ANNUAL REPORT 2012

OCEANTEAM SHIPPING


SOUTHERN

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SHAREHOLDERS LETTER

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2012 was a year of significant progress and important milestones for Oceanteam Shipping ASA. We executed several complex initiatives and more importantly, we saw the culmination of the refinancing process the company started three years ago. It is with great pleasure and a good deal of pride that I can say that we have successfully delivered on all the strategic initiatives and promises we made back in 2009. In the span of these three years we have re-focused the company, restructured the balance sheet and operations, refinanced two vessels and the company's bond debt and in the process we have cleaned up our capital structure and significantly strengthened our balance sheet. With a fiscally sound company, an average backlog of 3 years and a favorable market it is now time to again turn our attention to future growth opportunities.

In 2012 the company has refinanced a total of USD 240 million in vessel and company debt. This is a significant amount for a company our size and signals that the capital markets are accessible and willing to fund the right projects and strategic initiatives. The USD 92.5 million bond placement in October concluded the changes in capital structure and will significantly improve the company's liquidity, debt maturity profile and provide the company with a solid financial platform to develop going forward.

During the year there have also been significant events in our shipping operations, we have extended the charter of CSV Bourbon Oceanteam 101 for three years and the CSV Southern Ocean with a two year bareboat charter. The CSV North Ocean 102 was converted into a bareboat charter, reducing operational risk. This year we also saw the on time and on budget delivery of the Lay Vessel North Ocean 105. The vessel immediately began a 5 year time charter with McDermott International. In the engineering and equipment rental segments prospects are good and operations are proceeding as planned.

We see an unprecedented amount of opportunity for both this year and the long term. Now it is all about moving at the right pace and finding projects and financing solutions that fit perfectly with the company's strategy. By delivering on promises and staying true to our strategy we are confident that, over time, the markets will come to realize the inherent values already in the company.

When I pause to reflect on how far we have come over the past few years and how much further we will go in the next one, I could not be more excited.

Thank you for your support.

Haico Halbesma
Chief Executive Officer
Oceanteam Shipping ASA

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DIRECTORS REPORT 2012

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ABOUT OCEANTEAM SHIPPING

Oceanteam Shipping is an offshore shipping company. Oceanteam's business is the owning, chartering and managing of Deepwater Offshore Construction Service and Pipe Lay Vessels, Fast Support Vessels and Equipment.

In addition Oceanteam Shipping provides complementary engineering services consisting of both engineering & design services and equipment to support its clients.

With our in-house engineering experience and expertise we ensure that our clients contract the most effective vessel solutions for their projects. We can provide high level assistance and give support on every aspect of the fleet we manage. This includes both operational and technical support.

Oceanteam Shipping operates on a global basis where we serve three markets:

- Oil and gas
- Offshore renewable
- High voltage submarine power interconnectors

For more information: www.oceanteam.no

The ticker code at the Oslo Stock Exchange (www.ose.no) is ''OTS''.

COMPANY OVERVIEW

Oceanteam Shipping was incorporated on the 5th October 2005, in Bergen Norway. The business idea was to continue the development of the North Ocean 100 series which the founders had started in 2004 and to work in the renewable energy market. In December 2005 the company was awarded its first offshore wind farm installation project in The Netherlands.

In February 2007 Oceanteam Shipping was listed on the Oslo Stock Exchange under the ticker code "OPU".

The "CSV Bourbon Oceanteam 101" of the North Ocean 100 series was delivered late 2007 as the first of its multiple vessel building programme. Vessel "CSV North Ocean 102" was delivered in December 2008.

As a result of disputes and project delays in offshore renewable and power grid installation projects in 2007 and 2008 and also the credit crunch Oceanteam Shipping started a period of restructuring. The company exited completely from offshore subsea power cable installation projects and refocused on the provision of high end construction support vessels, equipment rental and engineering services.

52.5 percent of the NOK 800 million bond loan together with the shareholder loans were converted to equity. The company also issued EUR 6.2 million of equity and two kinds of warrants were issued with a call structure for the NOK 400 million bond. The restructuring plan was to refinance the bond latest by June 2014.

The North Ocean 103 was delivered June 2009 and sold at delivery to Technip. In December 2009, 50 percent of the North Ocean 102 and 75 percent of a slot to build the North Ocean 105 were sold to McDermott. In combination with the McDermott sales two 5 year time charters were entered into with Eastern Marine Services Ltd together with a purchase option at the end of each time charter.

The strategic change towards assets with increased engineering capabilities reduced the risks for the company and has led to increased profits.

In August 2010 the Southern Ocean (North Ocean 104) entered into a three year bareboat contract with Fugro TSMarine.

On 3rd February 2011 the company changed name from Oceanteam ASA to Oceanteam Shipping ASA with the ticker code "OTS". Today, Oceanteam Shipping operates, in addition to its Engineering & Design Services, four large CSV North Ocean 100 series DP 2 construction support vessels of which one with a 7.000 ton lay-spread, two fast support vessels and a pool of installation and burial equipment, carousels and tensioners. Three operating CSV vessels are owned through 50 percent joint venture companies and the Lay Vessel North Ocean 105 was delivered 20th April 2012 and has commenced a five year time charter with McDermott. Oceanteam owns 25 percent of the Lay Vessel North Ocean 105.

Oceanteam Shipping has offices in Amsterdam and Schiedam in the Netherlands, Monaco and Ciudad Del Carmen in Mexico. The corporate head quarter is in Bergen, Norway.

The company has also an operational base in Velsen, The Netherlands.

OCEANTEAM SHIPPING HAS TWO OPERATING SEGMENTS: SHIPPING AND ENGINEERING.

SHIPPING

The North Ocean series, a high-end offshore construction vessel series has proven to be able to meet the requirements of the world's most demanding clients and subsea operations.

Oceanteam Shipping has further developed projects and designs for future larger and more advanced North Ocean Series vessels.

Oceanteam Shipping's clients expect a high degree of co-operation, engineering, crew and owner support at the various stages of their projects. The combination of modern assets and engineering allows the company to provide innovative solutions and intelligent steel on which the company expects to expand going forward.

The Fast Support vessels are two Axebow Design Vessels operating in Venezuela with management controlling the business from Mexico.

In this segment there are solid clients like Oceaneering/BP Angola, Fugro TSM and McDermott.

ENGINEERING

The engineering division includes approximately 167 people in the design engineering business and rental business of Oceanteam Shipping's pool of cable installation equipment. The tools are operational and are rented to various parties within the renewable subsea power cable installation and Oil & Gas market. In the segment the company provides services for 50 to 60 clients in the oil & gas market and the offshore renewable energy market.

MISSION, STRATEGY & GOALS

Oceanteam Shipping's mission is to provide state of the art construction support vessels that enable its customers to perform their operations in the most efficient manner. Oceanteam Shipping has developed the CSV North Ocean series based on operational experience and technical knowledge. The strategy of the Company is to create value for its stakeholders by continuing to invest and develop relevant assets for its clients within the offshore Oil & Gas and Offshore Renewable Markets.

In addition Oceanteam provides complex offshore support solutions through integrated seamless engineering know how and a pool of special purpose support equipment.

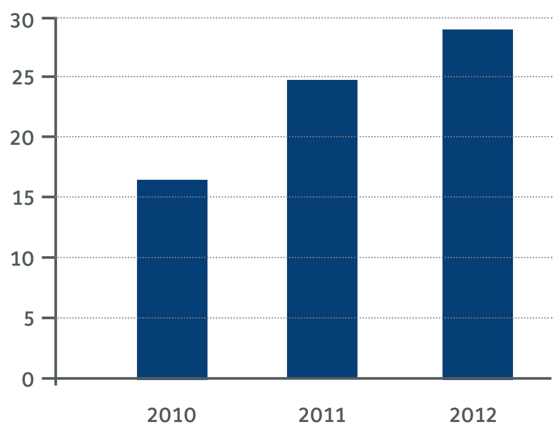
The ambition is to be the first choice in engineering service and execution management for economically and technically challenging projects in the Oil & Gas and Offshore Renewable Energy sector.

ANALYTICAL INFORMATION 2012

USD MILLION	2012	Q4	Q3	Q2	Q1
Total operating revenues	**66,5**	**16,6**	**18,5**	**16,1**	**15,4**
Operating costs	(23,4)	(5,9)	(5,9)	(5,4)	(6,2)
General & administration	(14,4)	(4,7)	(3,2)	(3,5)	(3,0)
EBITDA percentage	**28,7**	**5,9**	**9,4**	**7,3**	**6,1**

KEY FINANCIAL FIGURES (USD MILLION)

EBITDA DEVELOPMENT YEARLY – HISTORICAL

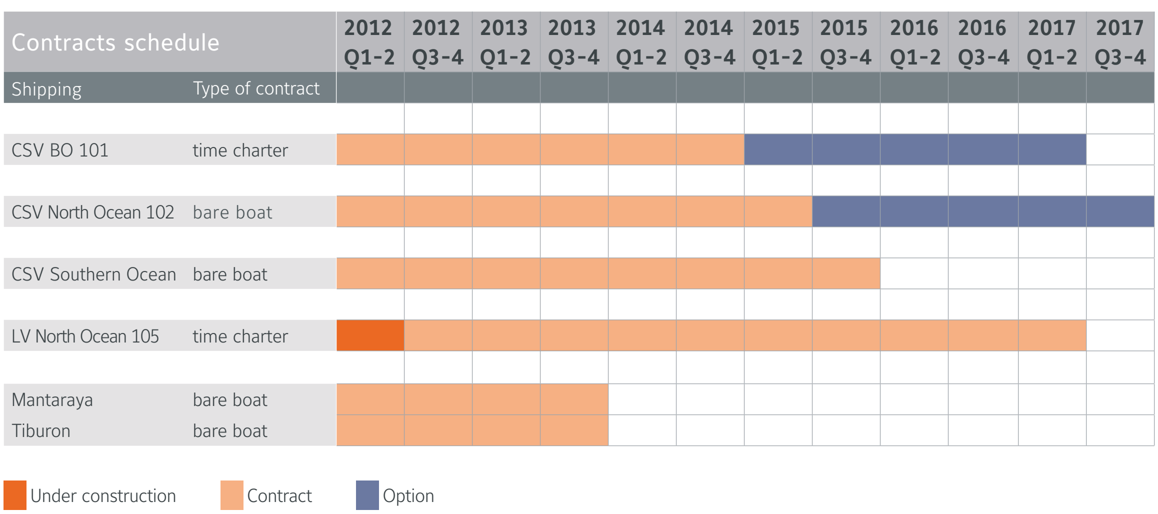


MAIN EVENTS – 2012

CHARTER RENEWAL

In Febuary the company extended the time charter for the CSV Bourbon Oceanteam 101 for three years including a two time one year option with Oceaneering/ BP Angola. The CSV Southern Ocean charter was also extended until ending 2015. The time charter contract for the CSV North Ocean 102 was converted into a bare boat contract during the fourth quarter.

The back log for the company in secured contracts is above USD 100 million firm and USD 143 million including options.



REFINANCING

Oceanteam Shipping completed its refinancing process in 2012 for the vessels "CSV Bourbon Oceanteam 101" and "CSV Southern Ocean" of a total USD 147 million together with a successful placement of a bond issue of USD 92.5 milion. The old bond loan of NOK 400 million was called and paid at 124.4 percent which made the warrants I active. 14.5 million of the warrants I were exercised which increased the number of shares from 15.1 million shares to 29.6 million shares in the company.

Following the refinancing, the company has a strong balance sheet and the liquidity reserves necessary to exploit potential attractive opportunities.

2012 OPERATIONS

SHIPPING

CSV Bourbon Oceanteam 101 has been fully operational the whole year. The charter with BP Angola/ Oceaneering was extended for 3 years firm and 2x1 year options as from 1st February 2012.

CSV North Ocean 102 has been on charter with J.Ray McDermott S. A. and has successfully worked in the Middle East and Australia during the year. The time charter was converted into a bareboat charter. This has reduced the operational risk for the company further.

CSV Southern Ocean (renamed from CSV Bourbon Oceanteam 104) has been operational from October 2010 with Fugro-TS Marine Australia. During first quarter of 2012 the owners agreed to an extension of the 2 year bareboat charter until the ending of 2015 with Fugro - TS Marine Australia.

Lay Vessel North Ocean 105 has been under construction in 2010 and 2011 and was delivered on 20th April 2012 on time and on budget. The vessel began a 5 year time charter with McDermott International at delivery and will operate on a worldwide basis as a pipe layer.

Oceanteam Mexico SA de CV operates two fast support vessels "Tiburon" and "Mantaraya" and both vessels were operational in Venezuela in 2012 on bare boat contracts and will remain on these throughout 2013.

ENGINEERING SERVICES

KCI Engineering, working besides the Oceanteam fleet and in the Oil & Gas and Offshore Renewable Energy sector with engineering and design services, has supported Oceanteam Shipping with engineering services related to the new design of a North Ocean series.

The company has had an average of 167 engineers working on the following projects:

- Basic and detailed design for the relocation of 3 Multi-Purpose platforms in the Netherlands including the detailed design for the pipeline
- 2 concept studies for oil and gas field development plans in the Dutch offshore sector.
- FEED study for decomissioning large offshore platform in the UK sector. Owner's engineering support for the turbine foundations for the Luchterduinen project located in the Netherlands.
- FPSO Module Design of a pipe to reel connection of the reeling system on a new build deep water construction vessel.

POOL OF RENTAL EQUIPMENT

Oceanteam equipment division rents out carousels, subsea ploughs and tensioning equipment to numerous clients.

In the fourth quarter all equipment has been moved from Dundee to Velsen in the Netherlands. The new base in Velsen is a strategic move to develop the equipment division further.

The levels of secured work and tenders are satisfactory for the coming season.

Investment in equipment business in 2012 has been:

- 1.250 Ton Carousel system delivered in March 2012, which has been on hire with VSMC.
- 10 Ton tensioner, which has been on hire with Bohlen & Doyen Bauunternehmung, starting August 2012.
- Options secured for 10 new 1.250 Ton carousels and for 10 new 10 Ton tensioners, which has generated great interest among clients.

After the balance sheet date, Oceanteam has used one of its options and ordered a new, OTS design, 2.000 Ton modular carousel system, which will be delivered in April 2013. The design has proven its quality in the market and its strength through its short mobilization and demobilization time together with flexible transportation of the carousels.

For the following years, Oceanteam Shipping is planning to continue its investment programme in equipment and high specification offshore construction vessels.

BUSINESS AREAS

The portfolio of Oceanteam Shipping's activities comprises time charters and bare boat contracts of four construction support vessels, lay vessel and fast support vessels, engineering services, equipment rental of various cable lay and burial equipment, carousels and tensioners.

Oceanteam Shipping serves three markets: "Oil & Gas", "Offshore Renewable" and "high voltage submarine power interconnectors".

The company plans to continue to invest in vessels and equipment whereby it focuses on the provision of construction support vessels, fast support vessels and engineering.

SHIPPING

OFFSHORE CONSTRUCTION SUPPORT VESSELS

Oceanteam Shipping's diverse skill base and proprietary construction support vessel designs enable the company to service the Offshore Oil & Gas, the Offshore Renewable industries and interconnector market on a global scale.

The Construction Support Vessels are built according to Oceanteam Shipping's CSV North Ocean specifications. These large, state-of-the art Construction Support Vessels have been well received by its users and have proven themselves to be highly capable, reliable, flexible and cost effective solutions to support their projects.

Oceanteam Shipping has developed the concept of the North Ocean vessels and the company has commenced detailed engineering on new North Ocean designs.

FAST SUPPORT VESSELS

Oceanteam Shipping's two Fast Support Vessels of the Axebow design have the ability to accommodate 75 people and light cargo. Both vessels were operational in Venezuela in 2012 on bare boat contracts. The company plans to expand its fleet.

BUSINESS OVERVIEW

OCEANTEAM SHIPPING ASA
(Listed at Oslo Bors – www.ose.no – Ticker: OTS)

- North Ocean Vessels
- Fast Support Vessels
- Equipment
- OceanWind (www.oceanwind.nl)
- Engineering (www.kci.nl)

ENGINEERING

EQUIPMENT POOL

Oceanteam Shipping ASA owns and operates a large pool of carousels, tensioners and burial equipment from its deep water base in Velsen in the Netherlands. The equipment is supplied and rented to a broad client base around the world to support offshore cable, pipeline and umbilical installations, transport, storage and burial.

Oceanteam Shipping ASA invested in a new OTS 1.250 Ton capacity modular carousel system, and has been mobilized for a contractor in The Netherlands in April 2012. The carousel is internally developed and is a uniquely flexible and efficient design that enables the carousel to be shipped in containers, rather than a vessel transporting a carousel in one piece. The carousel has been onboard Solstad Offshore ASA's CSV Normand Flower for an Offshore Renewables Operations contractor named Visser & Smit Marine Contractors in the Southern North Sea since.

As a result of this new concept the equipment can be transported and mobilized to any port around the world in a very cost effective way.

OCEANWIND

OceanWind, started in 2012, facilitates the submarine cable industry by offering its clients a full and integrated range of services comprising cable storage, cable handling, and cable transport. The business was established in the second half of 2012 as a joint venture between Oceanteam Shipping and WIND BV.

