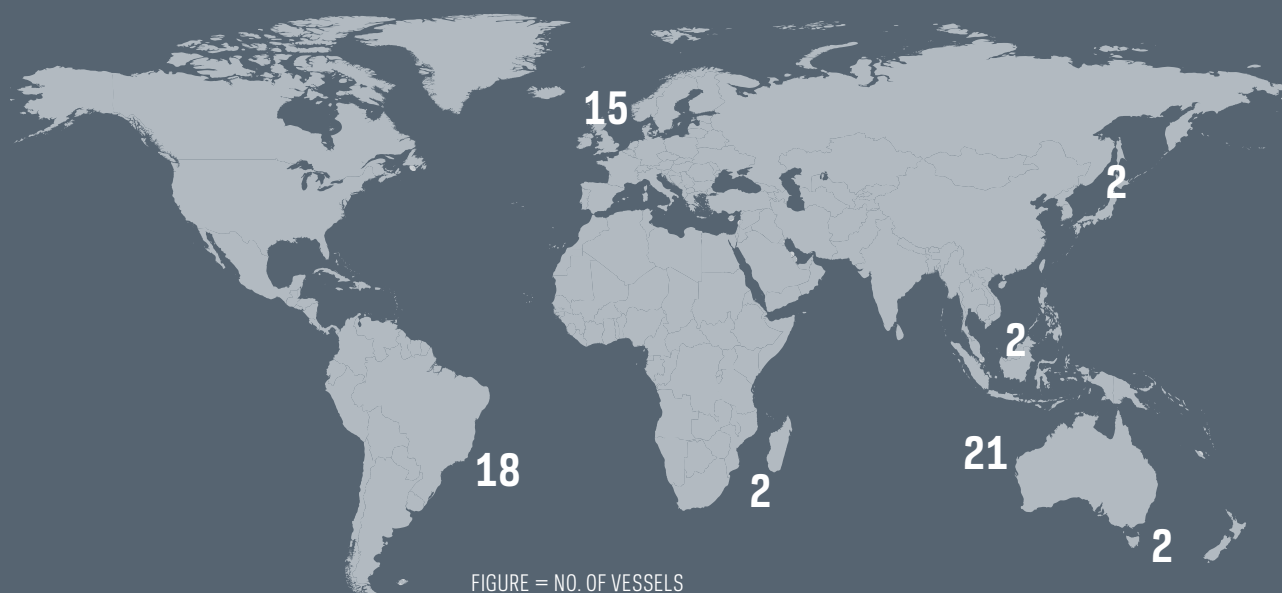
We focus on large, advanced vessels in the anchor handling, supply and subsea segments. We focus on health, safety, environment and quality. This provides the foundation for all our activities and is vital with regard to competitiveness. We focus on stimulating and further developing the competence, knowledge and awareness of our employees.

LONG-TERM PERSPECTIVE

We are an industrial operator with a long-term perspective on our activities. Our services shall contribute to a sustainable development for our customers and their businesses, as well as form a basis for a long-term value creation which benefits shareholders, employees and society in general. We have a long-term chartering strategy.

FARSTAD SHIPPING ASA

GLOBAL SUMMERY



32 AHTS



27 PSV



3 SUBSEA + **2** NEWBUILDS

2250

EMPLOYEES IN TOTAL

GENDER DISTRIBUTION



74 OFFSHORE **1916**



114 ONSHORE **146**



OPERATING INCOME (EXCL. PROFIT ON SALES)

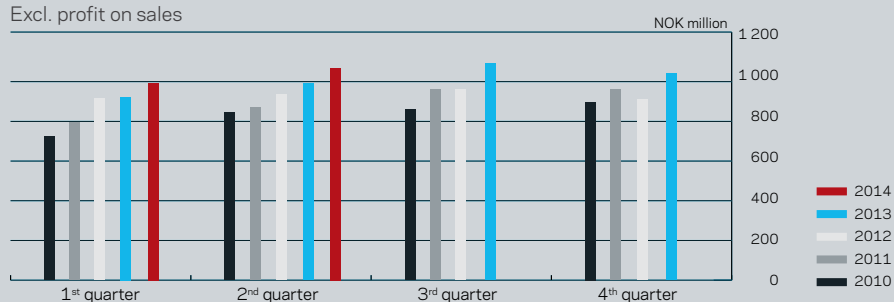
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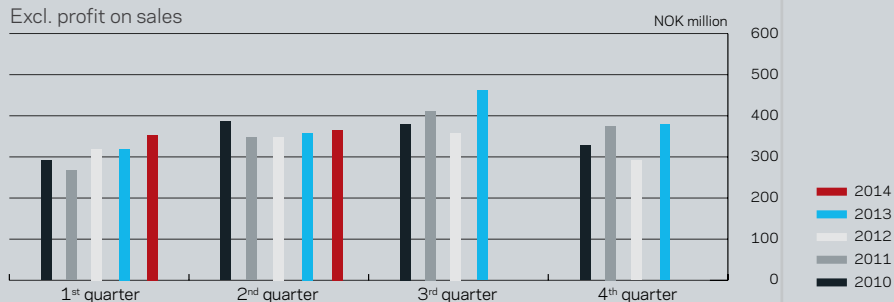
OPERATING INCOME

