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THE MONTHLY REPORT FROM WESTSHORE SHIPBROKERS AS

WESTSHORE
SHIPBROKERS AS

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02 HEADLINE NEWS

STATOIL AND ROSNEFT - OPPORTUNITIES UP NORTH

The signing of the maritime border agreement last year in the Barents Sea between Norway and Russia has laid a solid foundation for the development in cooperation between the two nations. The agreement has recently led to the signing of a cooperation agreement between Statoil and Russia state oil company Rosneft. By law only Russian companies can drill in Offshore Russia, this deal has opened the door for the companies to operate in each other's backyard.

The deal will allow for Statoil in cooperation with Rosneft to begin searching in large unchartered areas in the Barents and Sea of Okhotsk. A special purpose company will be established where Statoil will own 33.33% and the remainder by Rosneft. Together they will explore one area in the Barents Sea and three in the Sea of Okhotsk with Statoil financing the geological exploration work, in addition to reimbursing historical expenses incurred by Rosneft. Statoil will also cover a third of the expenses incurred by Rosneft during the license acquisition process. To begin with there will be 2D seismic work and six exploratory wells drilled, with more drilling to be scheduled should there be success. The cooperation will also allow for Rosneft to gain access to certain Statoil projects. Opponents of the deal have warned of the risk in teaching a future competitor and developing their offshore deep sea arctic capabilities.

Statoil will through this arrangement gain access to a large unchartered area within a region type in which they are familiar. The four licenses provide access to an area of about 100,000 square kilometers, which is approximately equal to the area they have had access to in the North Sea. Helge Lund the CEO of Statoil has stated that they aim for early access in new and promising basins, positioning them for high impact exploration. This agreement is at the core of their strategy, supporting their long term growth ambitions. In other words they are going to be applying a high risk, high reward formula. Rosneft has also entered into similar deals with ExxonMobil and Eni, with the word on the street that Statoil received the blocks that are the

most unattractive and are located much further north than that of the American and Italian companies areas.

The effect of this arrangment to the offshore support industry will not be felt quite yet, however the seismic industry can expect vessels contracted for work, with a few PSVs potentially fixed to supply the vessels during work. The companies are likely to indirectly ensure orders with shipyards for construction of ice class vessels and drilling platforms. In any case this will lead to further investment in the offshore industry and could involve a total investment of approximately USD 100 billion dollars over decades should they find oil. These new areas opening in the North will certainly lead to opportunities for owners with vessels capable of operating in the arctic. On another note meeting surrounding the Shtokman field occurred in Moscow at the end of May, with Vladimir Putin stressing the need to move forward. The field where Gazprom holds a 51% stake along with Total at 25% and Statoil at 24% has had encountered delays. The decision to switch to LNG production was recently announced with mention that one of the foreign partners would be switched out in favor of Shell with whom they have the ongoing Sakhalin LNG project.

03 MORE NEWS

OIL MAJOR TO BECOME VESSEL OWNER

BP has made some large investments lately with four fields in the North Sea market currently under development. The Clair Ridge gas field project located west of Shetland is being developed in cooperation with their partners, while the Schiehallion and Loyal fields in the same region are being redeveloped. The other field which will bring the total developments by BP to its largest amount in a short period of time is the Kinnoull in the central North Sea. They are expected to invest approximately USD 4.7 billion in the region during 2012, with more than USD 10 billion over the next five years. BP's production has seen a significant fall over the last 10 years, with last year finally showing an increase in production again. The new fields are necessary in order to maintain these production levels into the future.

Following this drive to increase production BP has also ventured into the ownership side of the offshore industry by ordering four new PSV to operate in the region. The vessels have a total cost of USD 205 million and are to be built at Hyundai Mipo Dockyard in South Korea with a scheduled delivery between Q4 2013 and Q2 2014. The vessels will have the UT 776 CD design and are intended to be operated in the North Sea. They will have oil spill response capabilities and special tanks to transport chemicals required for enhanced oil recovery. An operator for the vessels has not been decided with likely tenders for the position expected to surface.

This is a major step by an Oil major to invest in vessels and could potentially be a sign of future actions by the international oil companies. In the 1980s during tough times some oil companies acquired vessels to transport their crude oil given the lack of strength within the tanker owner industry. The concept has been discussed within the offshore segment earlier during the banking crisis when finance was not as readily available to shipowners however few IOCs actually took the necessary steps. BP is the first to make this move and only time will tell whether this trend will take traction.