The business idea is to be a hub for ship-to-ship cable/pipe transfers and provide short and long term storage with fast access to the North Sea. The non-tidal port gives also easy conditions for vessel mobilisation and demobilisation.

With experienced cable handling crews available together with the pool of various equipment, the company can deliver high quality solutions for its customers.

ENGINEERING SERVICES

Oceanteam Shipping's engineering subsidiary KCI BV in the Netherlands provides full engineering design and consultancy services to clients in the onshore and offshore Oil & Gas and Renewable industries. In addition, they can provide services for complex structures both onshore and offshore.

Founded in 1987, KCI specializes in providing total field solutions for operators of marginal fields and has executed many complex projects for a wide range of clients. KCI's primary strength lies in the ability to provide cost-effective production applications supported by their extensive range of engineering design software and the significant experience of the in-house team.

The organisation's specialised competence areas of the design of complete process hardware for both onshore, offshore and vessel applications.

In 2012 Oceanteam Shipping experienced further growth in the demand for engineering services and the company grew from approximate 155 to 167 people.

MARKET OUTLOOK

From the slowdown in 2009 the different markets have improved during the past few years and continued to do so also in 2012. Increased oil prices will further strengthen the market and the Company expects this will increase the demand for Oceanteam Shipping's services.

As a consequence of the divergence between oil and gas demand and production predicted for the future, oil and gas prices are forecasted to increase further. Exploration and production activities are likely to increase, as will the demand for large construction support vessels. In certain regions, in particular Latin America, Australia and West Africa, exploration and production activities are growing strongly.

In Western Europe many offshore wind parks have been delayed due to funding supply chain problems and cost overruns. During 2012 and for the future, the company expects demand to increase for renewable energy related services. This will lead to an increased demand for construction support vessels and cable lay and burial equipment in the next years.

The oil and gas price influences oil companies' priorities and choices between new developments, upgrades to existing facilities and commitments to recovery from producing fields. Fluctuations in oil prices also affect the renewable energy market and thereby affect activity in Oceanteam Shipping's main markets.

Oceanteam Shipping is confident and has secured sufficient projects in both the oil and gas and the renewable energy markets to maintain a high level of utilization of its assets and engineers. The company's strategy is to focus on the provision of ''state of the art'' construction support and flex lay vessels plus engineering and equipment services for the oil and gas market, as well as the offshore renewable market. This strategy will provide the company with excellent new opportunities in the near future.

QUALITY, HEALTH, SAFETY AND ENVIRONMENT

THE WORKING ENVIRONMENT AND THE EMPLOYEES

Leave of absence due to illness remained on a very low level. The company will continue to make efforts to keep absence as low as possible. No incidents or work related accidents resulting in significant personal injury occurred during the year. While the working environment is considered to be good, efforts for further improvement are made on an ongoing basis.

The number of employees excluding marine crews as the end of 2012 is 182 which is around a 7 percent growth from 2011.

EQUAL OPPORTUNITY

Oceanteam Shipping aims to be a workplace with equal opportunities. The Company aims to avoid gender or other discrimination regarding salary, promotion and recruiting and this has been included in the Group policies and operating practice. The company has already implemented an updated HR platform in 2011 to be in line with its refocused business and to be able to move forward in line with the Company's long term strategy and goals. In 2013 the company will keep on focusing and updating the already established HR platform.

DISCRIMINATION

The discrimination Act's objective is to promote gender equality, ensure equal opportunities and rights, and to prevent discrimination due to ethnicity, national origin, decent, skin colour, language, religion and faith. The Group is working actively and systematically and systematically to encourage the act's purpose within our business. Included in the activities are recruiting, salary and working conditions, promotion, development, opportunities and protection against harassment.

The Group aims to be a workplace with no discrimination due to reduced functional ability and is working actively to design and implement physical conditions in such a manner that as many as possible can utilize the various functions. For new employees or new applicants with reduced functional ability, individual workplace arrangements will be made.

INTEGRATED MANAGEMENT SYSTEM

Management of QHSE is strategic to the Oceanteam Shipping group. The Integrated Management System (IMS) has been fully DNV certified. The DNV certificate was renewed in 2013.

Oceanteam Shipping's operations involve construction support vessels, fast support vessels and subsea equipment. The construction support vessels are based on the North Ocean series design which takes into account the highest environmental demands. The company is not engaged in transport of oil products or chemicals.

Potentially a spill of vessel diesel fuel and lubrication oils can cause undesired pollution. Oceanteam Shipping is not aware of any particular adverse effects of its operations on the environment in 2012 except for the inevitable effects related to the operations that Oceanteam Shipping undertakes. The Company's ambitions are to be amongst the best companies in the industry regarding environmental performance. Oceanteam moved equipment hire from Dundee to Velsen at the end of 2012. DNV conducted a surveillance audit at Velsen base in February 2013 and established compliance after which the certificates ISO 9001, ISO 14001 and OHSAS 18001 were transferred over to the new address in Velsen. Re-certification audit is required in 2015.

The quality of Oceanteam Shipping's services, the health and safety of its personnel and those affected by the

Company's activities and the desire to minimize harm to the environment continue to be a prime objective.

To realise Oceanteam Shipping's goals each team member views QHSE as an integral part of the working culture. It is further integrated into each process of company performance, its management processes and software.

In 2012 and the following years, emphasis will remain on working safely and increasing the safety awareness both onshore and offshore and caring for the environment. Oceanteam Shipping has engaged 4C Offshore Ltd. in Norwich to assist in its QHSE management. 4C Offshore Ltd. are the advisors for quality, health, safety and environment matters and they are ISO 9001, ISO 14001 and OHSAS 18001 certified.

GOING CONCERN

In accordance with the Accounting Act § 3-3a Oceanteam Shipping confirms that the financial statements have been prepared under the assumption of going concern. This assumption is based on income forecasts for the years 2013 to 2014 and the Group's long term strategic financial forecasts.

The consolidated financial statement of Oceanteam Shipping has been prepared in accordance with International Financial Reporting Standards (IFRS), while the parent company Oceanteam Shipping ASA has been prepared by Norwegian General Accepting Accounting Principles (NGAAP).

COMMENTS RELATED TO THE FINANCIAL STATEMENTS

The Company's financial figures for 2009 were strongly impacted by the disputes and losses of the contracting business, project delays and by effects from the operational and financial restructuring of the Company. During 2010 the management stabilized the company by increasing the order backlog and establishing new partnerships. Ending 2011 the operational restructuring of the company was completed and early 2012 long term charters were extended. During third and fourth quarter 2012 USD 240 million of refinancing transactions were executed together with its joint venture partners. The CSV vessel broker valuations increased during 2012 compared to 2011.

OPERATIONS

The revenue for the Group has increased to USD 64.3 million in 2012 from USD 61.2 million in 2011 which gives an increase of 5 percent. The increase has been caused by higher turnover in the Engineering Sector and in the Shipping business, higher operational days and an increase in the dayrate for CSV Bourbon 101. The vessel LV North Ocean 105 was also operational from 20th April 2012 and generated USD 2.3 million of net income.

The operational expenses have decreased which is also affected by changes from time charter to bare boat for the North Ocean 102. The administration costs have increased due to higher activity level compared to previous years. Overall this has resulted in an increase in the EBITDA to 28.7 million from 24.8. The percentage ratio in 2012 is 42 percent compared to 40 percent in 2011.

The financial costs consist of interest on the various vessels loans and also the double interest costs and call premium repaid for the unsecured NOK 400 million bond loan. The total amount repaid 23rd November 2012 was NOK 498 million which was secured with short term forwards contracts. The new senior bond loan denominated in USD has reduced the currency fluctuation in the company from 24th October 2012. The foreign exchange results are affected by the fluctuations in the currencies EUR and NOK against the USD reporting currency.

Oceanteam Shipping has significant approved tax losses from exiting the contracting business of which a small part has been capitalized. The change in deferred tax assets is related to the placement of the "CSV North Ocean 102" outside the Norwegian tonnage tax regime where the tax effect on the revaluated amount is included in Tax on comprehensive income.

The net result from discontinued operations is zero compared to positive USD 670.000 for 2011 related to an adjustment of Provisions for exit of contracting business due to a settlement reached with a major renewables operator during the second half of 2011.

The Group's net result is a loss of USD 11.4 million compared to a profit of USD 2.6 million for the year 2011. The loss is due to higher financial costs including double interest payments for two bond loans, repayment of the call premium and 3.5 million in fair value depreciations. The tax on comprehensive income for 2012 of USD 4.3 million, not payable, is related to the change in deferred tax for North Ocean II KS, which is placed outside of the tonnage tax regime.

The board and the management are satisfied with the financial restructuring of the capital and the company expects a positive development and growth for 2013.

INVESTMENTS

For the year 2012 the Group shows total investments of USD 6.3 million and disposals of USD 81.000. The investments are for the equipment business in carousels and tensioners and in the Lay Vessel North Ocean 105.

The Group's liquidity reserve as of 31st December 2012 amounted to USD 34.8 million which is a significant improvement from previous years. USD 4 million is restricted or pledged as collateral under various loan and guarantee arrangements.

The construction contract of "Lay Vessel North Ocean 105" is fully financed through a hedged USD loan and the vessel has been delivered successfully on the 20th April 2012 after which it commenced a five year time charter with McDermott.

NEW SENIOR CALLABLE BOND ISSUE 2012/ 2017

The Company has issued an unsecured bond loan in the amount of USD 92.5 million dated 24th October 2012. The net proceeds were used to refinance the current bond loan. USD 35 million will mature, with pro rata redemption, at the interest payment date April 2015 at 100 percent par value. The remaining amount under the Bonds shall mature at the Final maturity date 24th October 2017. Accrued interest on redeemed amount will be added to redemption price.

SECURED BANK DEBT

The company also refinanced two vessels, Bourbon Oceanteam 101 and Southern Ocean, owned together with the company's joint venture partner Bourbon Offshore Norway AS. The deal was executed with three banks, Sparebanken 1 SMN, DvB Bank SE Nordic Branch and NIBC, and included both the vessels.

INTEREST RATE AND FINANCIAL COVENANTS

The secured bank debt margins are significantly lower than the bond margin of 11.25 percent. The balance of secured bank debt is USD 93 million and is equal to the bond debt. The bank debt has a balloon maturity profile with quarterly repayments and the bond loan is divided into two installments as mention above.

The main financial covenants are to maintain a book equity and the market adjusted equity above the minimum of 35 percent and 25 percent. There is also a gearing ratio, the ratio of net interest bearing debt divided by EBITDA, of 6 for the two first years and then decreasing to 5.5 and 5.0 on the second and the third anniversary until the maturity date in 2017.

The bond loan is callable from October 2015 with a call premium of 106 percent reducing to 103 percent after October 2016. Furthermore there are clauses restricting no dividends and a listing requirement for the company.

NEW CAPITAL STRUCTURE

The Company has in 2012 been exposed to currency risk between US dollars and Norwegian Kroner connecting to the NOK 400 million unsecured bond loan and its effect on equity covenants until 23rd November when the bond loan was redeemed. Approximately two thirds of the revenue in the Group is USD while one third is in EUR. The dividend stream up to the parent company Oceanteam Shipping ASA will be in different currencies compared to the balance sheet of the parent company.

In third quarter 2012 Oceanteam Shipping ASA completed the refinancing of two offshore construction vessels CSV Bourbon Oceanteam 101 and CSV Southern Ocean where 50 percent of the interest rate is fixed. The refinanced amount is in total USD 147 million for the jointly owned vessels with Bourbon Offshore Norway AS.

In fourth quarter 2012 Oceanteam Shipping ASA has completed a successful placement of USD 92.5 million senior bond to replace the NOK bond loan. The net proceeds were used to refinance the NOK bond loan. The early redemption triggered the exercise of up to 14.898.607 warrants I of which 14.514.419 was exercised at a subscription price of one new share for NOK 1.00 per warrant. This has resulted in NOK 14.514.419 in additional capital in 2012. The exercise of warrants type I has "cleaned" up the capital structure of the company with no outstanding warrants.

Following the refinancing, the company has the balance sheet and liquidity necessary to exploit potential attractive opportunities.

The revaluation premium of USD 96 million which is the difference between the historical costs and the fair market values has increased overall during the year due to the increased demand in the market in spite of the option value for CSV North Ocean 102 which revaluation premium has decreased.

For a more detailed description of risks connecting to the revaluation model, see the Risk section of this report and in the notes three and four of the consolidated financial statements.

MARKET VALUES OF THE SHARES

The shares on the Oslo Stock Exchange were priced at NOK 3.64 per 11th April 2013 which gives a market valuation of the company of NOK 107 million taking into account the share volume of 29.6 million shares. The booked equity is significantly above the company's share markets value. The view of the management and the board is that the booked value is a better reflection of the real values in the company. This one can see with the positive equity development of the equity in the parent company Oceanteam Shipping ASA.

The exercise of warrants type I has contributed to an increase in share capital of NOK 7.2 million and an increase in share premium fund also NOK 7.2 million.

At 5th June 2012 Oceanteam Shipping ASA performed a consolidation (reverse split) of the shares of the company so that 10 old shares shall become 1 new share. After the share consolidation, the nominal value of the shares shall be NOK 0.50, increase of NOK 0.45 from NOK 0.05.

Further, in order to ensure a number of shares dividable by 10 prior to consolidation, a share capital increased by the issue of 7 new shares at a subscription price of NOK 0.05 was approved at the Annual General Meeting of Oceanteam Shipping on 31st May 2012. The decision was also taken to merge warrants type I in the same ratio as the shares. The company's view is that with the improved liquidity and focus on growth in the business areas, the market value will increase in the next period.

There are no restrictions in the company's articles of associations for trading the shares.

BALANCE SHEET

Since 2008 Oceanteam Shipping has applied the revaluation model according to IAS 16 for the valuation of its construction support vessels in operation. In 2009 the use of the model was extended to the asset class "CSV assets under construction".

The effects of applying the revaluation model in 2012 amounted to USD 94 million, consisting of the vessels "CSV Bourbon Oceanteam Shipping 101" and "CSV North Ocean 102", "CSV Southern Ocean" and "Lay Vessel North Ocean 105" which was delivered 20th April 2012.

Total Assets at year end amounted to USD 301.4 million, compared to USD 273.4 million in the prior year, reflecting the stabilizing and improved cash position of the company during 2012.

Equity as a percentage of Total Assets was 37 percent as of 31st December 2012, compared to 41 percent as of 31st December 2011. At 31st December 2012 the company complied with all its loan covenants.

The positive trend in the equity development in first quarter 2013 also secures the company to be compliant going forward.

CASH FLOW

Net cash flow from operating activities amounted to USD 9.2 million in 2012 compared to USD 6.9 million in 2011.

Net cash flow from investing activities was negative USD 6.3 million in 2012 against negative 3.5 million in the preceding year.

Net cash flow from financing activities amounted to positive USD 23.9 million and is related to repayment of old debt of total USD 133.8 million and issuing of new debt of total USD 155.9 million, against the negative USD 4.2 million in 2011. During the year the equity issue of USD 2.6 million and purchase of own shares of USD 691.000 is also taken into account. Net change in cash and equivalents was positive USD 23.2 million in 2012 compared to negative USD 1.9 million in 2011.

PARENT COMPANY

The parent company showed a profit of NOK 24.4 million for 2012. The positive result was attributable to dividends of NOK 122.5 million from joint venture companies and NOK 21.4 million from subsidiaries. The parent company's share capital per year end 2012 amounted to NOK 21.6 million with a total equity of NOK 252 million.

RISK

A number of risk factors may adversely affect Oceanteam Shipping ASA in the future. Please note that the risks below are not the only risks that may affect Oceanteam Shipping's business or the value of the shares. Additional risks not presently known to the Board or considered immaterial may also effect its business operations and projects.

During 2012 the company has decreased the risk with a restructured balance sheet and the company's refocus on Shipping and Engineering. The operations have improved during the year which has resulted in an improvement of the company's financial results going forward. Fluctuations in exchange rates between US dollars and Norwegian Kroner have been taken out with the refinancing in USD. All the revenue from the shipping division is in USD and is used to repay the interest and installments for the debt. For more information on risk referred to the notes to the consolidated financial statements: Note 3 Financial Risk Management.

MARKET RISK

Market risk includes risk of fluctuation in oil prices, political, economic risk and other uncertainties, increased competition, and risk of war, other armed conflicts and terrorist attacks. The deteriorated financial climate has led to delays in projects in both the oil and gas and renewable energy industries which might make it more difficult to obtain attractive contracts for the construction support vessels and fast support vessels. Also the demand for cable installation equipment and engineering services may be affected by the economic circumstances.

The current situation with the Company's main assets, the construction support vessels are as follows. "CSV Bourbon Oceanteam 101" has a firm time charter contract ending February 2015 plus two year options. "CSV North Ocean 102" is on bare boat contract with Eastern Marine Services (McDermott) until ending July 2015 plus two year options. "CSV Southern Ocean" will be on a bare boat contract with Fugro until the end of 2015. The "Lay Vessel North Ocean 105" commenced a five year time charter contract on 20th April 2012 until 30th June 2017.

The charter rates for the vessels are not disclosed due to commercial reasons.