Excl. profit on sales



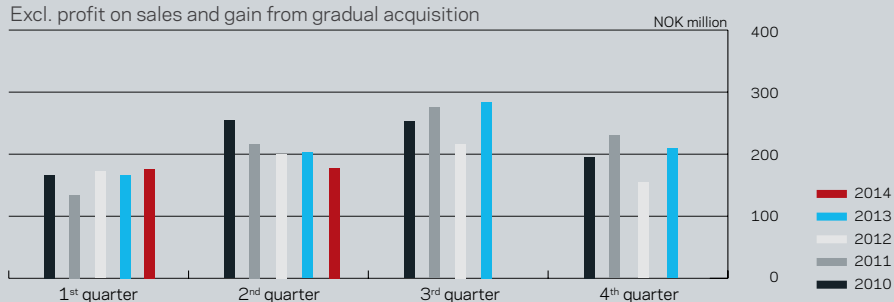
EBITDA

Excl. profit on sales

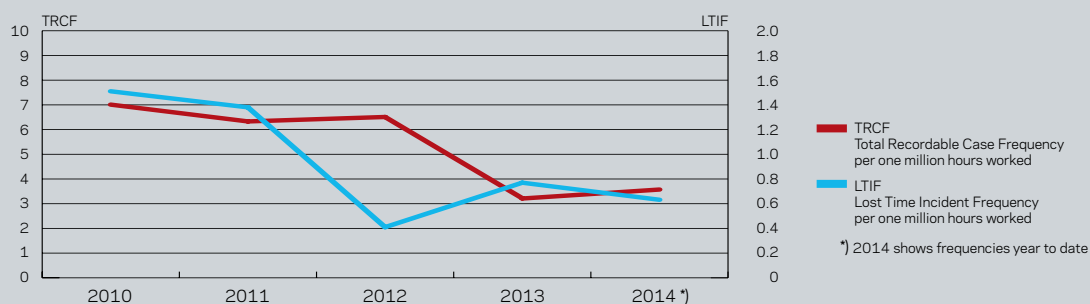


EBIT

Excl. profit on sales and gain from gradual acquisition



TRCF - LTIF



Farstad Shipping achieved an operating income of NOK 1,050.6 million for the 2nd quarter. The operating profit (EBIT) was NOK 178.6 million. The profit after taxes was NOK 46.7 million.

THIS IS FARSTAD SHIPPING

Farstad Shipping is a leading supply shipping company within our defined segment of large and more advanced offshore supply vessels. We are a value driven company with focus on safety, quality and efficiency in our services. The company's fleet consists of 62 vessels: 27 PSV, 32 AHTS and three SUBSEA vessels. Farstad Shipping has currently two newbuilds (two SUBSEA) under construction for delivery in March and July 2015. The company's operations are managed from Aalesund, Aberdeen, Melbourne, Perth, Singapore, Macaé and Rio de Janeiro with a total of approx. 2,250 employees engaged onshore and offshore. At the moment, 18 vessels are stationed in Brazil, 15 vessels in North-West Europe, 27 in the Indian Pacific region and two vessels in Africa.

RESULTS FOR THE 2ND QUARTER 2014

Farstad Shipping achieved an operating income of NOK 1,050.6 million for the 2nd quarter (NOK 996.6 million for the same period in 2013 incl. gain on sale of a vessel of NOK 3.6 million). The operating costs for the period were NOK 682.9 million (NOK 632.7 million). The increase in both operating income and operating costs is mainly due to an increased number of vessels in the fleet compared to last year. The operating profit (EBIT) was NOK 178.6 million (NOK 205.4 million) after depreciation of NOK 189.1 million (NOK 158.6 million). Net finance was negative NOK 127.2 million (negative NOK 194.2 million). Currency gain of NOK 5.2 million was booked during the 2nd quarter (gain NOK 4.5 million). Further an unrealized currency gain of NOK 7.8 million (unrealized loss NOK 68.3 million) was booked due to the adjustment of the company's long-term liabilities in foreign currency. The profit after taxes was NOK 46.7 million (NOK 4.1 million). The Group's cash flow*) for the period was NOK 232.7 million compared to NOK 238.1 million for the same period in 2013.

RESULTS AS PER 30.06.2014

The operating income at 30.06.14 was NOK 2,060.3 million incl. gain from sale of vessel of NOK 15.0 million (NOK 1,911.4 million incl. gain from sale of vessels of NOK 7.0 million). The operating costs were NOK 1,321.9 million (NOK 1,222.8 million) and ordinary depreciations NOK 367.1 million (NOK 309.9 million). EBIT was NOK 371.3

million (NOK 378.7 million). Net finance was negative NOK 242.7 million (negative NOK 278.0 million) after an unrealized currency gain of NOK 19.2 million (loss of NOK 79.6 million). Currency gain of NOK 16.4 million is booked during the first half year (gain of NOK 34.7 million). The profit after taxes was NOK 126.2 million (NOK 86.2 million). The Group's cash flow*) for the period was NOK 476.5 million compared to NOK 490.2 million for the same period in 2013.