ODD BREVIK – NEW CHAIRMAN OF THE BOARD AT WESTSHORE SHIPBROKERS

Westshore has engaged a well-respected name in the Norwegian offshore industry for the role as Chairman of the Board. Odd Brevik started his career within the offshore sphere at Parley Augustson/Balder Management in 1982. After the bankruptcy in 1985 the remains of the company were purchased by Brøvig/Mosvold and moved to Farsund, now trading under the name Supply Service. Brevik followed the vessels to Farsund. In 1988 he combined forces with Christen Sveaas to create Viking Supply Ships. Odd continued as Managing Director of Viking until his first retirement in 2000, looking after the Standby boat fleet and barges after they sold their supply vessels to Sævik Supply in 1998. He also contracted three newbuilding arctic vessels that still operate today. During his career Odd has been involved with a number of the big names in the industry. He made a comeback in 2005 with the founding of Deep Sea Supply after the purchase of six vessels from Tidewater and thereafter the acquisition of 22 newbuilding contracts from Sea Tankers. In 2010 he retired for good, but has maintained an active coverage of the market since that time. His experience in the industry will be well utilized during board strategy sessions, and we look forward to his contributions in growing Westshore. We salute Mr. Brevik and are glad to have him onboard.

04 NEWBUILDING NEWS

NEWBUILD DELIVERIES
NEXT SIX MONTHS

June 2012
Island Crusader (UT 776 CDG)
Far Scotsman (STX PSV 08 CD)
Evita (VS 485 MKII)
Olympic Orion (MT 6015)

July 2012
Viking Fighter (STX PSV 08CD)
FD Incomparable (UT 755L)
Vestland Mistral (VS 485)
Torsborg (Havyard 832)
C-Viking (UT755 LCD)
Bourbon Clear (PX 105)

August 2012
Skandi Aukra (STX PSV 09)
Ocean Response (VS 485 MKII)
Blue Prosper (PX 121)

September 2012
Island Contender (UT 776 CDG)
Østensjø TBN (ST 920)
Viking Princess (VS 489 LNG)
Far Skimmer (STX PSV 08 CD)
Bourbon Calm (PX 105)

October 2012
Vestland Mira (Havyard 832 L)
STX Leader (STX PSV 09 CD)
Far Solitaire (UT 754 WP)

November 2012
Olympic Taurus (MT 6015)

Delivered
Olympic Energy (STX PSV 06 LNG)
Brage Trader (STX PSV 09 CD)
Troms Sirius (STX PSV 09 LCD)

NEWBUILD ANNOUNCEMENTS THIS MONTH

-Havyard Group in Fosnavåg has entered into another shipbuilding contract with Global Offshore formerly Garware for their seventh PSV at their yard. The NOK 270 million contract is for a vessel with the Havyard 832 S design for delivery in July 2013 with an option for an eighth vessel to be delivered in March 2014. So far Havyard Group have delivered five vessels from their yard in Leirvik after the first deal was struck between the two parties in 2005, they currently have a vessel with the same design under construction at the yard for delivery Q1 2013.

-BP have confirmed their order of four new PSVs with the UT 776 CD design for delivery between the winter of 2013 and summer of 2014 from Hyundai yard in Korea for USD 200 million.

-Simek AS has signed a new contract with Atlantic Offshore for a PSV with the UT 755 LC design, the contract has a value of NOK 200 million. The vessel is to be delivered May of 2013 and will precede the delivery of the two Gulf Offshore vessels to be delivered at the yard in June and November 2013. The dimensions of the vessel will be 76.6 meters long, 16 meters wide and have a draft of 7 meters with a 710 square meters deck.

-GC Rieber have confirmed a deal with Ulstein Shipyard for the building of a high capacity subsea vessel to be delviered in Q1 2014. The total vessel price is NOK 800 million and includes an option for an additional vessel. The vessel will be designed to operate in harsh and deep waters with a length of 130 meters and a beam of 25 meters. The CSV will have DP3 and 250t crane.

-Simon Møkster shipping has ordered a subsea vessel (MSV) at Simek Shipyard in Flekkefjord, the vessel will have a MM85 design and be delivered in May 2014. The vessel is 85 meters long with a 60t crane.