OPERATIONAL RISK

Operational risks include time charter and bare boat contracts, service life and technical risk of vessels, the Company's limited operating history, risk for substantial responsibilities, the Company's ability to retain senior management and key personnel, risk for legal proceedings and contractual disputes, construction risk and employment risk for the vessels and equipment. By securing long term contracts for the main assets for the Group, the operational risk has decreased during the year. Also the shift from time charters to bare boat contract with McDermott for the North Ocean 102 has lowered the operational risk for the company.

Oceanteam Shippings operations in Mexico are two Fast Supporting vessels (FSV). These vessels are currently working in Venezuela, transporting people and light equipment from land to offshore installations and between offshore installations. Stratetic planning is in process to expand the fleet in order to increase profit for the coming years. The values of the vessels are defensible in view of these plans.

FINANCIAL RISK

The company is exposed to financial risk in different areas. Financial risks include interest rate and currency fluctuations, investment and trading risks in general, borrowing and leverage and risk in connection with the vessels under construction / Spanish tax lease.

The CSV Southern Ocean ended the Spanish tax Lease structure during second quarter 2012. The Lay Vessel North Ocean 105 will be under the Spanish tax lease structure until 28th February 2015.

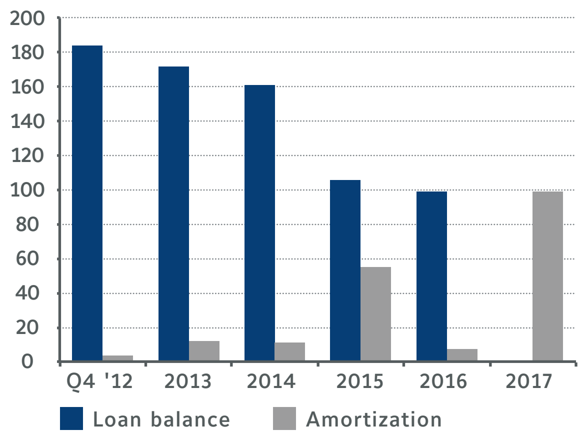
The company has sales revenues and liabilities in foreign currencies and is exposed to currency risks. Two thirds of the revenue is in USD while the rest is in EUR. Since the reporting currency is in USD the foreign exposure is for liabilities in the EUR and its fluctuations with USD.

The company is exposed to changes in interest rates as the bulk of its debt has floating rates. Lay Vessel North Ocean 105 was financed in USD for the construction costs hedged in EUR. Long term post construction finance has been secured in USD where the interest rate is fixed. In the new loan agreement for the CSV Bourbon Oceanteam 101 and CSV Southern Ocean 50 percent of the interest rate is fixed. This securing the company from volatile interest rate fluctuations. The new USD bond loan and the loan for the North Ocean 102 has a floating LIBOR. With the new debt maturity secured in 2012 and the forward interest curves, the company sees a satisfactory risk level. The objective of the Company is to reduce financial risk as much as possible. Current strategy includes use of financial instruments, but is largely based on natural hedging where income streams and costs are matched for the various projects. This is, however, continuously being assessed by the management and the Board of Directors.

Oceanteam Shipping's balance sheet is leveraged with approximately USD 183 million in non-current liabilities including its first year's installments.

DEBT MATURITY PROFILE

USD MILLION



LIQUIDITY RISK

At year end the working capital and liquidity position of the company strengthened through the refinancing processes mentioned above. The parent company depends on liquidity flows from Subsidiaries and the Joint Venture companies. In 2012 there is estimated to be a dividend of NOK 137.4 million to be paid out in 2013. This consists of NOK 40 million from Oceanteam Bourbon 101 AS, NOK 37.5 million from North Ocean II KS, NOK 45 million from Oceanteam Bourbon 4 AS and NOK 14.9 million from Oceanteam Energy Holding NV.

31st December 2011 the Company had a few insurance issues from the Renewable Power Contracting Business of which the main part was settled in April 2012 when the company received EUR 1.8 million.

31st December 2012 the Company still had some cases pending but the probability of a positive outcome of the cases is high according to our legal advice. The company has sued Sawicon AS for infringed the company's rights for the development of the North Ocean 100 series. The court case is starting mid April 2013 and all costs are expensed as they accrue.

All outstanding trade receivables for the Shipping Segment of approximately USD 4.0 million are received in 2013. For Engineering Segment, USD 3.6 million is outstanding trade receivables per year end where USD 3.4 million is received in 2013.

SHAREHOLDER STRUCTURE AND LIMITATION

Shares in Oceanteam Shipping ASA are publically traded at the Oslo Stock Exchange. Shares are identified by the name of its owner. As reflected in the company's Articles of Association there are no restrictions relating to voting or transfer of ownership of the shares, nor are there mechanisms aimed at preventing takeovers.

There are no specific representation individual or in total for shares owned by the employees.

EVENTS AFTER THE BALANCE SHEET DATE

After balance sheet date, Oceanteam has exercised up one of its options and ordered a new, OTS design, 2.000T modular carousel system, which will be delivered in April 2013.

The company has purchased treasury shares up to the maximum threshold of 2.9 million shares and the financial performance for first quarter is as planned.

2012 RESULT AND EQUITY

The consolidated accounts show a loss of USD 11.4 million. The consolidated equity is USD 112 million. The equity ratio as a percentage of Total Assets is 37.2 percent as of 31st December 2012. The equity in the parent company Oceanteam Shipping ASA is NOK 252 million where NOK 21.6 million is share capital.

DISTRIBUTABLE EQUITY

As of 31 December 2012 Oceanteam Shipping ASA has a distributable equity as decided by Norwegian Public limited Companies Act, of NOK 175 million. There are covenants in the loan agreements that put restrictions to distribute equity.

ALLOCATION OF NET INCOME

The board proposes the following allocation of the net result:

Parent company	Oceanteam Shipping ASA	NOK '000
Net profit/ (Loss)		24 357
Attributable to:		
Other equity		24 357
Total allocation:		24 357

Consolidated accounts:	Oceanteam Group	USD '000
Total comprehensive income		(2 807)
Attributable to:		
Other equity		(15 707)
Revaluation reserve		12 938
Non controlling interest		(38)
Total allocation		(2 807)

BOARD CHANGES

Mr James Wingett Hill was elected and registered as board member as of 16th January 2013 to replace Mr Ronald P. Moolenaar. We would like to thank Mr Ronald P. Moolenaar for his efforts and we highly value his contribution to Oceanteam Shipping.

Bergen/ Norway, 25 April 2013
The Board of Directors Oceanteam Shipping ASA

Hessel Halbesma
Chairman

Catharina Petronella Johanna Pos
Director

James Wingett Hill
Director

Haico Halbesma
Chief Excecutive Officer

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CORPORATE GOVERNANCE POLICY

ADOPTED BY ITS BOARD OF DIRECTORS ON 30 OCTOBER 2006
REVISED VERSION ADOPTED ON 20 AUGUST 2009, 15 MARCH 2010, 16 DECEMBER 2010, 15 DECEMBER 2011 AND 28 DECEMBER 2012

1 INTRODUCTION

1.1 BACKGROUND

Oceanteam Shipping ASA ("Oceanteam Shipping" or the "Company") is a listed company, established and registered in Norway and must therefore comply with Norwegian law, including corporate and securities laws and regulations. The Company makes every effort to comply with all applicable laws and regulations, as well as the Norwegian Code of Practice for Corporate Governance ("Norsk anbefaling for eierstyring og selskapsledelse") issued by the Norwegian Corporate Governance Board (the "Code").

The Board of Directors adopted the first Corporate Governance Policy (the "Policy") on 30th October 2006 to reflect and underline the Company's commitment to good corporate governance. Following amendments to the Code the Policy has been updated regularly and the current version is based on the Code revision of 23rd October 2012. The Policy is intended both as an instrument for the Board and the management and as a device to maintain good relations and trust with the Company's different interest groups. In furtherance of this goal, the Board has also adopted a Code on Board and Management Proceedings, and an Insider Trading Policy.

1.2 PURPOSE

This Policy includes the measures implemented for the purpose of clarifying the division of roles between the shareholders, the board of directors and the executive management more comprehensively than what follows from applicable legislation, and ensuring an efficient management of and control over the Company's operations. The main goal is to have systems for communication, monitoring, accountability and incentives that enhance and maximise corporate profit, the long-term health and overall success of the business, and the shareholders' return on their investment. The development of and improvements on the Company's corporate governance is a continuous and important process, to which the Board and the management will devote a strong focus.

1.3 REGULATORY FRAMEWORK

The Company is a Norwegian public limited liability company listed on Oslo Børs (the Oslo Stock Exchange).

The Company is subject to the corporate governance requirements set out in the Norwegian Public Companies Act 1997 (the NCA), the Norwegian Securities Trading Act of 2007 (the STA) and the Norwegian Stock Exchange Regulations (the SER).

Any deviations from the guidelines provided in the Code will be explained in this Policy document, in accordance with the "comply or explain" principle of the guidelines. The status of compliance in respect of each recommendation provided in the Code will also be set out in the Company's annual report in accordance with the requirements of section 3-3b of the Norwegian Accounting Act .

1.4 MANAGEMENT OF THE COMPANY

Management and control of the Group is shared between the shareholders, represented in the General Meeting, the Board of Directors and the Chief Executive Officer ("CEO") according to applicable company law. The Company has an external independent auditor elected by the General Meeting.

1.5 CORPORATE VALUES AND ETHICS

The Company is an offshore shipping company. In addition to owning, chartering and managing Deepwater Offshore Construction Service – and Pipe Lay Vessels and Fast Support Vessels, the Company also provides complimentary engineering and design services, and also offers rental of equipment.

The Company is most conscious with regards to the environment. The fleet consists of modern vessels and great efforts have been made to ensure that pollution is kept on a minimum.

The Company holds certificates to the ISO 9001, ISO 14001 and OHSAS 18001 standards for quality, environmental and health & safety management.

The company further strives to maintain a high ethical standard. Although a full set of guidelines to that effect has not yet been completed, all employees are repeatedly reminded of the importance of a high ethical standard.

2 THE BOARD OF DIRECTORS

2.1 ROLE

Oceanteam Shipping shall be directed by an efficient Board with collective responsibility for the success of the Company. The Board represents, and is accountable, to the shareholders of the Company.

The Board of Directors' duties shall include the strategic guidance of the Company, an effective monitoring of the senior management, the control and monitoring of the financial situation of the Company and the Company's accountability towards and communication to its shareholders.

The Board shall ensure that the Company is well organised and that its operations are carried out in accordance with all applicable laws and regulations, in accordance with the objects of the Company pursuant to its Articles of Association, and with guidelines given by the shareholders through resolutions in general meetings from time to time.

In order to ensure efficient and thorough working procedures, the Board may appoint one or more working committees to prepare matters for final decision by the Board as a whole. The appointment, composition and mandate of such committees shall be made in due consideration of issues such as the nature of the matter or project at hand, and the particular skills required (if any) to enlighten all aspects of the matter in the best possible manner.

Within a working committee, its members may delegate among themselves specific tasks. If the load of work and the particular skills required for a certain matter or project are found to be such that it would not be reasonably compensated within an ordinary directors' remuneration, or if work is to be assigned to any company associated with a director, the committee shall present the issue to the Board and seek its approval before any additional work is carried out or any assignments made. Further reference is made to section 3.1.

According to the Code (section 9) companies are recommended to appoint board committees composed of board members independent from the Company's executive personnel in order to help ensure thorough and independent preparation of matters relating to financial reporting and compensation paid to the members of the executive management. At this point in time no such committee has been established, mainly due to the fact that the board currently only has, and in the foreseeable future most likely will only have, between 3 and 5 members. Nevertheless, matters to be resolved by the board are regularly prepared by one or more board members in cooperation with the management on a formal basis.

The Board shall initiate such investigations as it deems necessary in order to carry out its responsibilities. The Board shall also initiate such investigations as demanded by one or more Board Members.

2.2 FINANCIAL CONTROL

2.2.1 SUPERVISION

The Board shall ensure that it is updated on the financial situation of the Company and has a duty to ensure that the Company's operations, accounting and asset management are subject to satisfactory control. The Members of the Board have full and free access to officers, employees and the books and records of the Company. The Board shall ensure that the CEO reports monthly to the Board on the financial situation of the Company.

2.2.2 ADEQUATE CAPITALISATION

The Board shall evaluate whether the Company's capital and liquidity are adequate with respect to the risks and the scope of the Company's operations at all times and whether it fulfils the minimum requirements established by law or regulation. The Board shall immediately take adequate measures should it be apparent at any time that the Company's capital or liquidity is less than adequate.

If the Board of directors requests the general Meeting to issue a power to increase the share capital, the board will ensure that the increase is designated to a specific purpose. If several purposes are of relevance, each purpose should be dealt with separately in the General Meeting.

2.3 COMPOSITION

2.3.1 NUMBER OF DIRECTORS

The Board of Directors shall have between three and nine directors including Chairman of the Board, cf § 5 in the Company's articles of association.

The Company has currently no employee representatives on its Board of Directors.

2.3.2 INDEPENDENT DIRECTORS

Oceanteam Shipping shall have a majority of directors that are independent from its management and main business partners, and no representatives of the management shall be Members of the Board. Further, the Board of Directors shall include at least two directors that are independent of the Company's major shareholders, i.e. shareholders holding more than 10 percent of the shares.

Independence shall for these purposes mean that there are no circumstances or relationships that are likely to affect or could appear to affect the director's independent judgement. The test of independence includes whether the independent director:

- has been an employee of the Company in a senior position for the last five years
- has received or receives additional remuneration from the Company apart from director's fee or participates in the Company's share option or performance related pay scheme
- has for the last three years had a material and regular business relationship with the Company
- has close family ties with any of the Company's directors or senior employees
- has for the last three years been a partner or employee of the accounting firm that currently audits the Company

The Directors of the Board are encouraged to hold shares in the Company.

2.4 APPOINTMENT AND TERMINATION – NOMINATION AND REMUNERATION COMMITTEE

The directors are appointed by the shareholders in a general meeting for a period of two years. The general meeting also elects the Chairman of the Board. The shareholders in a general meeting can resolve to remove directors.

At the present time, the Company has chosen not to operate a Nomination and Remuneration Committee, which deviates from section 7 and 9 of the Code. However, the General Meeting may at any time resolve that the Company shall operate a combined Nomination and Remuneration Committee, and The Nomination and Remuneration Committee shall then be laid down in the Company's articles of association. The Committee shall consist of three members out of which one shall be a director of the Board and two shall be independent of the Company (i.e. not be a director or employee and otherwise fulfil the criteria of independence set out in 2.3.2 above). The members of the committee shall be elected by the shareholders in a general meeting and the General Meeting shall set out guidelines for the Committee.

The Committees (if and when appointed) shall make recommendations to the general meeting on the appointment and removal of directors. The Committee shall work towards a composition of the Board where due consideration is taken to commitment to shareholders return, independence and experience in the relevant sectors.

The board will, to the extent possible, ensure that, in matters of a certain substance where the chairman is or has been actively involved prior to the board meeting (such as acquisitions, mergers etc.), another board member will be appointed to chair the board meeting during the board's review of such matters, regardless of whether or not the chairman might be considered disqualified pursuant to § 6-27 of the NCA.

2.5 PROCEEDINGS

More detailed provisions on the role, the proceedings and confidentiality obligations of the Board of Directors and the CEO are set out in a separate document on Procedure for the Board of Directors and CEO adopted by the Board on 30th October 2006.

2.6 ANNUAL EVALUATION

The Board will annually, in connection with the first board meeting in each calendar year, evaluate its performance in the previous year. The evaluation shall include its own performance, the performance of any sub-committees and the performance of the individual directors. In order for the evaluation to be effective, the Board shall set objectives, on both a collective and individual level, against which their performance can be measured. The results of the evaluation shall not be made available to the public, but to the

Nomination and Remuneration Committee if appointed pursuant to section 2.4.

2.7 RISK MANAGEMENT AND INTERNAL CONTROL

The Board shall ensure that the company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the company's activities. Internal control and the systems shall encompass the company's corporate values and guidelines for ethical and corporate social responsibility. The Board will carry out an annual review of the company's most important areas of exposure to risk and its internal control arrangements. In compliance with section 3-3b of the Norwegian Accounting Act, the Board will provide an account in the annual report of the main features of the company's internal control and risk management systems as they relate to the company's financial reporting.

3 REMUNERATION OF DIRECTORS AND MANAGEMENT

3.1 REMUNERATION OF DIRECTORS

The remuneration of the directors shall be determined by the shareholders in a general meeting and be disclosed in the annual accounts of the Company. Any remuneration in addition to normal director's fee shall be specifically identified.

If appointed pursuant to section 2.4, the Nomination and Remuneration Committee makes recommendations to the general meeting in respect of annual remuneration of all directors.

The Directors, or companies to whom they are associated, shall not accept other appointments or engagements for the Company, without the Board's knowledge. In such cases the terms of appointment, including any remuneration shall be approved of by the Board.

The remuneration of the board of directors shall not be linked to the company's performance and the company shall not grant share options to members of its board.

Directors shall be encouraged to invest part of their remuneration in shares in the company at market price.

3.2 REMUNERATION OF MANAGEMENT

The Board shall adopt guidelines for remuneration to management employees. The general meeting shall be informed of the guidelines

Remuneration to the CEO shall be determined by the Board in meeting. To this end, the Board has accepted that the present CEO is remunerated through a management service agreement made between the Company and a legal entity owned and controlled by the CEO.