FINANCING AND CAPITAL STRUCTURE

In the balance sheet at 30.06.14, interest-bearing mortgage debt totaled NOK 10,279.3 million (NOK 10,219.2 million at 30.06.13). Of the company's interest-bearing debts, 77.7% was in NOK, 7.3% in USD, 6.9% in GBP 7.6% in AUD and 0.5% in EUR. Interest-bearing current assets at 30.06.14 were NOK 1,289.3 million (NOK 2,215.7 million).

The Group's booked equity at 30.06.14 was NOK 6,955.6 million (NOK 6,698.2 million) corresponding to NOK 178.35 (NOK 171.75) per share. Equity ratio was 38.4% (37.5%).

INTEREST AND CURRENCY RISK

The risk of change in market interest is reduced by entering into loans with fixed interest and interest rate hedging agreements. As per 30.06.14, approx. 70% of the company's debt was hedged with fixed interest loans and interest rate hedging agreements. A relatively large percentage of the debt is interest hedged also for the coming years. The remainder of the debt has floating interest rate and will be exposed to changes in interest rates.

The company is highly exposed to currency risk since about 80-90% of the income in recent years is earned in foreign currencies. Foreign currency loans and forward exchange contracts/options are used to reduce the currency risk associated with cash flows in foreign currencies.

CHANGES TO THE FLEET

Far Grimshader (PSV 1983, UT 706 L, 3,225 DWT) was sold 7 February. The sale gave a booked profit of NOK 15.0 million in the first quarter.

*) Cash flow is defined as pre-tax profit + depreciation and deferred maintenance +/- change on revaluation of long-term liabilities in foreign currency.

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Far Sigma (AHTS UT 731 CD) was delivered from Vard Langsten 10 February. The long term financing of the vessel was arranged by Eksportkreditt Norge AS in cooperation with GIEK and Nordea.

Far Sirius (AHTS UT 731 CD) was delivered from Vard Langsten 3 April. The long term financing of the vessel was arranged by Eksportkreditt Norge AS in cooperation with GIEK and Sparebank 1 SMN.

Far Sun (PSV Vard 1 07) was delivered from Vard Langsten 10 July. The long term financing of the vessel was arranged by Eksportkreditt Norge AS in cooperation with Sparebanken Møre.

Far Sygna (PSV Vard 1 07) was delivered from Vard Vung Tau, Vietnam, 13 August. The long term financing of the vessel was arranged by Eksportkreditt Norge AS in cooperation with DNB and Handelsbanken. Far Sygna will upon arrival in Norway commence its long-term commitment to Statoil for a firm period of six years. Also the sister vessel Far Sun started on a six year contract for Statoil directly after delivery.

NEW CONTRACTS

Farstad Shipping has achieved a number of new charter commitments during the first half year:

Statoil declared their option to extend the contract for PSV Far Serenade with one year from April.

Saipem declared their option to extend the contract for CSV Far Samson with one year, and the vessel is secured employment to the end of April 2015.

Peterson Den Helder B.V. declared their option to extend the contract for PSV Far Splendour with one year from the beginning of May.

ConocoPhillips extended the contract for PSV Lady Melinda with another two years, and the vessel is secured employment to December 2015.

Woodside awarded PSV Far Starling an 18 month firm contract with a further option of 3 x 6 months. Woodside also declared their option to extend the contract for PSV Lady Grace with twelve months from May.

Chevron Australia declared their option to extend the contracts for AHTS Far Saracen and AHTS Far Shogun for a period of 38 months. Both vessels are secured employment to May 2017.

Inpex awarded AHTS Far Sword and AHTS Far Stream 40 month firm contracts. Commencement of the contracts is expected to take place in November 2014. Inpex can extend both contracts with up to 24 months.

Inpex also awarded PSV Far Seeker an 18 month firm contract with further options of up to 24 months. Expected commencement of the contract is in November, and the vessel will probably leave the North Sea during August.

Woodside Energy Ltd. awarded AHTS Far Sirius a 16 month contract with further options of up to 18 months. Expected commencement of the contract is medio October 2014. The vessel has until now traded the North Sea spot market.

Esso Australia awarded PSV Far Supplier a two year contract with further options of up to three years. Esso also



awarded PSV Far Scandia a ten month contract with further options of up to six months. Both contracts were in direct continuation of existing contracts.

Statoil awarded PSV Far Scotsman a contract to support the company's drilling operations off Tanzania. The contract was in direct continuation of the existing contract with duration of eight months, with further 6 x 6 months options.

Karoon Petroleo & Gas Ltda awarded AHTS Far Senator a five month contract with further 4 x 30 days options. The vessel supports the company's drilling program in Brazil. Commencement of the contract was in the middle of July.

Petrobras extended the contract for AHTS Far Santana with another four years from July.

CONTRACT COVERAGE

The contract coverage of the Farstad Fleet is approximately 79% for the remaining part of 2014, and approximately 59% for 2015. These figures include the charterer's options to extend certain contracts.

HEALTH, ENVIRONMENT AND SAFETY

Farstad Shipping's goals within health, safety and environment are to operate without injury to people, harm to the environment and damage to assets. An important part of the HSE management is recording, reporting and assessment of various HSE data. Two of the measurement indicators the company utilizes are the lost time incident frequency (LTIF) and total recordable case frequency (TRCF), see graph on page 8. The company measures this as the number of incidents with absence per one million hours worked, measured 24 hours a day so that recreational incidents are also included. By the end of the second quarter of 2014, the LTIF was 0.63 (three lost time incidents) compared to 0.77 in 2013. This indicator shows a positive trend compared to last year. The TRCF for the second quarter ended at 3.60 and this in line with the results from the last couple of years.