-Eidesvik have ordered a large subsea vessel worth NOK 1 billion at Kleven Maritime with delivery by mid 2014. The order includes an option for a second vessel for delivery in early 2015. The design is developed by Eidesvik in cooperation with Salt Ship design and Kleven and will be called SALT 301 OCV. It will have a length of 145 meteres and will be equipped with 400t and 100t capacity cranes.

05 DRILLING & PRODUCTION

Record numbers in the UK North Sea

Shortly following the successful auction in the Norwegian North Sea, the UK held their licensing round for oil and gas drilling. On the 1st of February 2012 the Secretary of State for energy and climate control invited applications for the 27th licensing round by the 1st of May. The blocks have not yet been awarded but the interest has been substantial with a total of 224 applications submitted. The UK government stated that this was the largest number of applications since the offshore licensing began in 1964 and is a sign of continuing investor interest in what is already one of the world's most mature basins. Estimates from Intsok have shown that the UK North Sea is the fourth largest market following the Norwegian North Sea, US Gulf of Mexico and Brazil with total investments of approximately USD 85 billion from 2011 to 2014. The energy minister Charles Hendry called the new record number "tremendous news for industry and for the UK economy" and demonstrated the "extraordinary level of interest in North Sea oil and gas." The new record level of applications is a direct response to the recent changes within the tax regime of the UK, which amongst other things provided clarity on the level of tax relief oil companies would receive during decommissioning of platforms and included a GBP 3 billion tax break to open up development in the frontier region to the west of the Shetland Islands.

UPCOMING AND ONGOING

-Fred Olsen Energy has entered into a contract with the South Korean shipbuilder Hyundai Heavy Industries for a harsh environment semi-submersible drilling rig for USD 700 million. The rig will be a Moss Maritime CS 60 E design and will have the capability to drill in water depths of up to 10,000 feet. The rig is designed for year round operations in the Norwegian Barents Sea. The delivery of the unit is expected in March 2015 with an option available for delivery of another unit later the same year. The option must be called by October this year.

-Hess Corporation has sold its 15.67% stake of the BP operated Schiehallion field in the west of Shetlands region of Scotland to Shell. In addition to the stake, the sale includes a share of both the field's FPSO and the West of Shetland pipeline system.

-Maersk Oil will take over Noble's 30% non-operated working interest in the Dumbarton and Lochranza fields in the UK North Sea. The sale for USD 127 million is a continuation of Nobles divestment from non-core US onshore properties.

-The Barryroe field discovery has recently been touted to have the ability to generate an initial production of around 12,500 barrels of oil per day and 11 million standard cubic feet of gas per day. Providence believes that these latest figures confirm the magnitude of the fields productivity potential, and could potentially deliver oil at significantly higher production rates than previously modeled.

-The Safe Caledonia accommodation unit has had its contract with BP extended by seven months. Prosafe has accepted a slightly lower day rate than the first eight months, with the total value of the contract including the initial eight months now stated at USD 116 million.

-IHS Petrodata has stated they believe it will be a tight market in the rig sector and do not expect any available semi-submersible capacity until 2014 in Norway. They expect rates up to USD 400,000 per day on the British sector next year, with current rates approximately USD 275,000 to USD 360,000 per day.

-Statoil awarded drilling contracts to a value of NOK 30 billion. KCA Deutag, Odfjell Drilling and Archer have been awarded the contracts, which include drilling of new wells, plugging of old wells, work-over and maintenance of drilling facilities on 18 of Statoil's fixed platforms. The duration of the contracts are four years plus options for three times two year extensions.

-Maersk Drilling have landed a contract with Statoil for chartering a new jack up rig for the Dagny field. The new jack up will be built at the Keppelfels yard in Singapore and will have the CJ 70 design. The contract is valued at USD 605 million and will run for four years with two one year options.