All elements of remuneration to the CEO, and the total remuneration for management shall appear from the annual report.

The Company has at the present time a performance-related incentive to the management employees. The incentive cannot exceed one year's annual salary.

3.3 SEVERANCE PAYMENTS

No employees of the Group shall have employment contracts granting notice periods of more than 12 months.

4 DISCLOSURE AND TRANSPARENCY

4.1 GENERAL

The Company shall at all times provide its shareholders, the stock Exchange market (Oslo Børs) and the financial markets generally (through Oslo Børs' information system) with timely and accurate information. Such information will take the form of annual reports, quarterly interim reports, press releases, stock exchange notifications and investor presentations, as applicable. The Company shall seek to clarify its long-term potential, including its strategy, value drivers and risk factors. The Company shall maintain an open and proactive investor relations policy, a best-practice website and shall give presentations regularly in connection with annual and interim results.

Generally, the Company shall disclose all insider information. The Company will under all circumstances disclose certain events including, without limitation, board and shareholder resolutions regarding dividends, mergers/de-mergers or changes in share capital, issue of warrants, convertible loans and all agreements of material importance that are entered into between group companies or related parties.

4.2 COMMUNICATION WITH SHAREHOLDERS

The Chairman and other directors shall make themselves available for discussions with the major shareholders to develop a balanced understanding of the issues and concerns of such shareholders, subject always to the provisions of the NCA (Norwegian Competition Act), the STA (Securities Trading Act) and the SER (Securities Exchange Rules). The Chairman shall ensure that the views of shareholders are communicated to the entire Board.

Information given to the Company's shareholders shall simultaneously be made available on the Company's web site.

5 FAIR TREATMENT OF SHAREHOLDERS

5.1 GENERAL

The Board shall take into account the interest of all the shareholders of the Company and treat all shareholders fairly. There is and will remain to be only one class of shares and all shares are and will remain freely transferrable. If and when applicable, the reason for any proposed deviation from the pre-emptive rights of shareholders to participate in new share capital increases will be explained and included in notifications to the market.

5.2 APPROVAL OF AGREEMENTS WITH SHAREHOLDERS AND OTHER RELATED PARTIES

All transactions that are not immaterial between the Company and a shareholder, a director or senior manager of the Company (or related parties to such persons) will be subject to a valuation from an independent third party. If the consideration exceeds 5 percent of the Company's share capital such transactions shall be approved by the shareholders in a general meeting, to the extent required by the Public Limited Liability Companies Act Section 3-8.

The directors and senior management shall notify the Board if they have any material direct of indirect interest in any transaction entered into by the Company.

6 AUDIT

Under Norwegian law, the Company's auditor is elected by the shareholders in a general meeting.

The Board shall make recommendations to the general meeting on the auditor's appointment, removal and remuneration and shall also monitor the auditor's independence, including the performance by the auditor of any non-audit work. The Board will at least once a year have a meeting with the auditor without the presence of any representatives from the management. In the Management Code, the Board has adopted guidelines for the management's use of the Company's auditor for non-audit work.

The Board will inform the shareholders in the Annual General Meeting (the "AGM") on the auditor's fees specified on audit and non-audit work respectively.

In accordance with the Code the Company has established an Audit Committee. The Committee was established 30 June 2010. The Audit Committee is composed and operates in accordance with the recommendations set out in the Code.

The auditor shall annually present a plan for the auditing work to the Audit Committee and have at lest one annual meeting with the committee to go through the Company's internal control systems and to identify possible weaknesses and potential areas of improvement.

7 DIVIDEND POLICY

Oceanteam Shipping's objective is to yield a competitive return on invested capital to the shareholders through a combination of distribution of dividends and increase in share value. In evaluating the amount of dividend, the Board of Directors places emphasis on certainty, foreseeability and stable development, the Company's dividend capacity, the requirements for sound and optimal equity capital as well as for adequate financial resources to enable future growth and investments, and the ambition to minimize the cost of capital.

The Company is increasing its business activities and hence expects to distribute only limited if any dividends during the next few years.

8 SHAREHOLDER MEETINGS

The shareholders represent the ultimate decision-making body of Oceanteam Shipping ASA through the general meetings.

The Annual General Meeting (AGM)of the Company will be held each year within the end of June. The AGM shall approve the annual accounts and report and the distribution of dividend, and otherwise make such resolutions as required under applicable laws and regulations.

The Board of Directors may convene an extraordinary general meeting ("EGM") whenever it deems it appropriate or when otherwise such meetings are required by applicable laws or regulations. The Company's auditor and any shareholder or group of shareholder representing more than 5 percent of the current issued and outstanding share capital of the Company may require that the Board of Directors convene an EGM.

The Board will make arrangements to ensure that as many shareholders as possible are enabled to exercise their shareholders rights by attending the general meetings, and that the general meetings become an active arena for meetings between the board of directors and the shareholders by inter alia:

- Posing the summons together with the agenda and all documents pertaining to each matter on the agenda on the Company's web-page not later than on the 21st day prior to the date of the meeting (except when otherwise decided by the general meeting, cf NCA section 5-11b) irrespective of whether or not the company also resolves to summon the meeting by way of other forms of communication mail, facsimile or other electronic means (e-mail), ref § 7 in the Company's articles of association.
- Posing in the same manner on the web-page information about the total number of shares and voting rights at the date of the summons, as well as any draft resolutions, or if the meeting is not required to pass a resolution, a statement from the board in respect of each item on the agenda, and any forms required to be used in order to vote by proxy or by letter, unless such forms have been submitted directly to each shareholder.
- Ensure that the shareholders are adequately informed about their right to vote by proxy and of the procedures to be observed in doing so.
- Ensure that the summons, the documents and any further supporting material is sufficiently detailed and comprehensive in order for the shareholders to understand and form an opinion on the matters at hand.
- Ensure that the summons will specify that any shareholder wishing to attend the general meeting must notify the company within a certain time limit stated in the notice, which must not expire earlier than five days before the general meeting, ref § 8 in the Company's articles of association. Shareholders failing to notify the company within the specified time limit may be denied entrance to the general meeting.
- Ensure that the shareholders' are adequately informed about their right to submit proposals to be resolved by the general meeting, cf NCA § 5-11 and that proposal which are received within 7 days prior to the date of the summons are included in the summons. If the summons has already been sent, new summons shall be issued provided that the deadline for summoning has not been exceeded.
- Ensure that all other applicable provisions of the NCA, the Regulation on shareholders meetings of 6. July 2009 no 983 ("Generalforsamlingsforskriften") and section 5-9 of the Securities Trading Act are observed and complied with.

The Company will publish the minutes from general meetings on its website within 15 days from the date of the meeting and will also keep them available for inspection at the Company's offices.

The Board will not make contact with shareholders of the Company outside the general meeting in a way that may unfairly discriminate between the shareholders or infringe on any applicable laws or regulations.

The Board shall adopt procedures that ensure an independent chairing of the general meeting.

The directors, the Nomination and Remuneration Committee if appointed, and the auditor shall attend the general meetings.

9 CHANGE OF CONTROL, TAKEOVERS

9.1 GENERAL

The shares in Oceanteam Shipping are freely transferable, and the Company shall not establish any mechanisms that may hinder a takeover or deter takeover-bids, unless this has been resolved in a general meeting by a two-third majority (of votes cast and share capital represented).

However, the Board may, in the case of a takeover-bid, take such actions that evidently are in the best interest of the shareholders, such as, inter alia, advising the shareholders in the assessment of the bid and, if appropriate, seeking to find a competing bidder (“white knight”), always provided that the Board should not hinder or obstruct any take-over bids for the Company’s activities or shares

In the event of a take-over bid for the Company’s activities or shares, the Board has a particular responsibility to ensure that shareholders are given sufficient information and time to form a view of the offer. The Company’s Board of directors shall issue a statement including a recommendation as to whether shareholders shall or shall not accept the offer. If the Board finds itself unable to give a recommendation to shareholders on whether or not to accept the offer, it shall explain the background for not making such a recommendation. The Board’s statement on a bid shall make it clear whether the views expressed are unanimous, and if this is not the case it shall explain the basis on which specific members of the Board have excluded themselves from the Board’s statement. The Board shall arrange a valuation from an independent expert. The valuation shall be published and explained at the latest at the same time as the Board’s statement.

9.2 OVERVIEW OF NORWEGIAN STATUTORY PROVISIONS ON TAKEOVERS

9.2.1 VOLUNTARY OFFER

An offer to acquire shares in Oceanteam Shipping ASA which, if accepted, trigger an obligation to put forward a mandatory offer must be made in an offer document and according to the requirements for voluntary offers set forth in the Norwegian Securities Act.

9.2.2 MANDATORY OFFER

Subject to certain exceptions, a mandatory offer has to be made in the event an acquiror (together with any concert parties) acquires more than 33 percent, 40 percent or 50 percent of the voting shares in the Company.

The requirement to make a mandatory offer is triggered when a purchaser becomes the owner of such percentage of the shares. A mandatory offer must be made within four weeks after the threshold was passed. The only alternative to a mandatory offer at this stage is to sell a sufficient number of shares to fall below the relevant threshold.

All shareholders must be treated equally and the price to be paid is the higher of (i) the highest price paid by the purchaser during the last six months, and (ii) the market price when the obligation to make the mandatory offer was triggered The offer must be made in cash or contain a cash alternative at least equal in value to any non-cash offer.

9.2.3 COMPULSORY ACQUISITION (“SQUEEZE OUT”)

Compulsory acquisition of the remaining shares may be initiated by a shareholder who holds more than 90 percent of the shares and voting rights. The acquisition is initiated through a Board decision of the shareholder and payment of the price offered. Failing agreement between the parties, the price shall be determined through a valuation by the court, but the acquiror will obtain title to the shares immediately.

Bergen, 28 December 2012

The Board of Directors of Oceanteam Shipping ASA

Hessel Halbesma
Chairman

Catharina Petronella Johanna Pos
Director

James Wingett Hill
Director

Haico Halbesma
Chief Excecutive Officer

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

GROUP			Figures in USD '000
	Notes	2012	2011
Revenue		64 269	61 208
Net income from associates	10	2 268	
Total operating revenues	6	**66 537**	**61 208**
Operating costs	5	(23 384)	(24 651)
Personnel cost	7	(6 640)	(7 875)
Other administrative expense	8	(7 783)	(3 250)
Depreciation	9, 10	(14 331)	(14 742)
Write off assets	9, 10	(16)	2 098
Total operating expenses		**(52 154)**	**(48 420)**
Results from operating activities		**14 383**	**12 778**
Financial income		439	525
Financial costs		(21 352)	(13 934)
Foreign exchange results (loss)		(124)	2 443
Net finance profit /(loss)	11	**(21 037)**	**(10 965)**
Ordinary profit (loss) before taxes		**(6 654)**	**1 823**
Tax expense	12	(4 763)	806
Net result		**(11 417)**	**2 629**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

GROUP			Figures in USD '000
	Notes	2012	2011
Other comprehensive income			
Changes in revaluation model	10	8 596	9 228
Translation differences		(4 328)	245
Tax on comprehensive income	12	4 342	(1 223)
Other comprehensive income for the year, net of tax		**8 610**	**8 250**
Total comprehensive income for the year		**(2 807)**	**10 879**
Profit (Loss) attributable to:			
Owners of the company		(11 954)	2 166
Non-controlling interests		537	463
Profit (Loss) for the year		**(11 417)**	**2 629**
Total comprehensive income attributable to:			
Owners of the company		(2 769)	10 416
Non-controlling interests		(38)	463
Total comprehensive income for the year		**(2 807)**	**10 879**
Earnings per share (in USD)			
Basic earnings per share	24	(0,75)	0,02
Diluted earnings per share	24	(0,19)	0,01

* Please also see note 24 where exercising of warrants I are further described

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

GROUP			Figures in USD '000
	Notes	31.12.2012	31.12.2011
Assets			
Deferred tax assets	4, 12	3 831	3 831
Customer relations & Design	9	1 688	2 831
Goodwill	9	12 987	12 987
Intangible assets		**18 506**	**19 649**
Investment in associates	10	14 071	5 964
Vessels and equipment	10, 17	219 010	224 360
Tangible assets		**233 081**	**230 324**
Total non current assets		**251 587**	**249 973**
Trade receivables	13	7 658	7 258
Other receivables	13	7 321	4 536
Receivables		**14 979**	**11 794**
Cash and cash equivalents	14	**34 846**	**11 638**
Current assets		**49 825**	**23 432**
Total assets		**301 412**	**273 405**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

GROUP		Figures in USD '000	
	Notes	31.12.2012	31.12.2011
Equity and liabilities			
Share capital	16,24	1 291	1 291
Paid in - not registered	16,24	1 304	
Treasury shares	16, 23	(87)	
Share premium	16,23	1 304	
Other equity	16, 24	8 044	24 355
Non-controlling interest	9	4 027	4 065
Revaluation reserve	10	96 185	83 247
Total equity		**112 068**	**112 958**
Loans and borrowings	17	171 894	123 315
Total non-current liabilities		**171 894**	**123 315**
First year installments	17	11 427	22 782
Trade payables		5 326	10 182
Tax payable	18	53	100
Public charges	18	180	176
Other current liabilities	18	464	3 892
Total current liabilities		**17 450**	**37 132**
Total liabilities		**189 344**	**160 447**
Total equity and liabilities		**301 412**	**273 405**

Bergen/ Norway, 25 April 2013

The Board of Directors Oceanteam Shipping ASA

Hessel Halbesma	**Catharina Petronella Johanna Pos**	**James Wingett Hill**	**Haico Halbesma**
Chairman	Director	Director	Chief Excecutive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GROUP		Figures in USD '000
	2012	**2011**
Equity at period opening balance (Number of shares: 15.078.840)	**112 958**	**102 078**
Profit after taxes majority	(11 954)	2 166
Profit after taxes minority	537	463
Revaluation of assets	8 596	9 228
Tax on revaluation reserve	4 342	(1 223)
Translation differences	(4 328)	245
Share issue		
Equity issue	2 608	
Purchase of own shares	(691)	
Equity at period end (Number of shares: 29.593.259)	**112 068**	**112 958**

Subscription rights issued:

14.5 millions warrant type I were registered 24 January 2013.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated Statement of changes in equity									Figures in USD '000
	Share capital	Treasury shares	Share premium	Translation reserve	Other equity	Total other equity	Re-valuation reserve	Non con-trolling interests	Total equity
Equity at 31 December 2011	1 291			2 745	21 610	24 355	83 247	4 065	112 958
Profit and loss					(11 954)	(11 954)		537	(11 417)
Coverage of previous losses									
Other comprehensive income									
Translation difference				(3 753)		(3 753)		(575)	(4 328)
Changes in revaluation model							8 596		8 596
Tax on revaluation reserve							4 342		4 342
Total comprehensive income				**(3 753)**	**(11 954)**	**(15 707)**	**12 938**	**(38)**	**(2 807)**
Issue of ordinary shares	1 304		1 304						2 608
Change in treasury shares		(87)			(604)	(604)			(691)
Equity per 31 December 2012	**2 595**	**(87)**	**1 304**	**(1 008)**	**9 656**	**8 648**	**96 185**	**4 027**	**112 068**

	Share capital	Treasury shares	Share premium	Translation reserve	Other Equity	Total other equity	Re-valuation reserve	Non con-trolling interests	Total equity
Equity at 31 December 2010	1 291		61 254	2 500	(41 810)	(39 310)	75 242	3 602	102 078
Profit and loss					2 166	2 166		463	2 629
Coverage of previous losses									
Other comprehensive income									
Changes in revaluation model							9 228		9 228
Tax on revaluation reserve							(1 223)		(1 223)
Decrease share premium to other equity			(61 254)		61 254	61 254			
Translation differences				245		245			245
Total comprehensive income			**(61 254)**	**245**	**63 420**	**63 665**	**8 005**	**463**	**10 879**
Issue of ordinary shares									
Equity per 31 December 2011	**1 291**			**2 745**	**21 610**	**24 355**	**83 247**	**4 065**	**112 958**

CONSOLIDATED CASH FLOW STATEMENT

GROUP			Figures in USD '000
	Notes	2012	2011
Profit (loss) for the year		**(6 654)**	**1 153**
Depreciation and amortization of tangible assets		14 331	14 742
Tax paid		(421)	137
Write off assets		16	(2 098)
Net income of associates		(2 268)	
Change in trade receivables		(400)	(959)
Change in other receivables		(2 784)	(1 011)
Change in trade payables		(4 856)	3 563
Change in other accruals		(3 472)	(12 651)
Items classified as financing activities		14 961	4 047
Items classified as investing activities		500	
Interest expense without cash effect		237	
Net cash flow from operating activities		**9 190**	**6 923**
Purchase of tangible assets		(6 348)	(13 961)
Proceeds from sale of tangible assets		68	10 481
Net cash flow from investing activities		**(6 280)**	**(3 480)**
Proceeds from Issuance of debts		155 868	8 970
Repayments of debts		(133 842)	(13 125)
Equity issue		2 608	
Purchase of own shares		(691)	
Net cash flow from financing activities		**23 943**	**(4 155)**
Effect of changes to exchange rates on cash and cash equivalents		(3 645)	(1 151)
Net change in cash and equivalents		**23 208**	**(1 863)**
Cash and equivalents at start of period		**11 638**	**13 501**
Cash and equivalents at end of period	14	**34 846**	**11 638**

* restricted cash is EUR 0.3 million and USD 4 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. CORPORATE INFORMATION

Oceanteam Shipping ASA is an offshore shipping company. Oceanteam's business is the owning, chartering and managing of Deepwater Offshore Construction Service and PipeLay Vessels, Fast Support Vessels and Engineering.