THE MARKET

The development in the activity level offshore is currently negatively affected by the strong focus on cost level and cost trends in the oil industry. In addition, the markets are characterized by too much tonnage as a consequence of the newbuild contracting activity. The order book indicates that an improvement in the market balance is not expected any time soon.

The North Sea market has in the quarter developed very negatively in relation to what was previously expected. In particular, the rate level for the AHTS fleet has been lower than expected. An improvement in the North Sea market presupposes the departure of tonnage to other markets. Also the market in Brazil has evolved negatively compared to the market signals earlier this year. The markets in Indian Pacific are still characterized by overcapacity of tonnage and pressure on the rate levels. A general improvement in the market balance will depend on increased growth in the activity level offshore in the central markets, and that the contracting of newbuild activity decreases.

The further development in the subsea market will depend on what happens on the supply side, and that current subsea development projects are being implemented as planned.

CONFIRMATION FROM THE BOARD OF DIRECTORS AND CEO

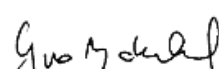
We confirm that, to the best of our knowledge, the financial statements for the first half year of 2014 which has been prepared in accordance with IAS 34 Interim Financial Statements gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the interim management report provides a true overview of important events during the accounting period, and their effect on the financial statements for the first half year, key risks and uncertainty factors that the company is facing during the next accounting period and of transactions with related parties.

Aalesund, August 18th 2014

The Board of Directors


Sverre A. Farstad
Chairman


Per Nørvald Spørre
Deputy Chairman


Gro Bakstad
Director


Mads Andersen
Director


Janne-Grethe Strand Aasnæs
Director


Leif-Arne Langøy
Director


Astrid Koppernæs
Director


Karl-Johan Bakken
CEO

PROFIT AND LOSS ACCOUNT

	2 nd quarter 2014	2 nd quarter 2013	1.1-30.06 2014	1.1-30.06 2013	1.1-31.12 2013
Freight income and other income	1 050 644	993 014	2 045 300	1 904 332	4 007 167
Profit (loss) on sale of fixed assets	-	3 594	15 015	7 044	7 044
Total operating income	1 050 644	996 608	2 060 315	1 911 376	4 014 211
Operating expenses vessels	(605 837)	(560 206)	(1 170 381)	(1 083 537)	(2 207 148)
Administration	(77 078)	(72 457)	(151 561)	(139 236)	(283 132)
Total operating expenses	(682 915)	(632 663)	(1 321 942)	(1 222 773)	(2 490 280)
Operating profit before depreciation (EBITDA)	367 729	363 945	738 373	688 603	1 523 931
Ordinary depreciation	(189 148)	(158 590)	(367 070)	(309 937)	(654 407)
Operating profit (EBIT)	178 581	205 355	371 303	378 666	869 524
Financial income	10 968	10 409	18 445	22 139	49 995
Financial expenses	(151 235)	(140 745)	(296 705)	(255 198)	(554 201)
Agio/(disagio), realised	5 239	4 484	16 375	34 665	25 814
Agio/(disagio), unrealised	7 825	(68 340)	19 194	(79 626)	(111 161)
Net financial expenses	(127 203)	(194 192)	(242 691)	(278 020)	(589 553)
Pre-tax profit	51 378	11 163	128 612	100 646	279 971
Taxes	(4 687)	(7 082)	(2 373)	(14 423)	(19 847)
Profit	46 691	4 081	126 239	86 223	260 124
Profit / diluted profit per share (NOK)	1.20	0.10	3.24	2.21	6.67
Cash flow per share (NOK)	5.97	6.10	12.22	12.57	26.81
Average number of outstanding shares	39 000 000	39 000 000	39 000 000	39 000 000	39 000 000

STATEMENT OF COMPREHENSIVE INCOME

	2 nd quarter 2014	2 nd quarter 2013	1.1-30.06 2014	1.1-30.06 2013	1.1-31.12 2013
Profit	46 691	4 081	126 239	86 223	260 124
Items not to be reclassified to profit/loss in subsequent periods					
Actuarial gains and losses pensions	-	-	-	-	22 166
Items to be reclassified to profit/loss in subsequent periods					
Change in foreign exchange contracts and interest swaps	(41 449)	12 592	(23 518)	(34 079)	(36 362)
Change in deferred tax	672	-	406	-	-
Translation effects foreign operations	67 391	(50 447)	91 537	(12 784)	(26 803)
Total other comprehensive income	26 614	(37 855)	68 425	(46 863)	(40 999)
Comprehensive income for the period	73 305	(33 774)	194 664	39 360	219 125