06 IN AND OUT

PLATFORM SUPPLY VESSEL NEWBUILDS

Vessel	Design	Manager	ENTRY	From
Island Crusader	UT 776CDG	Island Offshore	Start – June	Newbuild – Norway
Far Scotsman	STX 08 CD	Farstad	Mid – June	Newbuild – Norway
Olympic Orion	MT 6015	Olympic Shipping	End – June	Newbuild – Norway
Evita	VS 485 MKII	Ugland	End – June	Newbuild – Norway

PLATFORM SUPPLY VESSELS - IN

Vessel	Design	Manager	ENTRY	From
VOS Producer	Own design	Vroon	Start – June	Helix
VOS Prominence	Vujik Kenton	Vroon	Mid – June	Senergy
Olympic Electra	MT 6009L	Olympic Shipping	Mid – June	Centrica
Rem Supplier	UT 755 LN	Rem Offshore	Mid – June	SPD
Island Captain	UT 776 CD	Island Offshore	Mid – June	Halliburton
Troms Artemis	VS 485 CD	Troms Offshore	Mid – June	Statoil
Edda Freya	SK60/09DL	Østensjø	Mid – June	Allseas
Edda Frigg	SK60/09DLB	Østensjø	Mid – June	Allseas
SBS Tempest	VS 470 MKII	Viking	End – June	Talisman
Ocean Pride	Havyard 832 L	Atlantic	End – June	Allseas
Bourbon Front	PX 105	Bourbon	End – June	Allseas
Brage Supplier	STX 09 CD	Møkster	End – June	Allseas
Toisa Invincible	VS 483	Toisa	End – June	Allseas
Olympic Commander	MT 6015	Olympic Shipping	End – June	Chariot Oil & Gas
Havila Crusader	VS 485	Havila	End – June	BP
Energy Swan	ST216L	Golden Energy	Start – July	BP
Far Star	UT 745	Farstad	Start – July	Statoil
Normand Arctic	PSV 12 LNG	Solstad Shipping	Start – July	Statoil
Viking Prince	VS 489	Eidesvik	Start – July	Lundin

PLATFORM SUPPLY VESSELS - OUT

Vessel	Design	Manager	EXIT	To
Brage Trader	STX 09 CD	Møkster	Start – June	Conoco Phillips
Dina Supplier	UT 755 LC	Myklebusthaug	Start – June	MOUK
Edda Frende	ST 216	Østensjø	Start – June	Shell UK
Bourbon Sapphire	P105	Bourbon	Mid – June	Allseas
Toisa Independent	G 1000	Sealion Shipping	Mid – June	Allseas
KL Brofjord	STX 06 CD	K Line	Mid – June	Statoil
Rem Supporter	STX 06 CD	Rem	Mid – June	ADTI
Stril Polar	PSV09LCD	Møkster	End – June	Wintershall

ANCHOR HANDLERS - IN

Vessel	Design	Manager	ENTRY	From
Sea Tiger	KMAR 404	Deep Sea Supply	Mid – June	Enroute (West Africa)
Stril Commander	Havyard 842	Møkster	Start – July	Statoil

ANCHOR HANDLERS - OUT

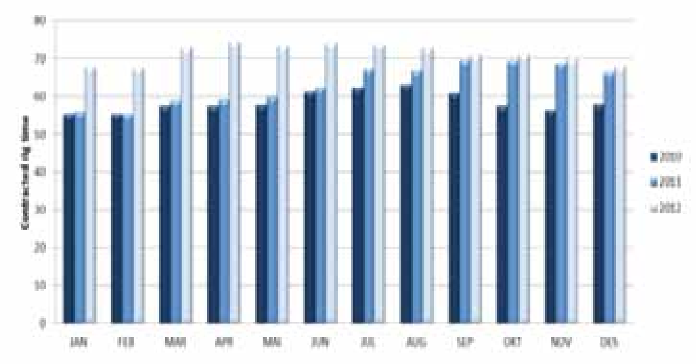
Vessel	Design	Manager	EXIT	To
Stril Challenger	Havyard 842	Møkster	Start – July	Eni
Maersk Launcher	A - Class	MSS	End – August	Petrobras – Brazil
Magne Viking	VS 4622 CD	Viking Supply Ship	Start – Sept	Chevron Canada

07 MARKET FORECAST

WHAT LIES AHEAD FOR ANCHOR HANDLERS

Offshore support vessels have seen their rates drop drastically during the month of May and the expectations of June do not see these rates increasing until closer to the end of the month. The current supply of AHTS in the North Sea is approximately the same as it was last year at the start of June with 63 vessels in the market, of those 43 are currently on the spot market while the remaining 20 are on term contracts. During this period last year the market had 62 vessels, however only 33 of those vessels were on the spot market with 29 vessels taken by the term market. The major difference between this year and the last can be attributed to the drilling in Greenland by Cairn and the vessels occupied on term by this project. A majority of these vessels left the market in May and did not return until the end of the year, therefore despite a fall in rig moves last year in June (13 rig moves through spot contracts in June 2011, down from 18 the year before and also 18 the month before) the rates increased from an average of GBP 26,018 to 38,551 per day.