With the in-house engineering experience and expertise we ensure that our Clients contract the most effective vessel solution for their projects. We can provide high level assistance and give support on every aspect of the fleet we manage. This includes both operational- and technical support.

The Group has offices in Bergen (Norway), Ciuadad del Carmen (Mexico), Schiedam and Amsterdam (the Netherlands), Monaco and an equipment pool in Velsen (the Netherlands). The core activities for Oceanteam Shipping are operations around CSV vessels and related services.

The Company is a public limited company incorporated and domiciled in Norway. The address of its registered office is Tveiteråsveien 12, 5232 Paradis, Norway.

The company is listed on the Oslo Stock Exchange and has the ticker code "OTS".

These group consolidated financial statements were authorized for issue by the Board of Directors on 25 April 2013, and are based on the assumptions for a going concern. The Group annual accounts consist of the parent company Oceanteam Shipping ASA with its subsidiaries, joint venture companies and associated companies.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The group accounts for Oceanteam Shipping ASA are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the Norwegian Accounting Act § 3-9.

The Group's financial statements are based on the principle of historical cost of acquisitions, construction or production, as modified by the revaluation model of the CSV vessels and Pipelay vessel, financial assets and derivative financial instruments, which are reflected at fair value.

The financial year follows the calendar year. The group was established the 5th October 2005. Income statement items are classified by their nature.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

IFRS AND IFRICS ISSUED BUT NOT YET EFFECTIVE

Relevant standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective, provided that the amendments are EU endorsed before publication of the annual report.

IAS 1 PRESENTATION OF FINANCIAL STATEMENTS

The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified to profit or loss at a future point in time (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans). The amendment affects presentation only and has no impact on the Group's financial position or performance.

The amendment becomes effective for annual periods beginning on or after 1st July 2012, and will therefore be applied in the Group's first annual report after becoming effective.

IAS 12 INCOME TAXES

The amendments in IAS 12 imply that deferred tax related to an investment property measured at fair value in accordance to IAS 40 Investment Property. The amendment clarified the determination of deferred tax on investment property measured at fair value in accordance with IAS 40 should be determined on the basis that its carrying amount will be recovered through sale (and not use). The expectation can be confuted if two given exceptions are present. The amendments also include an incorporation of SIC 21- Income Taxes - Recovery of Revalued - Non-Depreciable Assets stating that if a deferred tax liability or deferred tax asset arises from a non-depreciable asset measured using the revaluation model in IAS 16 Property, Plant and Equipment, the measurement of the deferred tax liability or deferred tax asset shall reflect the tax consequences of recovering the carrying amount of the non-depreciable asset through sale. The amendments become effective for financial statements starting on or later than 1st January 2013 within the EU/EEA region.

The changes are considered not to have a material impact for the group accounts.

IAS 19 EMPLOYEE BENEFITS

The IASB has issued numerous amendments to IAS 19 Employee Benefits. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The removal of the corridor mechanism implies that actuarial gains and losses shall be recognized in other comprehensive income in the current period.

The amended standard will impact the net benefit expense as the expected return on plan assets will be calculated using the same interest rate as applied for the purpose of discounting the benefit obligation. The amendment becomes effective for annual periods beginning on or after 1st January 2013.

The changes are considered to have no impact on the group accounts.

IAS 28 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

IAS 28 Investment in Associates and Joint Ventures has now been renamed to IAS 28 Investment in Associates.

The scope of IAS 28 is now including investments in joint ventures. The standard prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amendments are effective for annual periods beginning on or after 1st January 2014. The analyses of the potential impacts on the financial statements for the Group are at the date of finalisation of these financial statements not yet finalised, but the Group does not expect any material impacts, other than the effects mentioned regarding implementation of IFRS 11 below.

IAS 32 FINANCIAL INSTRUMENTS – PRESENTATION

These amendments in IAS 32 clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments become effective for annual periods beginning on or after 1st January 2014.

The analyses of the potential impacts on the financial statements for the Group are at the date of finalisation of these financial statements not yet finalised, but the Group does not expect any material impacts.

IFRS 7 FINANCIAL INSTRUMENTS – DISCLOSURE

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32.

These amendments will not impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2013.

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 1st 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 1st 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 parts of IAS 27 Consolidated and Separate Financial Statements which relates to the consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities. The content of the control definition has been changed compared to IAS 27. The criteria for whether entities should be consolidated in accordance with IFRS 10, is solely based on whether the investor controls the investee. An investor controls an investee if and only if the investor has all the following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. IFRS 10 is effective for annual periods beginning on or after 1st January 2014.

The analyses of the potential impacts on the financial statements for the Group are at the date of finalisation of these financial statements not yet finalised, but the Group does not expect any material impacts.

AMENDMENTS IN IFRS 10, IAS 27 AND IFRS 12 RELATED TO INVESTMENT ENTITIES

Entities meeting the definition of an" Investment Entity" are no longer required to consolidate its subsidiaries in accordance to the amendments in IFRS 10, with one exception, if an investment entity has a subsidiary that provides services that relate to the investment entity's investment activities, it shall consolidate that subsidiary. Remaining investments in subsidiaries, joint ventures or associates shall be measured at fair value through profit or loss. Investments entities that are required to recognize its subsidiaries at fair value through profit and loss in accordance with IFRS 10 presents separate financial statements as its only financial statements.

The disclosure requirements are extended.

The amendments become effective for annual periods beginning on or after 1st January 2014; however the amendments have not yet been endorsed by the EU.

The changes are considered not have a material impact on the consolidated accounts.

IFRS 11 JOINT ARRANGEMENTS

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities - Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The amendments become effective for financial statements starting on or later than January 1st, 2014 within the EU/EEA region.

The group is currently treating the investment in joint ventures by using the proportional consolidation method which will not be applicable in accordance with IFRS 11. Since 3 of the CSV Vessel will be accounted for in accordance with the equity method instead of the proportional method, the total capital and equity is anticipated to change significantly.

For the total comprehensive income, the group does not expect any material impact.

IFRS 12 DISCLOSURE OF INTERESTS IN OTHER ENTITIES

IFRS 12 is applicable for entities with interests in subsidiaries, joint arrangements and associates and unconsolidated structured entities. IFRS 12 replaces the disclosure requirements in IAS 27 Consolidated and Separate Financial Statements, IAS 28 Investments in Associates, and IAS 31 Interests in Joint Ventures. In addition, several new disclosure requirements are introduced. IFRS 12 is effective for annual periods beginning on or after 1st January 2014.

The analyses of the potential impacts on the financial statements for the Group are at the date of finalisation of these financial statements not yet finalised, but the Group does not expect any material impacts.

IFRS 13 FAIR VALUE MEASUREMENT

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. IFRS 13 becomes effective for annual periods beginning on or after 1st January 2013.

The analyses of the potential impacts on the financial statements for the Group are at the date of finalisation of these financial statements not yet finalised, but the Group does not expect any material impacts.

IAS 32 FINANCIAL INSTRUMENTS - PRESENTATION

This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes. The amendments become effective for annual periods beginning on or after 1st January 2013; however the amendments have not yet been endorsed by the EU.

The analyses of the potential impacts on the financial statements for the Group are at the date of finalisation of these financial statements not yet finalised, but the Group does not expect any material impacts.

USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

- Note 6 – Revenue recognition
- Note 9 – Intangible assets - goodwill, customer relations and impairment testing
- Note 10 – Tangible assets herewith component accounting, residual values and the revaluation model
- Note 12 – Deferred tax assets
- Note 18 – Provisions
- Note 21 – Contingent asset
- Note 22 - Contingent liabilities

(D) COMPONENT ACCOUNTING

When an item of vessel, plant and equipment comprises individual components for which different depreciation methods or rates are appropriate, each component is depreciated separately. A separate component may be either a physical component or a non - physical component that represents a major inspection or overhaul. An item of vessel, plant and equipment will be separated into parts ("components") when those parts are significant in relation on the total cost of the item.

2.2 BASIS OF CONSOLIDATION

(A) SUBSIDIARIES

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement (see Note 2.6).

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(B) JOINT VENTURES

The Group's interests in jointly controlled entities are accounted for by proportionate consolidation. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that it is attributable to the other ventures. The Group does not recognize its share of profits or losses from the joint venture that result from the Group's purchase of assets from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognized immediately if the loss provides evidence of a reduction in the net realizable value of current assets, or an impairment loss.

(C) ASSOCIATES (EQUITY ACCOUNTED INVESTEES)

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20 percent and 50 percent of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost.

The Group's share of its associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group. Dilution gains and losses arising in investments in associates are recognized in the income statement.

The net profit (loss) from the asscioates LV North Ocean 105 is included in the revenue (operating expenses) on a seperate line. The vessel was delivered in Q2 2012.

Since North Ocean 105 is a lay vessel, the revaluation model is applied for this investment in North Ocean 105 AS.

2.3 SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Board of directors to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board of directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

The operations of CSV Vessels and the operations from Engineering are reported as two segments.

2.4 FOREIGN CURRENCY TRANSLATION

(A) FUNCTIONAL AND REPORTING CURRENCY

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in USD, which is the Group's presentation currency in 2012.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are measured at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other (losses)/gains – net'.

(B) TRANSACTIONS AND BALANCES

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in equity.

(C) GROUP COMPANIES

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).

(c) All resulting exchange differences are recognised as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

These consolidated financial statements are presented in USD. All financial information presented in USD has been rounded to the nearest thousand.

2.5 TANGIBLE ASSETS

Tangible assets are stated at historical cost and the revaluation model on CSV vessels, less depreciation and impairment. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight - line method to allocate their cost to their residual values over their estimated useful lives, as follows:

REVALUATION MODEL:

- CSV vessels 25 years
- Revaluation surplus 25 years

COST MODEL:

- Fast Support Vessels 15 years
- Machinery and equipment 10-15 years
- Furniture, fittings and equipment 3-8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.1, 2.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other (losses)/gains – net, in the income statement. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

COMPONENT ACCOUNTING

When an item of vessel, plant and equipment comprises individual components for which different depreciation methods or rates are appropriate, each component is depreciated separately. A separate component may be either a physical component, or a non - physical component that represents a major inspection or overhaul.

An item of vessel, plant and equipment will be separated into parts ("components") when those parts are significant in relation on the total cost of the item.

2.6 INTANGIBLE ASSETS

(A) GOODWILL

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash - generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

The Cash Generating Units for the Group are as follows:

- Each individual CSV vessels
- Each individual FSV vessels

- KCI Engineering
- Oceanteam Equipment pool in Velsen, the Netherlands.

(B) OTHER INTANGIBLE ASSETS

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

(C) COMPUTER SOFTWARE

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (3-5 years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include the employee costs incurred as a result of developing software and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding three years).

(D) AMORTIZATION

Amortisation is based on the cost of an asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

- customer relationships 3 years

2.7 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 RECEIVABLES

Receivables are recognised at fair value. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired.

2.9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.10 SHARE CAPITAL

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is included in equity attributable to the Company's equity holders.

2.11 TRADE PAYABLES

Trade payables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method.

2.12 BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs are capitalised to the extent that they are directly attributable to the purchase, construction or production of a non-current asset. Borrowing costs are capitalised when the interest costs are incurred during the non-current asset's construction period. The borrowing costs are capitalised until the date when the non-current asset is ready for use. If the cost price exceeds the recoverable amount, an impairment loss is recognised.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.13 TAX

(A) TAXES

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income 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 tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. 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 realized simultaneously.

A deferred tax asset is recognized to the extent that it is more likely than not that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend is recognized.

(B) SHIPPING ACTIVITIES

The shipping activities are operated in several countries and under different tax schemes, including the ordinary tax system in Norway and the Norwegian tonnage tax system. In addition we operate under local tax systems in Netherlands, Germany and Mexico. Our onshore activities are generally subject to the ordinary corporate tax rates within the country in which the activities are located. The variation in the tax systems and rates may cause tax costs to vary significantly depending on the country in which profits are accumulated and taxed. The Group's taxes include taxes of Group companies based on taxable profit for the financial period, together with tax adjustments for previous periods and the change in deferred taxes. Tax credits arising from subsidiaries' distribution of dividends are deducted from tax expenses. Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available to offset the temporary differences. We recognize formerly unrecognized deferred tax assets to the extent that it has become probable that we can utilize the deferred tax asset. Similarly, the Company will reduce its deferred tax assets to the extent that it can no longer utilize these.

Deferred tax and deferred tax assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax and deferred tax assets are recognized irrespective of when the differences will be reversed. Deferred tax and deferred tax assets are recognized at their nominal value and are classified as non-current liabilities (non-current assets) in the balance sheet. Companies taxed under special tax shipping tax systems will generally not be taxed on their net operating profit from the approved shipping activities. A portion of net financial income and other non-shipping activities are normally taxed at the ordinary applicable tax rate. Taxation under shipping tax regimes requires compliance to certain requirements, and breach of these requirements could lead to forced exit of the regime. A forced exit of the Norwegian shipping tax system will lead to accelerated tax payments. Tax payable and deferred taxes are recognized directly in equity to the extent that they relate to factors that are recognized directly in equity.

Parts of the group's operations are structured in accordance with the rules governing taxation of shipping companies, tonnage tax.

2.14 EMPLOYEE BENEFITS

(A) PENSION OBLIGATIONS

The group has a defined contribution plan. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

2.15 PROVISIONS

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.16 REVENUE RECOGNITION

CONTINUING BUSINESS (IAS 17 AND IAS 18):

Oceanteam Shipping is an offshore shipping company. Oceanteam's business is the owning, chartering and managing of Deepwater Offshore Construction Service-and Pipe Lay Vessels, Fast Support Vessels and Equipment.

In addition Oceanteam Shipping provides complementary engineering services consisting of both engineering & design services and equipment to support its clients.

SHIPPING REVENUES:

Income is recognised when it is probable that transactions will generate future financial benefits that will accrue to the company and the amount can be reliably estimated. The majority of contracts are long-term time charter contracts and bare boat contracts. Income and expenses related to a charter party are accrued based on the number of days the contract lasts prior to and after the end of the accounting period.

In the event of off-hire periods, the vessel owner carries the risk beyond any worked up dry-dock days which in some instances are specified in the contract. The group has taken out off-hire insurance to cover major operational interruptions such as repairing collision damage or other serious unforeseen repair work.

The mobilization of a vessel is the period for planning and preparation before the charter has commenced. The demobilization is the period when all the special equipments for a project is being taken off until the vessel is ready for a new project or charter. Mobilization (demobilization) fees are invoiced to the client and recognized over the mobilization (demobilization) period and not spread over the charter.

ENGINEERING REVENUES:

KCI business have some lump sum projects on defined design engineering scope, but most part of revenue is hours billed as the service is being delivered.

Income from rental of equipments are recognised when invoicing for the relevant months according to contract.

2.17 DIVIDEND DISTRIBUTION

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Financial covenants may restrict the possibility to distribute dividends.

NOTE 3. FINANCIAL RISK MANAGEMENT

OVERVIEW

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk (including currency risk, fair market development, interest rate, cash flow interest and price risk)

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Management Committee, which a.o. is responsible for developing and monitoring the Group's risk management policies.

During 2012 the company has been through refinancing of two offshore construction vessels CSV Bourbon Oceanteam 101 and CSV Southern Ocean. The refinanced amount is in total USD 147 million for the jointly owned vessels with Bourbon Offshore Norway AS. In Q4 2012 the company also successfully completed a USD 92.5 million senior bond issue where nearly all warrants type I were exercised. The refinancing have significantly improved the liquidity of the company.

CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The free liquidity is placed in bank accounts with banks of acceptable credit quality. The total theoretically credit risk is approx. USD 49.7 million where USD 14.9 millions is receivables and USD 34.8 million is bank deposits, see note 13 and 14. Oceanteam Shipping's client are primarily large companies with high credit rating. The need for bank guarantee and preinvoicing are considered on individual basis.

TRADE AND OTHER RECEIVABLES

The exposure to credit risk is influenced mainly by the individual characteristics of each customer. In 2012 the 4 largest clients/ projects represented 89.3 percent of the Group's total trade receivables.

Geographically, there is credit risks to Africa (BP Angola), America (McDermott International) and Australia (fugro - tsmarine) for the CSV assets. For the FSV assets the geographically risk is for Mexico and for Venezuela.

For the engineering business the credit risk is for Europe and 50 - 60 clients .

As the number of clients goes up, the Management Committee will monitor the need for analysing customer credit risk, whereby customers are to be grouped according to their credit characteristics. This will also cover a potential need for making allowances for impairment corresponding to an estimate of incurred losses in respect of trade and other receivables and investments.

The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses project - based costing to cost its services, which assists in monitoring cash flow requirements. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations. This policy is seen as sufficient to ensure that the Group is able to manage the potential liquidity impact of circumstances that can reasonably be predicted, such as delays in the execution of projects. Such delays can either be caused by Oceanteam or the client involved in the contract in question.