BALANCE SHEET

ASSETS	30.06.2014	30.06.2013	31.12.2013
Fixed assets:			
Goodwill	101 815	99 947	96 778
Vessels etc.	15 448 720	14 278 592	14 179 071
Contracts newbuilds	185 935	199 539	333 620
Deferred tax benefit	81 575	54 006	63 506
Other long-term receivables	18 730	5 008	17 861
Currency and interest swap contracts	-	9 781	776
Shares	5 081	5 073	5 071
Total fixed assets	15 841 856	14 651 946	14 696 683
Current assets:			
Account receivables, freight income	827 508	677 298	616 853
Other short-term receivables	211 902	299 941	314 101
Currency and interest swap contracts	6 943	35 143	29 733
Liquid assets	1 237 236	2 186 013	1 879 695
Total current assets	2 283 589	3 198 395	2 840 382
Total assets	18 125 445	17 850 341	17 537 065
EQUITY AND LIABILITIES	30.06.2014	30.06.2013	31.12.2013
Equity:			
Paid-in capital	237 396	237 396	237 396
Retained earnings	6 718 242	6 460 813	6 640 578
Total equity	6 955 638	6 698 209	6 877 974
Liabilities:			
Non-current liabilities:			
Provision for liabilities	105 539	113 462	105 431
Deferred tax	43 028	46 000	41 790
Currency and interest swap contracts	43 418	52 839	40 633
Interest-bearing debt and leasing obligations	8 780 598	9 068 042	8 702 740
Total non-current liabilities	8 972 583	9 280 343	8 890 594
Current liabilities:			
Accounts payables	232 358	255 534	281 623
Currency and interest swap contracts	46 987	39 050	44 531
Taxes payable	17 462	23 454	31 639
Other current liabilities	401 721	402 621	464 954
Current portion of interest-bearing debt	1 498 696	1 151 130	945 750
Total current liabilities	2 197 224	1 871 789	1 768 497
Total liabilities	11 169 807	11 152 132	10 659 091
Total equity and liabilities	18 125 445	17 850 341	17 537 065

NOTE 1 - ACCOUNTING PRINCIPLES / ESTIMATES

The interim report has been prepared in accordance with today's International Financial Reporting Standards (IFRS) and interpretations, and the IAS 34 standard for interim reporting. All accounting principles used are in accordance with principles used in the last annual report. The financial statements for the second quarter of 2014 are unaudited.

No changes in estimates materially influencing the interim result or balance have occurred. Reference is made to the 2013 Annual Report for further information.

NOTE 2 - SEGMENT INFORMATION

OPERATING INCOME *)

	2 nd quarter 2014	2 nd quarter 2013	1.1-30.06 2014	1.1-30.06 2013	1.1-31.12 2013
AHTS	606 606	573 112	1 191 676	1 124 299	2 364 690
PSV	378 375	358 552	743 531	666 007	1 417 350
SUBSEA	58 031	60 051	99 698	111 882	216 378
Other income	7 632	1 299	10 395	2 144	8 749
Total	1 050 644	993 014	2 045 300	1 904 332	4 007 167
North-West Europe	217 143	223 409	385 780	355 551	815 070
Brazil	345 250	286 365	680 640	557 844	1 186 713
Indian Pacific	446 907	451 124	918 503	944 812	1 901 376
Other segments	33 712	30 817	49 982	43 981	95 259
Others	7 632	1 299	10 395	2 144	8 749
Total	1 050 644	993 014	2 045 300	1 904 332	4 007 167

*) excl. sale of vessel

OPERATING PROFIT (EBIT) *)

	2 nd quarter 2014	2 nd quarter 2013	1.1-30.06 2014	1.1-30.06 2013	1.1-31.12 2013
AHTS	122 179	132 889	262 184	282 579	623 591
PSV	54 914	63 456	109 674	89 077	233 448
SUBSEA	162	10 798	(13 130)	11 613	23 480
Other income	1 326	(5 382)	(2 440)	(11 647)	(18 039)
Total	178 581	201 761	356 288	371 622	862 480
North-West Europe	41 871	54 971	41 613	29 470	161 258
Brazil	69 603	53 842	139 813	104 956	266 957
Indian Pacific	58 882	87 928	164 695	238 986	423 711
Other segments	6 898	10 402	12 607	9 857	28 593
Others	1 327	(5 382)	(2 440)	(11 647)	(18 039)
Total	178 581	201 761	356 288	371 622	862 480

*) excl. sale of vessel

NOTE 3 - STATEMENT OF CASH FLOW

	2 nd quarter 2014	2 nd quarter 2013	1.1-30.06 2014	1.1-30.06 2013	1.1-31.12 2013
Cash flow from operating activity	228 307	284 661	485 591	578 004	1 529 059
Sale of fixed assets	-	14 095	18 809	32 857	32 857
Investment in fixed assets and contracts newbuilds	(652 670)	(838 022)	(1 326 333)	(1 925 032)	(2 278 866)
Other investment activity	20 963	9 332	28 538	20 114	42 906
Cash flow from investment activity	(631 707)	(814 595)	(1 278 986)	(1 872 061)	(2 203 103)
New long-term debt	476 704	1 648 751	1 015 185	2 715 250	2 715 250
Repayment of debt	(213 726)	(197 624)	(474 676)	(449 475)	(1 087 916)
Dividend paid	(117 000)	(117 000)	(117 000)	(117 000)	(117 000)
Interest costs	(146 011)	(132 466)	(285 839)	(243 091)	(534 271)
Cash flow from finance activity	(33)	1 201 661	137 670	1 905 684	976 063
Net changes in liquidity in the period	(403 433)	671 727	(655 725)	611 627	302 019
Net currency exchange differences subsidiaries	10 562	8 264	22 986	5 277	3 501
Cash and cash equivalents at the beginning of the period *)	1 560 799	1 432 060	1 800 667	1 495 147	1 495 147
Cash and cash equivalents at the end of the period *)	1 167 928	2 112 051	1 167 928	2 112 051	1 800 667