A major notion to why the summer markets where expected to be so strong is the increased rig numbers in the North Sea. The below table shows the amount of contracted rig time versus the



two previous years, we also note that during the next two to three months a number of rigs will be entering the market. The Scarabeo 8 is finished and the sea trials have been a success, we can expect this rig to enter the market shortly. The West Hercules is also expected into the market in June/July with the COSL Innovator expected to arrive in this time period. On the UK side the Maersk Resolve is expected into the market in July. Otherwise the COSL Promoter is expected in October and the Leiv Eiriksson in the beginning 2013. With these rigs entering the market, the capacity is essentially capped, meaning that we will not see any further increase in demand for vessels coming from drilling activity for this year after the summer. Our view has been that the drilling activity would remain fairly flat from last year, with Norway seeing a slight increase.

During the first five months of 2011 there were a total of 76 rig moves done by spot vessels, so far this year that number has increased but only by a negligible amount of six. Last year there were only 13 rig moves in the month of June, and we expect the number to remain approximately the same this year in June with an estimated 10 to 15 moves. Typically we see solid activity in the July and August and don't expect the real rebound in rates to occur until this period. Statoil have recently announced that they have scheduled a total of 50 rig moves this year compared to their 49 last year, so we don't expect to see a significant increase from one of the major players in the North Sea.

The absence of activity in Greenland is very noticable in the market, and the recent solution to the Elgin crisis has and will lead to more vessels laying idle. With a very limited expectation on the term in the North Sea going forward the next months, we expect owners will begin to look to other markets to bring their vessels (see article on the next page), hopefully decreasing the amount of available vessels in the market. We therefore expect the number of vessels available in the North Sea to decrease going forward the next months. Otherwise the subsea market has been strong, however this has not had the spill over effect on the AHTS market as hoped.

Given the significant increased number of vessels on the spot market this year we do not expect to see the rates increase significantly in the near term. The increased rig activity coming up combined with the already increased rig count from earlier in the year should lead to a moderate increase from the current low rate levels towards the end of this Month, with rates reaching solid levels in July and August. We also expect the seasonal projects that have been delayed to come into play.

A FEW WORDS WITH WESTSHORE

"The poor May market will spill into June, and leaves us well below previous expectations."

Gøran Røstad
Shipbroker

"This is not the season for term, but the low rates and utilization may smoke out some fresh requirements"

Tore Kopland
S&P Shipbroker

07 MARKET FORECAST

CANADA, AFRICA AND EVEN THE FAROE ISLANDS

With the lack of drilling in Greenland and the market not as potent as hoped on home turf shipowners have begun opening their eyes to other areas far and close to the North Sea that might be able to absorb some of their tonnage. Last year the Greenland drilling campaign by Cairn and pipehauling by Allseas lightened the North Sea spot market. A total of eight Anchor Handlers were picked up by Cairn Energy for their projects in addition to five platform supply vessels, ten of these vessels left their market for Greenland in April/May which lead to a decrease in supply in the North Sea market for the next four to six months. One could argue that the Elgin crisis was an event that also absorbed a fair amount of tonnage, this situation has now been resolved and as such we have seen the vessels returning to the market. The three areas of Canada, Africa and the Faroe Islands have occupied tonnage, and there are hopes that they could further alleviate the supply of vessels in the North Sea spot market.

Viking Supply Ships has of late fixed two vessels in Canada. There exist certain rules and regulations concerning importation of vessels to this market and the ability for local suppliers to block foreign vessels in the region provided they have available tonnage. The Brage Viking was fixed on a short term contract for 30 days to Husky Energy, while the Magne Viking was fixed to Chevron