The Group has an overdraft facility of EUR 500.000.

Bank loans for vessels CSV 101 and CSV 104 have been refinanced by SpareBank 1 SMN and DVB Nordic Branch in April 2012 and settled in Q3 2012. The bond loan was fully repaid before 19th June 2012 and nearly all warrants I were exercised.

This resulted in equity effect of NOK 14.5 million.

The refinancing process transactions in 2012 have increased liquidity buffer and reduced the liquidity risk for the company significantly.

The new loan facility for the two vessels have changes in financial covenants which is further described under note 17 Loans and borrowings.

FINANCIAL COVENANTS

According to a liquidity covenant in its loan agreements, the Group shall at all times have a minimum free liquidity of USD 5 million and above 35 percent booked equity at all time. At the balance sheet date, the Group had a liquidity position of USD 34.8 million, of which approx. USD 4.0 million was restricted or pledged as collateral. The USD 30.8 million in free cash consisted of approx EUR 1.7 million, in approx. USD 25.5 million, NOK 16.5 million and some GBP and MXN.

The investment for the LV North Ocean 105 is fully financed according to building contract with the yard. Remaining funding will be required for project management and for the building interests. If any variation orders appears, this is not yet financed.

Per 31st December 2012 Oceanteam Shipping is compliant with all financial covenants for bank loans and bond loans, both on Group level and the individual company level.

During 2012 the company has decreased the risk with a restructured balance sheet and the company's refocus on Shipping and Engineering. The operations have improved during the year which has resulted in an improvement of the company's financial results going forward. Fluctuations in exchange rates between USD and NOK has been taken out with the refinancing of bond loan in USD. All the revenue from the shipping division is in USD and is used to repay the interests and installments for the debt.

MARKET RISK

The company has invested 25 percent in the CSV Lay Vessel North Ocean 105. The vessel was delivered 20th April 2012 and has commenced a five year charter at delivery. This investment has risk connection to charterer, complex offshore operations and risk connecting to owners guarantees in case of the project needing more funding. The companies equity contribution is USD 4.5 million, but the fair market value from two independent brokers indicate a significant premium value for the vessel.

OPERATIONAL RISK

Operational risks include charters, service life and technical risk of vessels, the Group's limited operating history, risk for substantial responsibilities, the Group's ability to retain senior management and key personnel, risk for legal proceedings and contractual disputes, construction risk and employment risk for the vessels and equipment.

The risk includes risk of fluctuation in oil prices, political, economical risk and other uncertainties, increased competition, and risk of war, other armed conflicts and terrorist attacks. The deteriorated financial climate has lead to delays in projects in the oil and gas and renewable industries which might make it more difficult to obtain attractive contracts for the construction support vessels and fast support vessels.

Also the demand for cable installation equipment and engineering services may be affected by the economic circumstances. The Company's cost base is only to a limited extend exposed to increases in the price of bunker oil as in time charter contracts fuel normally is for the account of the customer.

The current situation with the Company's main assets, the construction support vessels, is as follows. Currently "CSV Bourbon Oceanteam 101" is on timecharter with BP Angola until 28th February 2015 with a 2 x 1 year option. "CSV North Ocean 102" will be on charter with J. Ray McDermott until mid 2015, "CSV Southern Ocean" (renamed from CSV Bourbon Oceanteam 104) is on contract to Fugro-TS Marine until ending 2015. The LV North Ocean 105 has a five year contract with J. Ray McDermott until 30th June 2017.

FINANCIAL RISK

The company is exposed to financial risk in different areas. Financial risks include interest rate and currency fluctuations, investment and trading risks in general, borrowing and leverage and risk in connection with the vessels under construction / Spanish tax lease.

The company has sales revenues and liabilities in foreign currencies and is exposed to currency risks. This risk is particularly relevant for the liabilities in Norwegian Kroner and revenue and liabilities in the USD and EUR.

The company is exposed to changes in interest rates as the bulk of its debt has floating rates.

The objective of the Company is to reduce the financial risk as much as possible. Current strategy does not include the use of financial instruments, but is largely based on natural hedging. Natural hedging means to have revenue and cost in the same currency for each project. This is, however, continuously being assessed by the Board of Directors.

CURRENCY RISK

The Group is exposed to currency risk on sales, purchases, cash deposits and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the US dollar (USD), but also Euro and Norwegian Kroner (NOK).

The major currency risk for the Group have until mid Q4 2012 been the nominal bond loan of NOK 400 million and the call premium and the timing of the refinancing of the bond loan. In Q4 2012 Oceanteam Shipping ASA has completed a USD 92.5 million issue where the net proceeds were used to refinance the current bond loan. After this refinancing process, the currency risk have decreased significantly. The total loan amount in USD is 90.2 million per 31st December 2012 and accrued call premium is USD 80.000. Incurred interest costs are from now on in USD for all loans. Provisions and other items are all in EUR, USD and GBP.

		Exchange rates 31.12.2012	**Exchange rates 31.12. 2011**
Exchange rates used in the annual report:	USD/EUR	0,7552	0,7729
	USD/NOK	0,1796	0,1669
EUR - European euro	NOK/EUR	7,3410	7,8125
NOK - Norwegian kroner	NOK/USD	5,5664	5,9927
USD - American dollar	EUR/ USD	1,3188	1,2939

The carrying amounts of the group's trade and other receivables are denominated in the following currencies:

	2012	2011
USD	6 606	9 054
EURO	8 288	1 874
NOK	0	(596)
Other currencies	86	1 461
	14 979	11 793

The carrying amounts of the group's short term and long term liabilities are denominated in the following currencies:

	2012	2011
USD	(177 719)	(61 705)
NOK	(1 611)	(87 247)
EUR	(9 816)	0
Other currencies	(200)	(11 495)
	(189 344)	(160 447)

USD exchange rate movements:

	31.12.12	Increase	Decrease
EUR/USD	1,3188	1,5000	1,1000
Effect on receivables	10 930	1 502	(1 813)
EUR/USD	1,3188	1,5000	1,1000
Effect on liabilities	(12 945)	(1 779)	2 148

The largest currency risk for Oceanteam Shipping is connected to movement in the EUR versus USD, but since both receivables and liabilities are in USD the fluctuations will be minimal.

INTEREST RATE RISK

		2012	2011
		Carrying amount	Carrying amount
Cash balance		34 846	11 638
Secured bank loans		93 125	72 380
Unsecured loans		90 197	73 717
Total loans and borrowings		**183 322**	**146 097**
LIBOR + margin	**3 %**	**4 %**	**5 %**
Total effect on interests with margin increase of 100 basis points	5 500	7 333	9 166
Positive (negative) effects	1 833		(1 833)

INTEREST RATE FLUCTUATIONS

An increase (decrease) in the interest level with 100 bp will give an effect of USD 1.8 million on the balance of loans and borrowings per 31 December 2012. The interests rates are also linked to the development of LIBOR margins.

FAIR VALUE BOND LOAN

The fair value of trades of the bond loan has been around 97,5% of the nominal value.

CAPITAL MANAGEMENT

The Board's policy is to improve the capital base so as to maintain investor, creditor and market confidence and to sub-stain future development of the business. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or refinancing debt.

The Group's debt providers have imposed the following covenants regarding capital management:

- 35% book equity at all times;
- 25% market value adjusted equity at all times;
- covenants in vessel owning companies

Furthermore, the financial covenants are subject to surveillance by management and to be in compliant with at all times. For more information regarding financial covenants, please see note 17 – loans and borrowings.

There are significant premium values connected to the CSV vessels. At the same time these estimates are connected with uncertainty.

New vessels are not ordered before equity installments are allocated and full financing is in place with a reputable shipping bank. Long term cash flows are continually updated to identify risks and opportunities.

NOTE 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(A) INCOME TAXES

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Some companies operate under the Norwegian Tonnage Tax system were the tax is estimated to be zero.

(B) REVALUATION MODEL

The estimate of the fair value on the CSV vessels and Pipelay vessel may change due to variation on charter hire, OPEX, WACC (weighted average cost of capital) and market conditions and operational risks of operating vessels.

(C) GOODWILL

The estimate of Cash Generated Units (CGU) may have variation on cash flow estimates and WACC.

NOTE 5. OPERATING SEGMENTS

The Group has two segments, shipping and engineering as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the Group's CEO (the chief operating decision maker) reviews internal management reports on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

	SHIPPING		ENGINEERING		TOTAL	
	2012	2011	2012	2011	2012	2011
External revenue	**39 105**	**36 250**	**27 432**	**24 958**	**66 537**	**61 208**
Operating costs	(8 150)	(10 188)	(15 234)	(14 463)	(23 384)	(24 651)
General & Administration	(6 496)	(5 832)	(7 927)	(5 963)	(14 423)	(11 795)
Depreciaton	(10 817)	(10 224)	(3 515)	(4 518)	(14 332)	(14 742)
Write off assets		(32)	(16)	2 130	(16)	2 098
Reportable segment profit before income tax	**13 642**	**9 974**	**741**	**2 144**	**14 383**	**12 118**
EBITDA	**24 459**	**20 230**	**4 271**	**4 532**	**28 730**	**24 762**
Interest income	545	1 691	(106)	(1 165)	439	525
Interest cost	(21 339)	(13 964)	(12)	30	(21 351)	(13 934)
Foreign exchange result	(100)	921	(24)	1 522	(124)	2 443
Pre-tax profit	**(7 252)**	**(1 346)**	**598**	**2 499**	**(6 654)**	**1 153**
Reportable segments assets	**264 135**	**238 053**	**37 277**	**35 352**	**301 412**	**273 405**
Reportable segments liabilities	**180 331**	**122 743**	**9 013**	**37 704**	**189 344**	**160 447**
Capital Expenditure	1 464	11 558	3 159	2 144	4 623	13 702
Investment in associates	14 071	5 988			14 071	5 988

The Shipping segment consist of the three operating CSV vessels, one Pipelay vessel delivered 20th April 2012 and the two FSV boats. All the vessels are working outside Europe in 2012. Administration expenses in Oceanteam Shipping ASA are allocated to Shipping segment.

Engineering activities are mainly in Europe with some minor activities in Brazil and Shanghai.

Geographical segments		
Sales	**2012**	**2011**
Europe	27 382	24 958
Other	39 155	36 250
	66 537	**61 208**

Sales are allocated based on the area in which the services are rendered.

NOTE 6. REVENUE

Revenue comprises:	2012	2011	Change in %
Shipping revenue	39 105	36 250	8 %
Engineering revenue	27 432	24 958	10 %
Total revenue	**66 537**	**61 208**	**9 %**

SHIPPING

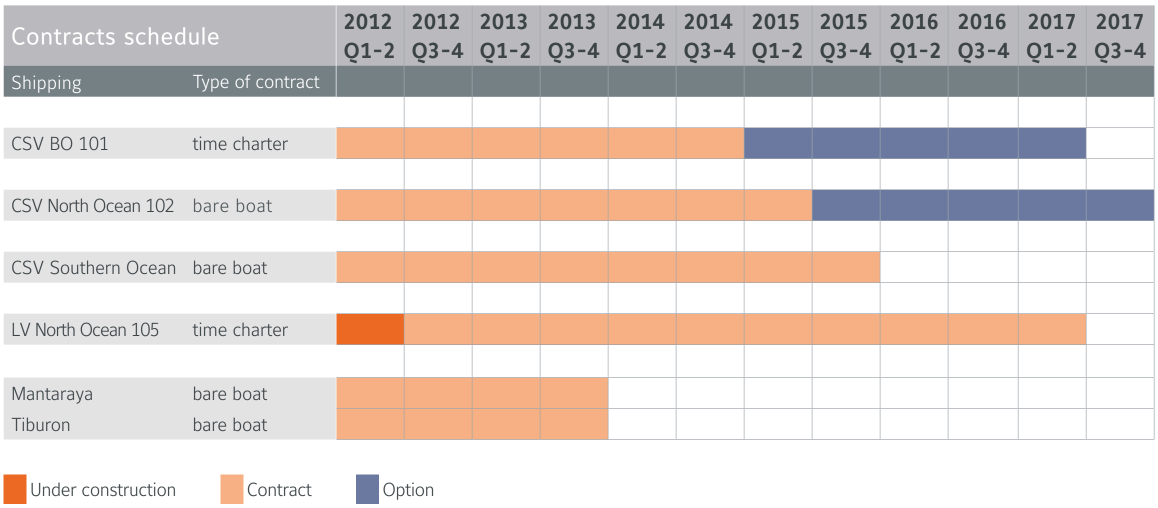
The group's operational vessels are essentially rented out on time/ bare boat charters. The group has evaluated "IFRIC interpretation 4 Determination" whether an arrangement contains a lease and has concluded that the time charters (TC) and bare boat (BB) contract represent lease of assets and are therefore subject to IAS 17. The lease agreements are classified as operation leases.

When Crew is included, this part of revenue will be accounted for in accordance with IAS 18.

Lease income from the lease of vessels is recognized on the profit and loss account using the straight line method for the duration of the lease period. The lease period starts on the date the vessel is made available to the leaser, and terminates on the agreed date for return of the vessel.

Crew hire and payments to cover other operating expenses are reported as income according to the straight line method for the duration of the agreement. There is no difference in the recognising of revenue after IAS 17 or the IAS 18, but the disclosure lists are different.

Mobilization and demobilization income is booked in the period in which the work was performed. Income and costs associated with charter parties are recognized in the accounts on the basis of the number of days the contract lasts for and after the end of the accounting period. Revenues from the sale of vessels are recorded in the income statement once delivery to the new owner has taken place.



Construction and Support Vessels contract schedule:

- CSV 101: BP Angola until 28th February 2015 (+2 x 1 year option)
- CSV 102: changed from Time charter to Bareboat charter from 1 October 2012. McDermott firm until 1st August 2015 (+2 x 1 year option)
- CSV 104: Fugro TSMarine until 31st December 2015
- LV 105: McDermott until 30th June 2017 (delivered April 2012)
- FSV Mantarraya: Inversiones until end 2013
- FSV Tiburon: Inversiones until end 2013
- Engineering- & equipment: the level of secured work / tenders out are satisfactory for the coming seasons

The Group leases out its CSV Vessels. The future minimum lease payments under non - cancellable leases are as follows

USD Million	2012	2011
Less than one year:	58 593	58 807
Between one and five years:	93 670	147 463
More than five years:		8 438

Oceanteam Shippings operations in Mexico are two Fast Supporting vessels (FSV). These vessels are currently working in Venezuela, transporting people and light equipment from land to offshore installations and between offshore installations.

* LV North Ocean 105 is not included.

ENGINEERING

The equipment pool is being rented out in the spot market and Oceanteam Shipping is marketing the equipment for longer contracts. The revenue is recognized, in accordance with IAS 18, when the equipment and personnel is rented out and according to day rates.

The income from the engineering part of the Group and services is recognised when provided. The sale of services from the engineering is recognized after IAS 18 and percentage of completion when the outcome of the service contract can be measured reliably.

NOTE 7. PERSONNEL COST

USD'000	2012	2011
Personnel cost		
Salary	6 036	6 031
Pensions	157	119
Social security cost	610	139
Insurance	71	116
Directors fees	134	120
Contractors fees	912	1 709
Other Cost	(17)	37
Personnel cost allocated to projects, including assets	(1 263)	(395)
Total	**6 640**	**7 875**
Average number of full time employees	182	170

Accumulated expenses for wages, pension premiums and other remuneration to the CEO, other group executives and members of the parent company's board were:

2012 USD'000	Wages	Pension premiums	Other remuneration	Total
Haico Halbesma (CEO)	435		213	648
Torbjørn Skulstad (CFO)	250	10	77	337
Board fees	122		1 198	1 320
Total	**807**	**10**	**1488**	**2 305**

2011 USD'000	Wages	Pension premiums	Other remuneration	Total
Haico Halbesma (CEO)	355		286	641
Torbjørn Skulstad (CFO)	172	10	72	254
Board fees	123		1 286	1 409
Total	**650**	**10**	**1 644**	**2 304**

Specification of other remuneration to board members			USD '000
Name	**Position**	**2012**	**2011**
Mr. Hessel Halbesma	Chairman	1 042	634
Mr. Ronald Moolenaar	Director	116	375
Mrs. Catharina Petronella Johanna Pos	Director	41	277
Total		**1 198**	**1 286**

There are no options, or pension plans for the CEO. Annual salary is EUR 330.000/ year. He has also waived his protection in relation dismissal. For this waiver twelve month salary is offered as compensation. From 2011 the CEO has entered a service agreement through his company Heer Holland B.V. In 2012 CEO have received an incentive of EUR 165.000 for the year 2011 which has been invoiced from Feastwood Holding Ltd, a company controlled jointly by Mr Haico Halbesma and Mr Hessel Halbesma.

For the year 2012, the agreed fee for the chairman of the board is NOK 300.000 and NOK 200.000 for the other members of the board. In addition, the agreed fee for the board committee is EUR 2.400 per day. As of 16th January 2013, Mr Ronald Moolenaar has resigned from the board of directors. He was replaced by Mr James Hill, who was elected and registered as Director on the extraordinary general meeting held on the same date.

The management has an incentive scheme where the incentive is connected to "HR SMART" objectives and appraisals and is based on the yearly gross salary. The incentive cannot be more than the annual salary. The incentive can either be paid out in shares or in cash.