*) Ex. shares, equity certificates and bonds

NOTE 4 - CHANGE IN EQUITY

	2 nd quarter 2014	2 nd quarter 2013	1.1-30.06 2014	1.1-30.06 2013	1.1-31.12 2013
Equity at the beginning of the period	6 999 333	6 848 983	6 877 974	6 775 849	6 775 849
Comprehensive income	73 305	(33 774)	194 664	39 360	219 125
Dividend payment	(117 000)	(117 000)	(117 000)	(117 000)	(117 000)
Equity at the end of the period	6 955 638	6 698 209	6 955 638	6 698 209	6 877 974

NOTE 5 - KEY FIGURES

	1.1-30.06 2014	1.1-30.06 2013	1.1-31.12 2013
EBITDA-margin excl. sale of fixed assets	35.4%	36.3%	37.9%
EBIT-margin excl. sale of fixed assets	17.4 %	20.3 %	21.5%
	30.06.2014	30.06.2013	31.12.2013
Equity ratio	38.4%	37.5%	39.2%
Booked equity per share	178.35	171.75	176.36
Working capital	86 365	1 326 606	1 071 885

NOTE 6 - SHARES, SHAREHOLDERS AND DIVIDEND

The company's shares have during the quarter been traded between NOK 110.50 and NOK 128.00, and the share price was NOK 114.50 at the end of the quarter. The share price at 30.06.14 values the company to approx. NOK 4.47 billion.

THE COMPANY'S 20 LARGEST SHAREHOLDERS

at 12.08.14

	Number of shares	Owner's share in %
Tyrholm & Farstad AS	15 796 199	40.50
Brown Brothers Harriman Fidelity	3 106 600	7.97
Pareto Aksje Norge	2 043 926	5.24
Folketrygdfondet	1 972 416	5.06
The Northern Trust Corporation	1 202 641	3.08
Jan H. Farstad	1 050 000	2.69
Sverre A. Farstad	1 000 000	2.56
Varma Mutual Pension Company	848 246	2.17
Pareto Aktiv	825 735	2.12
Odin Offshore	500 000	1.28
MP Pensjon PK	420 000	1.08
Pareto Verdi VPF	398 533	1.02
Odin Norge	374 049	0.96
Bank of New York	330 771	0.85
Swedbank Norge	300 000	0.77
Forsvarets Personellservice	265 900	0.68
Citibank DFA-INTL SML CAP	207 709	0.53
State Street Bank	205 193	0.53
J. P. Morgan Chase Bank	160 000	0.41
BKK Pensjonskasse	156 000	0.40
Total 20 largest shareholders	31 163 918	79.90
Other shareholders	7 836 082	20.10
Total number of shares	39 000 000	100.00

ANNUAL GENERAL MEETING 14 MAY 2014

The Annual General Meeting was held at the company's premises on Wednesday 14 May. All items on the agenda were approved in accordance with the notice. Dividend payment of NOK 3.00 per share took place on 27 May. The shares were traded ex. dividend on Thursday 15 May.

NOTE 7 - RELATED PARTIES

The company's largest shareholder is Tyrholm & Farstad AS in Aalesund with a holding of 40.5% and is defined as a related party. Farstad Shipping ASA has a lease agreement for main office premises in Aalesund with Tyrholm & Farstad AS applicable for the period 01.01.13 - 31.12.15. The agreement represents an annual cost of NOK 4.5 mill. New office premises are under construction at Skansekaia and leasing agreement for the new premises has been signed. Moving is expected to occur during the first quarter of 2016. The lessor is Skansekaia Utvikling AS, where Tyrholm & Farstad AS holds 33.3%.

NOTE 8 - VESSELS, OTHER FIXED ASSETS AND NEWBUILDS

	Other fixed assets	Vessels	Total vessels etc.	Contracts newbuilds	Total fixed assets
Acquisition cost					
1 January 2014	232 742	16 906 524	17 139 266	333 619	17 472 885
Additions	5 830	1 342 864	1 348 694	132 088	1 480 782
Disposals	(1 163)	(58 446)	(59 609)	(279 772)	(339 381)
Translations differences	6 634	159 861	166 495	-	166 495
30 June 2014	244 043	18 350 803	18 594 846	185 935	18 780 781
Accumulated depreciation					
1 January 2014	86 882	3 181 162	3 268 044	-	3 268 044
Additions	12 834	231 894	244 728	-	244 728
Disposals	(1 115)	(57 447)	(58 562)	-	(58 562)
30 June 2014	98 601	3 355 609	3 454 210	-	3 454 210
Recognized value deferred maintenance	-	308 084	308 084	-	308 084
Recognized value	145 442	15 303 278	15 448 720	185 935	15 634 655

NOTE 9 - MORTGAGES AND OTHER LONG TERM LIABILITIES

The Group's loan agreements contain financial covenants related to equity ratio, liquid assets and working capital. All companies within the Group have fulfilled their financial covenants in the second quarter.