Corporation for well support operations for an estimated 150 to 180 days with the charter commencing during the Q3 2012. Viking Supply Ships have found their tonnage to be very suitable for the market, and have already bid for other existing tenders. There are a number of tenders that have been circling for the area, with the Hibernia/Statoil project requiring two to three vessels for two year contracts commencing in Q4, while further ships are needed for the previously mentioned Chevron contract. There is also an expectation that both Chevron and Husky are each expecting to bring another rig into the area. Of the three areas, Canada looks the most promising, although the costs can be high. There are currently two ways of entering the market, either by flagging Canadian and paying a handsome import cost of 25%. Norway has over the last two years had an import agreement whereby the import cost is reduced by one percent every year, the current cost is 23% of the market value of the vessel. Canada also has an agreement with Chile with zero import tax. Maersk has taken advantage of this agreement for existing vessels and they are currently building two vessels with Asenav in Santiago with an option for another four. The second method of bringing a vessel in is through a temporary coastal trading license, where the import cost only amounts to (1/120) of the market value, however this can only be done if there are no Canadian flagged vessels available for the requirement. The oil companies have likely already had the intake of vessels approved prior to the tenders and cover the importation cost. The taxes incurred in Canada are the same regardless of the method of vessel importation, with a 29% tax on the profit of a contract along with a 43 to 48% crewing tax. Vessels wanting to bid in the region will require Ice Class 1C.

There has been a lot of speculation regarding the increased desire for larger and higher specification vessels required in Africa for some time now. Specifically there is a need for PSVs with DP2 that can operate in deep waters. Most shipowners have agreed that the demand in the region will only grow, however thus far the unwillingness of charterers to pay mobilization costs have resulted in contracts that are not financially acceptable. There are certainly many bureaucratic fences to jump in order to fix vessels in the region. Siem Offshore have the Siem Louisa on charter to Eni until the end of September, while the Sophie Siem just signed a contract in the region from June to September. The region has typically been more interesting for vessels from the US Gulf and older North Sea tonnage however we expect this to change over the coming years. In the short term we don't expect many vessels to be leaving the NCS for African waters. Recently we have seen Norwegian owners bring their toannge back to the North Sea given alot of competetion for the various requirements.

Faroe Islands have recently been in the headlines given the drilling campaign expected by Statoil, Exxon and Arctic Supply base (a local oil company). Last year Statoil sold stakes in three exploration licenses to Exxon who have extensive sub basalt experience with the two companies developing the acreage in cooperation. The 8th drilling campaign in the region will fire up this summer in the frontier area of the Brugdan prospect. Statoil drilled there in 2006, but according to sources did not go deep enough. So far this four to five month campaign has picked up two vessels in the Esvagt Connector and the KL Brofjord for an extended period. We don't expect a major requirement from the Faroe Islands, potentially one more vessel. However as in any region a large find could lead to further drilling campaigns and potentially a higher absorption of vessels.

Eksportfinans to wind down, Export Credit Norway winding up.

Eksportfinans has been a major contributor to the finance structure of shipowners over the past 50 years having contributed to the financing of more than 90 vessels built at Norwegian yards just over the last three years. They were 85% owned by 25 Norwegian and foreign banks (DNB Nor 40%, Nordea 23.2% and Danske Bank 8%) operating in Norway with the remainder held by the Norwegian Ministry of Trade and Industry. The loans were available for foreign buyers interested in purchasing Norwegian goods and services, but also Norwegian buyers could receive funding provided certain conditions were met. This financing has therefore been a crucial tool for many of the Norwegian shipowners building vessels both in Norway and overseas. Within the offshore sector these loans have always been done in conjunction with a commercial bank, and follow the terms of the "OECD Arrangement on Export Credits". The loans provided are guaranteed by GIEK (Garanti Instituttet for Eksportkreditt), which take the same risk premium and security as the commercial banks.

Eksportfinans ran into problems when the government decided not to extend an exemption they had on the EU's Capital Requirements Directive which limits bank exposures to 20% of the lenders regulatory capital. According to new regulations, the risk weighting should be 100%. Initially they were permitted to use the reporting standards of 2010 for large exposures however this was only permitted until year end 2012. The shareholders including the Norwegian government attempted to find a solution to recapitalize the company, however they were not successful. The expiration date was later extended for the facilities affected by this directive on condition that they did not increase the exposure on these loans. In direct response to the lack of a solution the Norwegian government in November 2011 decided to assume responsibility for the government supported export credit scheme that had been managed by Eksportfinans since its inception. Within this scheme the ability to provide subsidized fixed interest rate CIRR loans (108-scheme) and CIRR qualified market loans on commercial terms were stripped from Eksportfinans. CIRR loans are loans granted to borrowers for financing of export projects on terms compliant with the OECD "arrangement on Officially Supported Export Credits". As from July 1st, 2012 a new state backed entity called Eksportkreditt Norge AS will take over the function, with the lending and legal departments of Eksportfinans transferring to the new entity, in total 29 people. In order to continue the export financing under the 108 – scheme during this interim period Eksportfinans has temporarily been acting as the facilitator for these facilities, while the government has acted as counterparty in the loan agreements. Eksportfinans has therefore not been providing new debt under their name, only installments that have previously been approved, going forward the company will administer their existing loans and develop a new business strategy. In 2014 the existing loan portfolio is expected to be around NOK 60 billion, by 2017 it will be in excess of NOK 20 billion.