Oceanteam Shipping ASA has established a new office in Monaco in 2012. There has been booked costs of EUR 76.560 for an apartment for CFO Mr Torbjørn Skulstad in 2012. In addition the Group has a sublease contract for offices in Monaco with Challenger Management Services SAM, owned by Mr Ronald Moolenaar, who was director until 16th January 2013. The rent and service charges for these offices amounts to EUR 97.396 per year.

NOTE 8. GENERAL ADMINISTRATION - AUDITORS FEE

		USD '000
Specification of auditor fee	**2012**	**2011**
Statutory audit	358	259
Other assurance services	137	65
Tax advisory	139	17
Other	184	20
Total	**818**	**361**

The specifications for 2011 only include auditor fee from KPMG. In addition to this, the group has paid fee to other audit firms.

NOTE 9. INTANGIBLE ASSETS

				USD '000
2012	**Goodwill**	**Customer relations**	**OTS Designs**	**Total**
Historical cost 31 December 2011	12 987	4 400	259	17 646
Additions			318	318
Disposals				
Minority interests				
Conversion variances				
Historical cost 31 December 2012	**12 987**	**4 400**	**577**	**17 964**
Accumulated amortization		(1 825)		(1 825)
Amortization		(1 463)		(1 463)
Impairments/reversals				
Amortization		**(3 288)**		**(3 288)**
Accumulated impairments				
Impairments/ reversals				
Accumulated impairments				
Book value 31 December 2012	**12 987**	**1 112**	**577**	**14 675**
Amortization rates		3 years	Not yet depreciable	
Amortization method		Linear		

				USD '000
2011	**Goodwill**	**Customer relations**	**OTS Designs**	**Total**
Historical cost 31 December 2010	12 987	4 400		17 387
Additions			259	259
Disposals				
Minority interests				
Conversion variances				
Historical cost 31 December 2011	**12 987**	**4 400**	**259**	**17 646**
Accumulated amortization		(365)		(365)
Amortization		(1 460)		(1 460)
Impairments/reversals				
Amortization		**(1 825)**		**(1 825)**
Accumulated impairments				
Impairments/ reversals				
Accumulated impairments				
Book value 31 December 2011	**12 987**	**2 575**	**259**	**15 818**
Amortization rates		3 years	Not yet depreciable	
Amortization method	None	Linear		

ACQUISITION OF KCI ENGINEERING

On 2nd April 2010 Oceanteam Shipping ASA acquired additional 20 percent of the shares and voting interests of KCI Engineering. As a result, the Group's equity interest in KCI Engineering increased from 50 percent to 70 percent. From 1st July 2010 the goodwill equals to USD 13 million and customer relations to USD 4.4 million. The recognized amount of customer relations is amortized over an expected useful life of three years.

The balance per 31st December 2012 for customer relations is USD 1.1 million and for goodwill USD 13 million.

IMPAIRMENT TESTING OF GOODWILL

For the purposes of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. Value in use was determined by discounting the future cash flows generated from the continuing use of the unit.

Oceanteam Shipping ASA had two external valuations on the company which the goodwill asset has arose from. Both the independent, third parties valuations shows added values which is higher than the goodwill amount of 9.4 million USD. In addition there is a cash flow model which calculates the estimated cash flow for a 5 years period. The assumptions are: a five year cash flow, a growth rate of 2-5% both in revenue and costs. The cash flow is discounted with the WACC of 9,3%.

CASH FLOW-GENERATING UNITS

Oceanteam's goodwill originates from acquisitions in 2008 and 2010. The management will follow up recoverable amounts per identified cash-flow generating units (CGU). The legal unit KCI BV is defined as the CGU.

DETERMINATION OF RECOVERABLE AMOUNT

Value in use, is used to find the recoverable amount. The calculations are based on future cash flows where budgets and strategically goals for the period 2013-2017 are used. In the cash flow analysis a margin between 12% and 16% has been applied. Present value is calculated by using discounted cash flows where the weighted average cost of capital (WACC) is 9,3% before tax. WACC is based on a risk free rate of 1.5%, market share premium of 6% and Beta of 1.3.

SENSITIVITY ANALYSIS

Headroom is the difference between calculated value in use and carrying amount. Negative headroom indicates that goodwill is impaired. Pr 31st December 2012, impairment test for goodwill gives a headroom of EUR 25.352 and indicates that no impairment will occur. Sensitivity analysis with a range of WACC 6% to 13% gives positive headroom and indicates that at reasonable changes in discount rate, no impairment will occur.

NOTE 10. TANGIBLE ASSETS AND INVESTMENT IN ASSOCIATES

2012	Participation in LV 105	Fast Support Vessels, Machinery & other	Construction and support vessels (CSV)	Total
Historical cost 31 December 2011	4 828	33 142	145 519	183 489
Additions	2 011	4 779	1 465	8 255
Disposals		(77)	(1 619)	(1 696)
Historical cost 31 December 2012	**6 839**	**37 844**	**145 365**	**190 048**
Accumulated depreciation 31 December 2011		(13 039)	(17 444)	(30 483)
Depreciation		(2 611)	(6 784)	(9 395)
Disposals depreciation				
Accumulated depreciation 31 December 2012		**(15 650)**	**(24 228)**	**(39 878)**
Accumulated impairments 31 December 2011		(8 553)		(8 553)
Impairments/reversals				
Accumulated impairments 31 December 2012		**(8 553)**		**(8 553)**
Carrying amount 31 Dec 2012 if CSV's were stated at historical cost	**6 839**	**13 641**	**121 137**	**141 617**
Revaluation reserve 31 December 2011	1 160		85 160	86 320
Net change in revaluation surplus	6 072		2 524	8 596
Revaluation reserve 31 December 2012*	**7 232**		**87 684**	**94 916**
Carrying amount 31 December 2012	**14 071**	**13 641**	**208 821**	**233 081**
Depreciation premium values			(3 452)	(3 452)
Depreciation rates		3-15 years	5-25 years	
Depreciation method	none	linear	linear	

*The revaluation reserve does not include tax effect. The tax effect as of 31st December is USD 1.27 million.

2011	Participation in CSV 105	Fast Support Vessels, Machinery & other	Construction and support vessels (CSV)	Total
Historical cost 31 December 2010	4 828	37 851	137 589	180 268
Additions		2 144	11 558	13 702
Disposals		(6 853)	(3 628)	(10 481)
Historical cost 31 December 2011	**4 828**	**33 142**	**145 519**	**183 489**
Accumulated depreciation 31 December 2010		(9 378)	(11 050)	(20 428)
Depreciation		(3 661)	(6 394)	(10 055)
Disposals depreciation				
Accumulated depreciation 31 December 2011		**(13 039)**	**(17 444)**	**(30 483)**
Accumulated impairments 31 December 2010		(10 651)		(10 651)
Impairments/reversals		2 098		2 098
Accumulated impairments 31 December 2011		**(8 553)**		**(8 553)**
Carrying amount 31 Dec 2011 if CSV's were stated at historical cost	**4 828**	**11 550**	**128 075**	**144 453**
Revaluation reserve 31 December 2010			77 155	77 155
Net change in revaluation surplus	1 160		8 005	9 165
Revaluation reserve 31 December 2011	**1 160**		**85 160**	**86 320**
Carrying amount 31 December 2011	**5 988**	**11 550**	**213 235**	**230 324**
Depreciation premium values			(3 224)	(3 224)
Depreciation rates	25 years	3-15 years	5-25 years	
Depreciation method	linear	linear	linear	

THE ASSUMPTIONS IN THE REVALUATION MODEL ARE THE FOLLOWING:

- The model for the calculation of the revaluation has been developed in coorporation with external experts and has the following features:
- Oceanteam Shipping ASA is updating the model quarterly
- Two external valuations from independent brokers where the Construction Support Vessel (CSV) and Lay vessel (LV) is traded between a willing buyer and a willing seller in an active market
  - the Brokers opinion of recent newbuilding quotes of similar tonnage
  - the Brokers are evaluating the replacement costs of comparable vessels
  - the Brokers are evaluating if any recent sales of comparable vessels in the market.

The above 3 assumptions form Brokers sole opinion of the fair market value any asset in the prevailing market as between a willing seller and a willing buyer, charter free. The brokers valuation are done quarterly at end of quarter.

In the market for CSV vessels there are few transactions of similar tonnage and charter rates often are adjusted to specific projects, the valuation is mostly based on Brokers opinion of recent newbuilding quotes of similar tonnage and equipment.

In general the Brokers state that they cannot as brokers give any assurance that the valuation can be substained or realizable in any actual transactions. The vessels are also valued individually. If all or any of them were placed on the market at the same time, no assurance can be given that the amount realized would be equal to the total of the individual valuations.

- The average of two brokers valuation on a charter free CSV vessel and LV vessel with prompt delivery
- The estimated economically lifetime is 25 year from delivery of the vessel
- The calculated cash flow from the time charter on the revaluated CSV vessel is being compared with the estimated brokers charter.
- The premium value of the vessel is depreciated linear over the useful life of the assets
- The cash flow from the charter is discounted with a WACC of 8% percent. The calculation of the WACC has the following assumptions:
    - 10 year state USD
    - a 40/60 ratio of equity/ debt
- When Oceanteam Shipping has a signed building contract, financing is secured, construction costs and fair value can be measured reliably. Oceanteam Shipping is applying the revaluation model for the CSV vessels and one LV vessel. The accounting impact when applying the revaluation model is that the CSV vessels and LV vessel are measured at fair value in the balance sheet. The lines on the balance sheet "Vessels and equipment" on the asset side under tangible assets and the line "Revaluation reserve" is affected by the revaluation method. The historical costs for the CSV vessels are shown in the table above for tangible asset under the column "Construction and Support Vessels" and also the revaluation surplus under the line revaluation reserve in the table.
- Per balance sheet date the CSV 101, CSV 102, CSV 104 and LV 105 were revaluated.
- The option price for the CSV North Ocean 102 and LV North Ocean 105 are included in the cash flow connected to the vessel and the option can be called in Q4 2014 and Q2 2017. When the relevant option period commences, McDermott will have 60 days to call the option. If the option is not within the option period, the call option will go to Oceanteam Shipping. The call option price for the CSV 102 is USD 120 million at the intial transaction date 19th December 2009 depreciated over 20 years with adjustments for the working capital. The call option price for vessel LV 105 is USD 95.9 million at the initial transaction date 20th April 2012 depreciated over 20 years with adjustments for working (excluding inventories and spares). The initial value of the JRM Equipment shall be USD 22.1 million.

According to IAS 39 this is a financial liability for Oceanteam Shipping to be recognized in the financial statements. When there is uncertainty related to such liabilities, the liability must be estimated. The option value for the CSV North Ocean 102 is included in the cash flow connected to the vessel, based on the best estimate of the management.

Oceanteam Shipping has the following investments in associates:

Entity	Country/ Industry	Ownership interest	Carrying amount 31.12.2012	Net profit (loss)2012	Amortisation of excess values 2012	Fair value
North Ocean 105 AS	Norway/ Shipping	25 %	14 071	2 268	*	14 071
Total			**14 071**			**14 071**

Fair Value has been calculated on booked equity and adjusted for revaluation model.

Summary of the financial information of North Ocean 105 AS	2012	2011
Current assets	7 277	1 235
Non-current assets	117 917	93 762
Current liabilities	(44 375)	10 935
Non current liabilities	(69 851)	62 127
Income	16 822	*
Expenses	(7 844)	*
Equity	8 950	(29)

NOTE 11. FINANCIAL INCOME AND FINANCIAL EXPENSES

USD'000	2012	2011
Interest income bank	9	13
Other financial income	430	512
Foreign exchange gain/loss	(124)	2 443
Interest expense	(11 665)	(8 786)
Call premium	(8 423)	(3 687)
Other financial expense	(1 263)	(1 461)
Total	**(21 036)**	**(10 965)**

Increase in interest expense is mainly due to refinancing of bond loan and call premium.

NOTE 12. TAX

		USD '000
	2012	2011
Tax payable Norway	2	
Tax payable abroad	419	417
Changes in deferred tax Norway	4 342	(1 223)
Adjustments previous year		
Changes in deferred tax abroad		
Income tax	**4 763**	**(806)**
Reconciliation of tax payable		
Tax payable in profit and loss account		
Credit deduction, international		
Tax, international	53	100
Corrections previous years		
Tax payable in balance sheet	**53**	**100**
Reconciliation of nominal and effective tax rate		
Profit before tax	(6 654)	1 153
Applicable 28% tax rate	**(1 863)**	**323**
Variance, actual and expected income tax expense	**2 900**	**(1 129)**
Explanation of why actual tax cost deviates from expected tax cost		
Tax effect from non-deductible costs	(3 559)	
Tax effect from non-taxable income		
Effect of foreign trade tax	4 342	95
Effect of shipping company taxation	(60)	(1 223)
Difference between foreign tax rate and Norwegian tax rate		
Changes utilization of tax loss carry forward	(110)	
Tax previous years	2 287	
Variance compared to applicable tax rate	**2 900**	**(1 129)**

Income tax in other comprehensive income	2012			2011		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Changes in revaluation model for non-tonnage tax companies	15 507	4 342	11 165	4 367	(1 223)	3 144
Other comprehensive income						
Translation differences	(380)			245		245
	15 127	**4 342**	**11 165**	**4 612**	**(1 223)**	**3 389**

DEFERRED TAX:

Below is a specification of temporary differences between accounting and tax values, as well as calculation of deferred tax / tax asset at the end of the financial year.

Basis for deferred tax	2012	2011
Other current balance sheet items		
Amount linked to current balance sheet items		
Deferred tax on equity transactions		
Deferred tax on revaluation model	(17 575)	(32 255)
Loss carried forward	211 333	178 949
Amount linked to long-term balance sheet items	**193 758**	**146 694**
Total basis for deferred tax assets	**193 758**	**146 694**
Total deferred tax (-) / tax assets		
- Deferred tax/ tax assets, companies taxed as shipping companies		
Deferred tax assets calculated	**54 252**	**41 074**
Calculation of deferred tax / tax asset		
Deferred tax recognised in balance sheet		
Deferred tax asset recognised in balance sheet	3 831	3 831

Deferred income tax and liabilities are offset when there is an enforceable right to offset deferred tax assets against deferred tax liabilities and when the deferred income tax relate to the same fiscal authority.

Oceanteam Shipping has recognized USD 3.8 million as a deferred tax asset for the operations in the Netherland. The deferred tax asset is related to the equipment business, and is based on latest forecast for this business. Plans indicates that there will be sufficient taxable profit to offset some of the tax loss carry forward before 2018, which is the period of utilization. Contracts and budgeted revenue with customers gives convincing evidence to support the conclusion that the deferred tax asset can be recognized in the accounts.

Parent company Oceanteam Shipping ASA has suffered large tax losses from exiting the contracting business. The basis for potential deferred tax loss is estimated to amount to 160 million USD for the Norwegian entities and EUR 45 million for abroad operations. Confirmation from the tax authorities of a deferred tax loss of NOK 917 million has been received in October 2012. The deferred tax losses are not recognized in the balance sheet as there is uncertainty to what extent the losses can be offset against future profits.

Revaluated vessels that are in the tonnage tax regime have no deferred tax on the revaluation surplus since taxed under the tonnage tax regime.

NOTE 13. RECEIVABLES

		USD '000
	2012	**2011**
Trade receivables at nominal value	7 723	7 648
Less: provision for impairment of trade receivables	65	390
Trade receivables net	7 658	7 258
Other current receivables	7 321	4 536
Receivables 31.12.	**14 979**	**11 794**
Movements on the group provision for impairment of trade receivables are as follows:		
At 1 January	390	(9)
Provision for receivables impairment	(325)	398
At 31 December	**65**	**390**

The creation and release of provision for impaired receivables have been included in 'other expenses' in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The group does not hold any collateral as security.

Trade receivable for 2012 of USD 7.7 million consist of USD 4.0 million for shipping business and USD 3.7 million (denominated in EUR) for engineering business. Other receivables USD 7.3 million consist of USD 2.7 million and USD 4.6 million (denominated in EUR). All outstanding trade receivables for Shipping Segment of approximate USD 4.0 million is received in 2013. For Engineering Segment, USD 3.6 million is outstanding trade receivables pr year end where USD 3.4 million is received in 2013.

Other receivables for 2012 consists of USD 2.6 million and USD 4.6 million (denominated in EUR) of which USD 2.3 million and USD 3.0 million (denominated in EUR) is received.

NOTE 14. CASH AND CASH EQUIVALENTS

USD'000	2012	2011
Cash	34 846	11 638
Cash and cash equivalents 31.12.	**34 846**	**11 638**
Of which is restricted deposits*	**4 025**	**2 818**
Unused overdraft facilities 31.12. (in EUR '000)	**500**	**500**

* Restricted amounts consists of restricted cash limit for earnings account for the CSV vessels and the deducted employee tax within 2 months.

The cash on the group is restricted for USD 4 million and EUR 0.3 million which gives USD in free cash of total in USD 30.5 million, consisting of EUR 1.7 million, NOK 16.5 million, USD 25.5 million and some GBP.