Repayments of debt amounted to NOK 213.7 million during the second quarter (NOK 197.6 million in the second quarter 2013). New net long term debt raised during the quarter were NOK 476.7 mill. (NOK 1,648.8 million).

Net interest bearing debt as per	30.06.2014	30.06.2013	31.12.2013
Interest bearing debt and leasing obligations	10 279 294	10 219 172	9 648 490
Interest bearing current assets	(1 289 255)	(2 215 672)	(1 930 320)
Net interest bearing debt and leasing obligations	8 990 039	8 003 500	7 718 170

Long-term liabilities as per 30.06.14 were distributed as follows: 77.7% in NOK (80.8% as per 30.06.13), 7.3% (8.5%) in USD, 6.9% (7.0%) in GBP, 7.6% (3.7%) in AUD and 0.5% (0%) in EUR. During the second quarter approx. NOK 72 million of the long term debt was converted from NOK to USD and EUR.

NOTE 10 - EVENTS AFTER THE BALANCE SHEET DATE

There have not been any events after the balance sheet date that would have affected the financial statements essentially.

The Group had two newbuilds delivered after the end of the quarter. PSV Far Sun (Vard 1 07) was delivered from Vard Langsten on 10 July. The long term financing of the vessel was arranged by Eksportkreditt Norge AS in cooperation with Sparebanken Møre. PSV Far Sygna (Vard 1 07) was delivered from Vard Vung Tau, Vietnam on 13 August. The long term financing of the vessel was arranged by Eksportkreditt Norge AS in cooperation with DNB and Handelsbanken.

After this Farstad Shipping has a fleet of 62 vessels and two newbuilds under construction.

AHTS FLEET EMPLOYMENT

CONTRACT OVERVIEW AT 14.08.14

Vessel name	Design	Year built	BHP	Owner	Employment ¹⁾ at 14.08.14	2014	2015	2016	2017	2018
FAR SIRIUS	UT 731 CD	2014	24400	SUP	Jan. 16 + opt.					
FAR SIGMA	UT 731 CD	2014	24400	SUP	Spot					
FAR STATESMAN	UT 731 CD	2013	24000	SUP	Spot					
FAR SENATOR	UT 731 CD	2013	24400	SUP	Dec. 14 + opt.					
FAR SARACEN	UT 731 CD	2010	24400	SUP	May 17					
FAR SHOGUN	UT 731 CD	2010	24400	SUP	May 17					
FAR SAGARIS	UT 731 CD	2009	23700	SUP	Aug. 14 + opt.					
FAR SCORPION	UT 731 CD	2009	23700	SUP	Spot					
FAR SCIMITAR	UT 712 L	2008	16000	SUP	March 15 + opt.					
FAR SABRE	UT 712 L	2008	16000	SUP	Nov. 14 + opt.					
FAR SAPPHIRE	UT 732 CD	2007	27500	SUP	Spot					
FAR SOUND	UT 712 L	2007	16000	SUP	Nov. 14 + opt.					
BOS TURQUESA	UT 722 L	2007	19000	FSB	Feb. 15 + opt.					
FAR STRAIT	UT 712 L	2006	16000	FSS	April 15 + opt.					
FAR STREAM	UT 712 L	2006	16000	SUP	Jan. 18 + opt.					
FAR SWORD	UT 712 L	2006	16000	SUP	Jan. 18 + opt.					
BOS TURMALINA	UT 722 L	2006	15500	FSB	Oct. 14 + opt.					
BOS TOPÀZIO	UT 728 L	2005	13240	FSB	Spot					
LADY ASTRID	UT 712-2	2003	13500	IOS	Oct. 14					
LADY CAROLINE	UT 712-2	2003	13500	IOS	Oct. 14					
FAR SALTIRE	UT 728 L	2002	16300	FSL	March 15 + opt.					
LADY GURO	UT 719-2	2001	5450	FSS	Oct. 16 + opt.					
FAR SCOUT	UT 722 L	2001	18700	SUP	Feb. 16 + opt.					
FAR SANTANA	UT 730	2000	19200	SUP	July 18					
FAR SOVEREIGN	UT 741	1999	27400	SUP	Feb. 15 + opt.					
FAR SENIOR	UT 722 L	1998	18900	SUP	Feb. 16 + opt.					
LADY SANDRA	KMAR 404	1998	17000	FSS	Oct. 14					
FAR SAILOR	UT 722	1997	14800	SUP	Nov. 17					
FAR FOSNA	UT 722	1993	14400	SUP	Nov. 14 + opt.					
FAR GRIP	UT 722	1993	14400	SUP	Sept. 14 + opt.					
FAR SKY	ME 303 II	1991	13400	SUP	Spot					
FAR SEA	ME 303 II	1991	13200	SUP	Aug. 14					

Owner:

SUP = Farstad Supply AS

IOS = P/R International Offshore Services ANS

FSL = Farstad Shipping Ltd.

FSS = Farstad Shipping Pte. Ltd.