The new company will provide the same services as its predecessor in regards to contract financing, the major difference is that it will be fully owned by the state. The loans provided will be financed by the state, which ensures shipowners access to credit in situations where credit is not readily available in the debt or capital markets. Shipowners can rest assured rely on the fact that export financing will continue to be provided in the same manner, given that loans have already been provided by the government through Eksportfinans despite that the new organization has not yet officially been unveiled. The Minister of Trade and Industry Trond Giske has come out

strong reinforcing that the new established company will ensure a robust and competitive export financing scheme for the Norwegian Industry. There is in principle no limit to the total amount of funding that will be available through the scheme, provided the project meets all requirements. These requirements are the same as before and basically require that the borrower be deemed creditworthy by GIEK and the commercial banks and that they qualify for financing under the OECD arraignment. The only major change from before is that the loan application must be filed prior to any commercial contract being signed. The terms that Eksportkreditt can provide are the same as the previous entity Eksportfinans could, basically all shipowners can relax knowing that funding through the export credit scheme will continue as it has for the last 50 years.

THE LAST WORD

REPORT WRITTEN BY

Offshore Analyst
Jon Inge Buli

Westshore Asks:

"What will the spot utilization be for Anchor Handlers by the end of June?"

May Market Recap:

It's been a tough month for all support vessels with rates down across the board. The larger anchor handlers saw an increase in average rates in the month of April however these have fallen tremendously in the month of May reaching GBP 15,832 per day down from GBP 43,227 in April and GBP 26,011 in the same month last year. There have been few requirements from the Oil majors, with Statoil not contracting a single vessel intended for rig moves the entire month. The low rates in the market have led to many anchor handlers picking up supply work during May, with 15% of all jobs hijacked from the PSV market. A total of eleven rig moves with vessels from the spot market in the month of May show a fall in activity of more than 40% from the previous month, however the activity is similar to last year when 13 rig moves were made. The vessel count as from the end of the May is at 63 vessels just one more than the same period last year, the major difference was that there were 10 more vessels available on the spot market with a majority of vessels moving to term contracts with Cairn.

The PSV market has seen its consistent flow of supply work diminish towards the end of the month, however in total there have been 65 fixtures during the month of May, only one less than April. However average rates for larger PSVs have plummeted from an average of GBP 20,468 per day in April to GBP 11,900 per day. The rates in May 2011 were on average GBP 19,941 per day. The supply of vessels in the market is beginning to catch up with the demand, previously the demand had been able to absorb all the new vessels, this has clearly begun to change. Another three newbuilds were delivered to North Sea in May, including a handfulof vessels returning to the spot market from term contracts and other offshore regions. Allseas were particularly active in 2011, and although they have been fixing in 2012 the total is substantially less with both charter duration and number of vessels having fallen.

This months competitors:

Atle Holgersen
Simon Møkster
Answer: 65%

Stig Erik Kyrkjeeide
Swedbank
Answer: 92%

Morten Grumheden Aggvin
Viking Supply Ships
Answer: 89%

Last month's winner is..

In last month's edition we wanted to know how the competitors thought the market would look on the 17th of May and how many vessels would be available prompt in Norway. Given that our brokers are on call 24/7 we were able to establish that on Norway's national holiday there were 2 PSVs and 8 AHTSs. It will come as no surprise to all our readers that Atle Holgersen ran away with it again estimating that there would be nine vessels available prompt. Congratulations and he can expect a bottle of Champagne for his five time winning streak. This time around we have brought in a couple of analysts to run away with the victory and put a stop to the winning streak. However Mr. Holgersen seemed unafraid of the analyst firepower.

EURO2012 POLAND-UKRAINE

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