CON = Farstad Construction AS

FSB = Farstad Shipping S.A. (Brazil)

PSV/SUBSEA FLEET EMPLOYMENT

CONTRACT OVERVIEW AT 14.08.14

Vessel name	Design	Year built	DWT	Owner	Employment ¹⁾ at 14.08.14	2014	2015	2016	2017	2018
FAR SYGNA	VARD 1 07	2014	5635	SUP	Oct. 20 + opt.					
FAR SUN	VARD 1 07	2014	5635	SUP	July 20 + opt.					
FAR STARLING	PSV 08 CD	2013	4000	SUP	Sept. 15 + opt.					
FAR SITELLA	PSV 08 CD	2013	4000	FSS	May 15 + opt.					
FAR SPICA	PSV 08 CD	2013	4000	SUP	Oct. 14 + opt.					
FAR SOLITAIRE	UT 754 WP	2012	5800	SUP	Sept. 14					
FAR SKIMMER	PSV 08 CD	2012	4000	FSS	Sept. 15 + opt.					
FAR SCOTSMAN	PSV 08 CD	2012	4000	FSL	March 15 + opt.					
FAR SERVER	HY 832 CD	2010	4000	FSL	Spot					
FAR SERENADE	UT 751 CD	2009	5944	SUP	April 15 + opt.					
FAR SEARCHER	UT 751 E	2008	4992	SUP	Aug. 14 + opt.					
FAR SEEKER	UT 751 E	2008	4905	SUP	March 16 + opt.					
FAR SPIRIT	VS 470 Mk II	2007	3624	FSL	April 15 + opt.					
FAR SWAN	VS 470 Mk II	2006	3628	FSS	Dec. 14					
FAR SPLENDOUR	P 106	2003	3503	SUP	April 15 + opt.					
FAR SYMPHONY	P 105	2003	4929	SUP	April 17 + opt.					
FAR SWIFT	UT 755 L	2003	3084	SUP	Sept. 16 + opt.					
LADY MELINDA	UT 755	2003	2777	FSS	Dec. 15					
LADY GRETE	UT 755 L	2002	3271	FSS	March 15 + opt.					
LADY GRACE	UT 755	2002	2936	IOS	May 15					
FAR STAR	UT 745	1999	4403	SUP	Aug. 17 + opt.					
FAR SUPPLIER	VS 483	1999	4593	FSL	May 16 + opt.					
FAR STRIDER	VS 483	1999	4709	FSL	Aug. 17 + opt.					
FAR SUPPORTER	UT 750	1996	4680	FSL	May 16					
FAR SERVICE	UT 745	1995	4680	FSL	Sept. 14 + opt.					
FAR SCANDIA	UT 705	1991	3100	SUP	July 15 + opt.					
FAR SUPERIOR	UT 705 L	1990	3796	FSL	Spot					

Vessel name	Design	Year built	BHP	Owner	Employment ¹⁾ at 14.08.14	2014	2015	2016	2017	2018
FAR 829 tbn	OSCV 07	2015	-	CON						
FAR SLEIPNER tbn	OSCV 07	2015	-	CON						
FAR SAMSON	UT 761 CD	2009	47600	CON	April 15 + opt.					
FAR SAGA	UT 745 L	2001	10900	SUP	May 20 + opt.					
FAR SCOTIA	UT 755	2001	5450	FSL	Nov. 16 + opt.					

¹⁾ Certain freight contracts contain clauses which give the charterer the right to cancel the contract.

■ Contract
 ■ Charterer's option
 ■ Under construction



www.farstad.com

FARSTAD SHIPPING ASA

PO. Box 1301 Sentrum, 6001 Aalesund, Norway

Tel: +47 70 11 75 00, **e-mail:** post.aalesund@farstad.com

FARSTAD SHIPPING LTD.

Farstad House, Badentoy Avenue, Badentoy Park, Portlethen, Aberdeen AB12 4YB, Scotland

Tel: +44 1 224 784 000, **e-mail:** post.aberdeen@farstad.com

FARSTAD SHIPPING (INDIAN PACIFIC) PTY. LTD.

Melbourne:

GPO Box 5111, Melbourne Victoria, 3001 Australia

Tel: +61 3 9685 1500, **e-mail:** post.melbourne@farstad.com

Perth:

Level 9, 16 St Georges Terrace, Perth WA 6000, Australia

Tel: +61 8 9421 9300, **e-mail:** post.melbourne@farstad.com

FARSTAD SHIPPING OFFSHORE SIMULATION CENTRE PTY. LTD.

PO Box 1375 Bibra Lake DC, Bibra Lake WA 6965, Australia

Tel: +61 8 9494 5600, **e-mail:** info@farstadsimulation.com

FARSTAD SHIPPING PTE. LTD.

78 Shenton Way, #19-02, Singapore 079120

Tel: +65 6240 4500, **e-mail:** post.singapore@farstad.com

FARSTAD SHIPPING S.A.

Macaé:

Rua Abilio Moreira de Miranda, No. 606, Imbetiba, Macaé, RJ CEP 27915-250, Brazil

Tel: +55 22 2105 1900, **e-mail:** post.macaee@farstad.com

Rio de Janeiro:

Av. Rio Branco, 01 - Sala 1509 - Centro CEP 20.090-003, Rio de Janeiro - RJ, Brazil

Tel: +55 21 2138 2000, **e-mail:** post.macaee@farstad.com