NOTE 15. INVESTMENTS IN COMPANIES

Overview subsidiaries:	Head Office		Equity interest	Voting share
Subsidiary companies:				
Oceanteam II BV	Amsterdam, Netherlands		100 %	100 %
Imera NV	Amsterdam, Netherlands	*	100 %	100 %
Oceanteam Equipment Base 2 Ltd	Amsterdam, Netherlands	**	100 %	100 %
Oceanteam Shipping GmbH	Amsterdam, Netherlands	*	100 %	100 %
Oceanteam Shipping BV	Amsterdam, Netherlands	*	100 %	100 %
Oceanteam Equipment Base Ltd	Amsterdam, Netherlands	**	100 %	100 %
Oceanteam GmbH	Amsterdam, Netherlands	**	100 %	100 %
Oceanteam Power & Umbilical GmbH	Amsterdam, Netherlands	***	100 %	100 %
Oceanteam Mexico BV	Amsterdam, Netherlands	*	100 %	100 %
Oceanteam Mexico SA de CV	Mexico	**	49 %	90 %
OceanWind BV	Amsterdam, Netherlands	*	51 %	51 %
Oceanteam Energy Holding NV	Amsterdam, Netherlands		100 %	100 %
DEP BV	Schiedam, Netherlands	*	100 %	100 %
KCI Holding BV	Schiedam, Netherlands	**	100 %	100 %
KCI BV	Schiedam, Netherlands	***	70 %	70 %
Multi Purpose Platform Research & Development BV	Schiedam, Netherlands	****	100 %	100 %
Oceanteam Shipping Monaco SAM	Monaco, France		100 %	100 %
North Ocean 309 AS	Bergen, Norway		100 %	100 %

*/**/***/**** The shares are indirectly owned by Oceanteam Shipping ASA through subsidiaries.

The subsidiaries are fully consolidated. For Oceanteam Mexico SA de CV and KCI BV there is a 10% and 30% non controlling interest. For OceanWind BV there is an 49% of non-controlling interest.

Consolidated financial statements for Oceanteam Shipping and for Parent company Oceanteam Shipping ASA are available at www.oceanteam.no under investor – reports and presentation.

Joint venture companies, see note 25:

Joint venture companies	Head office	Equity interest	Voting shares
CSV Bourbon Oceanteam 101:			
Oceanteam Bourbon 101 AS	Bergen, Norway	50 %	50 %
CSV North Ocean 102:			
North Ocean II KS	Bergen, Norway	50 %	50 %
North Ocean II AS	Bergen, Norway	50 %	50 %
CSV Southern Ocean:			
Oceanteam Bourbon 4 AS	Bergen, Norway	50 %	50 %
Oceanteam Bourbon Spares & Equipment AS	Bergen, Norway	50 %	50 %
Associates:			
LV North Ocean 105:			
North Ocean 105 AS	Bergen, Norway	25 %	25 %

Associates are all entities over which the group has significant influence but is not in control shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost.

LV 105 was delivered from yard 20th April 2012.

DISCONTINUED OPERATIONS:

There were no discontinued operations in 2012.

NOTE 16. SHARE CAPITAL AND SHAREHOLDER INFORMATION

SHARE CAPITAL:

Pr 31.12.2012, Oceanteam Shipping ASA has share capital of NOK 14.796.629 distributed on 15.078.840 shares. There are also two kind of warrants issued: I of 14.898.607 and II of 29.599.698 for Second Bond Loan of NOK 400 million. This bond loan was fully repaid in Q4 2012 and warrants I became applicable in this process. Nearly all warrants I were exercised and resulted in increase of NOK 7.257.209 in share capital. After Warrants I were exercised, the total number of shares is also changed. This process is registered in Norwegian Register of Business Enterprises on 24th January 2013.

At 5th June 2012 Oceanteam Shipping ASA performed a consolidate (reverse split) of the shares of the company so that 10 old shares shall give 1 new share. After the share consolidation, the nominal value of the shares shall be NOK 0,50, increase of NOK 0.45 from NOK 0.05. Further, in order to ensure a number of shares dividable by 10 prior to consolidation, share capital increase by issuance of 7 new shares at a subscription price of NOK 0.05 was resolved at the Annual General Meeting of Oceanteam Shipping on 31st May 2012.

Following the exercised warrants I the number of shares have been increased from 15.078.840 to 29.593.259. Below shows the currently 20 largest shareholders after exercising warrants I.

Shareholders	Notes	Number of shares	Prc. of total
UBS AG ZURICH	1	9 534 720	32,2 %
CLEARSTREAM BANKING S.A.		4 048 392	13,7 %
NORTH SEA SHIPPING HOLDING AS		2 305 841	7,8 %
CITIBANK NA LONDON BRANCH		1 215 684	4,1 %
BOREA NOTERTE I AS		1 114 896	3,8 %
BOREA NOTERTE III AS		1 093 965	3,7 %
OCEANTEAM SHIPPING ASA (OWN SHARES)		1 007 526	3,4 %
KALFARET AS		956 422	3,2 %
FISHER SHIPPING AS		772 028	2,6 %
THE ROYAL BANK OF SCOTLAND N.V.		447 947	1,5 %
JPMORGAN CHASE BANK		373 558	1,3 %
VARNER-GRUPPEN AS		350 211	1,2 %
CREDIT SUISSE SECURITIES (EUR) LTD		206 703	0,7 %
SPAREBANKEN ØST		150 000	0,5 %
MJELDE, ARVID BJARNE		130 100	0,4 %
HANSEN, DAG KARSTEN		128 000	0,4 %
HAMMERSVIK, JARLE		126 159	0,4 %
EUROCLEAR BANK S.A./N.V. ('BA')		117 014	0,4 %
ROLLAND, KURT		102 400	0,3 %
GLAAMENE INDUSTRIER AS		100 675	0,3 %
Subtotal 20 largest		**24 282 241**	**82,1 %**
Others		5 311 018	17,9 %
Total		**29 593 259**	**100,0 %**

Board:			
Hessel Halbesma (UBS AG ZURICH)	1	9 534 720	32,2 %
Total for Board		**9 534 720**	**32,2 %**
Management			
Haico Halbesma, CEO	1	9 539 107	32,2 %
Torbjørn Skulstad, CFO	2	28 020	0,1 %
Total of shares owned by executive employees		**9 567 127**	**32,3 %**
Related parties			
Norha Invest AS	1	60 200	0,2 %
Tor Arend Halbesma	1	50 000	0,2 %
Total shares owned by related parties		**110 200**	**0,4 %**
Total shares controlled by Halbesma familiy	1	**9 649 307**	**32,6 %**

1. Norha Invest AS is controlled by the Halbesma family. Haico Halbesma is currently CEO and Hessel Halbesma is Chairman of Oceanteam Shipping ASA. Haico Halbesma owns 4.387 shares privately and jointly controls 9.534.720 shares together with Hessel Halbesma.
Tor Arend Halbesma is son of Hessel Halbesma.
2. Torbjørn Skulstad is CFO of Oceanteam Shipping.

For more information, please refer to related party transaction in note 19.

CONT. 16. SHARE CAPITAL AND SHAREHOLDER INFORMATION

SHARE CAPITAL:

Oceanteam Shipping ASA has share capital of NOK 14.796.629, distributed on 15.078.840 shares. There are also two kind of warrants issued: I of 14.898.607 and II of 29.599.698 for Second Bond Loan of NOK 400 million. This bond loan was fully repaid in Q4 2012 and warrants I became applicable in this process. Nearly all warrants I were exercised and resulted in increase of NOK 7.257.209 in share capital.

At 5th June 2012 Oceanteam Shipping ASA performed a consolidate (reverse split) of the shares of the company so that 10 old shares shall give 1 new share. After the share consolidation, the nominal value of the shares shall be NOK 0.50, increase of NOK 0.45 from NOK 0.05. Further, in order to ensure a number of shares dividable by 10 prior to consolidation, share capital increase by issuance of 7 new shares at a subscription price of NOK 0.05 was resolved at the Annual General Meeting of Oceanteam Shipping on 31st May 2012.

Following consolidation the number of shares have been reduced from 150.788.393 to 15.078.840 pr 31st December 2012 before exercising warrants I.

Shareholders	Notes	Number of shares	Prc. of total
UBS AG ZURICH	1	5 009 077	33,2 %
OCEANTEAM SHIPPING ASA (own shares)		1 007 526	6,7 %
NORTH SEA SHIPPING HOLDING AS		659 044	4,4 %
THE ROYAL BANK OF SCOTLAND N.V.		447 947	3,0 %
KALFARET AS		383 765	2,5 %
JPMORGAN CHASE BANK		373 558	2,5 %
VARNER-GRUPPEN AS		350 211	2,3 %
BOREA NOTERTE I AS		222 225	1,5 %
CREDIT SUISSE SECURITIES (EUR) LTD		206 703	1,4 %
BOREA NOTERTE III AS		201 294	1,3 %
SPAREBANKEN ØST		150 000	1,0 %
MJELDE, ARVID BJARNE		130 100	0,9 %
HANSEN, DAG KARSTEN		128 000	0,8 %
HAMMERSVIK, JARLE		126 159	0,8 %
EUROCLEAR BANK S.A./N.V. ('BA')		117 014	0,8 %
ROLLAND, KURT		102 400	0,7 %
GLAAMENE INDUSTRIER AS		100 675	0,7 %
RØDSET, JOAKIM		100 000	0,7 %
YOUNG NOUGATEERS AS		90 000	0,6 %
NYGAARD, EINAR		90 000	0,6 %
Subtotal 20 largest		**9 995 698**	**66,3 %**
Others		5 083 142	33,7 %
Total		**15 078 840**	**100,0 %**

Board			
Hessel Halbesma (UBS AG ZURICH)	1	5 009 077	33,2 %
Total for Board		**5 009 077**	**33,2 %**
Management			
Haico Halbesma, CEO	1	5 013 464	32,2 %
Torbjørn Skulstad, CFO	2	28 020	0,2 %
Total of shares owned by executive employees		**5 041 484**	**33,4 %**
Related parties			
Norha Invest AS	1	60 200	0,4 %
Tor Arend Halbesma	1	50 000	0,3 %
Total shares owned by related parties		**110 200**	**0,7 %**
Total shares controlled by Halbesma familiy	**1**	**5 123 664**	**33,9 %**

1. Norha Invest AS is controlled by the Halbesma family. Haico Halbesma is currently CEO and Hessel Halbesma is Chairman of Oceanteam Shipping ASA. Haico Halbesma owns 4.387 shares privately and jointly controls 5.009.077 shares together with Hessel Halbesma.
Tor Arend Halbesma is son of Hessel Halbesma.
2. Torbjørn Skulstad is CFO of Oceanteam Shipping.

For more information, please refer to related party transaction in note 19.

NOTE 17. LOANS AND BORROWINGS

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual cash flows including interests representing nominal value at payment date.

	0 to 1 year	1 to 2 years	2 to 5 years	over 5 years	Total
At 31 December 2012					
Bank/bond borrowings incl. Interest	26 212	25 742	186 047		238 001
Other current liabilities	6 022				6 022
Total liabilities	**32 234**	**25 742**	**186 047**		**244 023**
At 31 December 2011					
Bank/bond borrowings incl. Interest	32 788	16 071	128 788		177 647
Other current liabilities	16 422				16 422
Total liabilities	**49 210**	**16 071**	**128 788**		**194 069**

Loans/ Currency of loan		True rate of interest	31 Dec 2012	31 Dec 2011
CSV 101 (USD)	Secured	LIBOR + margin*	32 175	16 525
CSV 102 (USD)	Secured	LIBOR + margin	18 675	21 662
CSV 104 (USD)	Secured	LIBOR + margin*	41 098	31 832
Two FSV's (USD)	Secured	LIBOR + margin	1 177	2 361
Bond loan (USD)		LIBOR + margin	90 197	73 717
Total long-term debt			**183 322**	**146 097**
1st year principal repayments			11 427	22 782
Total long-term debt			**171 894**	**123 315**

* 50% of interest is fixed.

The CSV vessels and the FSV vessels are collateral for the loans. Latest valuation conclude that real value of the secured CSV vessels and the two FSV boats are significantly higher then the loan amount per 31st December 2012.

Borrowing costs are considered to be the difference between of fair value and nominal value for the secured loans for the vessels.

Fair value for Bond Loan is 97,5% of nominal value per 31st December 2012.

TOTAL BANK FACILITIES

As per 31st December 2012 the total interest bearing debt of the company is USD 171.9 million. The company had free cash of USD 34.8 million and an overdraft facility of EUR 500.000. The equity ratio was 37.2 % per balance sheet date.

FRN OCEANTEAM SHIPPING ASA SENIOR CALLABLE BOND ISSUE 2012/2017 – USD 92.5 MILLION

The Company has issued an unsecured bond loan in the amount of USD 92.5 million dated 24th October 2012. The Bonds shall amortize as follows:

a) USD 35 million shall mature, with pro rata redemption, at the interest payment date April 2015 at 100% par value (plus accrued interest on the redeemed amount)

b) the remaining amount under the Bonds shal mature at the Final maturity date 24th October 2017

Coupon rate: 3 months Libor + 11,25% margin, quarterly interest payments.

Financial covenants:

- Book equity ratio of minimum 35%
- Market adjusted equity ratio of minimum 25%
- Gearing ratio:
    - maximum of 6.00 for the period 24 October 2012 –23 October 2014
    - maximum of 5.50 for the period 24 October 2014 – 23 October 2015
    - maximum of 5.00 for the period 24 October 2015 – 24 October 2017
- Debt service coverage ratio of minimum 1.00

The Bond Loan is callable at any time in the time frames below:

- 24 October 2012 – 23 October 2013 at a price equal to 110% of par value
- 24 October 2013 – 23 October 2014 at a price equal to 108% of par value
- 24 October 2014 – 23 October 2015 at a price equal to 107% of par value
- 24 October 2015 – 23 October 2016 at a price equal to 106% of par value
- 24 October 2016 – 23 October 2017 at a price equal to 103% of par value

Accrued interest on redeemed amount will be added to redemption price.

DERECOGNISITION SENIOR UNSECURED BOND LOAN – NOK 400 MILLION

The Senior unsecured Bond Loan in NOK 400 million was fully repaid in Q4 2012 and derecognisition was as below.

Book value Bond	400 000 000
Call premium	97 587 608
Cost to call	0
Total	**497 587 608**

SPAREBANK 1 SMN BANK, DVB BANK SE NORDIC BRANCH AND NIBC BANK N.V. - USD 66.000.000 - CSV 101

All amounts below are presented on 100% basis, please note that only 50% is included in the group accounts since this is a joint venture company.

Oceanteam Bourbon 101 AS (borrower) has entered into a senior secured term loan and guarantee facility agreement dated 06 July 2012 Sparebank 1 SMN bank, DVB Bank SE Nordic Branch and NIBC Bank N.V as banks and with Sparebank 1 SMN as agent for a total amount of USD 66 million. The loan balance per 31st December 2012 is USD 64.35 million. The interest rate of the loan is 3 month LIBOR + 3.4% p.a. The senior secured term loan will be repaid in 20 quarterly installments of USD 1.65 million from 17th Octber 2012 until final installment of USD 34.65 million at 17th July 2017. The company have entered a Swap agreement with Sparebank 1 SMN where 50% of the principal will be repaid with a fixed interest rate of 0.815% + 3.40% Margin.

The company have entered a Swap agreement with Sparebank 1 SMN where 50% of the principal will be repaid with a fixed interest rate of 0.815% + 3.40% Margin.

Key loan covenants for the borrower include:

- Free cash of minimum USD 2.500.000
- Working capital to be positive at all times. First year installments are deducted from short term liabilities according to NGAAP. Maket value adjusted Equity of minimum 25%
- Vessel Value / Loan balance, minimum 135%

Other key loan covenants include:

- > Market value adjusted Equity of minimum 25% of total value adjusted assets (OTS Group, reporting quarterly)
- > Market value adjusted Equity of minimum 25% of total value adjusted assets (BON, reporting semi-annually)

SPAREBANKEN 1 SMN/ SPAREBANKEN MØRE – USD 59.758.600 - CSV 102

All amounts below are presented on 100% basis, please note that only 50% is included in the group accounts since this is a joint venture company.

North Ocean II KS (borrower) and Oceanteam Shipping ASA (as guarantor) have entered into a credit and guarantee facility agreement in the amount of USD 59.758.600 dated 20th July 2006 and amended 19th January 2009 with BNBank ASA as bank and agent. The loan is divided in two tranches; first tranche consisting of USD 52 million with an interest of LIBOR +2.75% p.a. and the second tranche consisting of USD 8 million with an interest of LIBOR +3.25% p.a. The balance of the loan per 31st December 2012 is USD 37.35 million. The loan will be repaid in quarterly instalments of USD 1.5 million until final installment of USD 33 million in January 2014.

Key loan covenants for the borrower include:

- Market value adjusted equity of 25%
- Market Value / Loan balance, minimum 130%
- Working capital of USD 3.90 million

First year installments are deducted from short term liablilities according to NGAAP. The balloon for the loan is refinanced with McDermott.

Other key loan covenants include:

- Free cash of USD 3.25 million (Oceanteam Shipping ASA)

SPAREBANK 1 SMN BANK, DVB BANK SE NORDIC BRANCH AND NIBC BANK N.V. – USD 81.000.000 – CSV SOUTHERN OCEAN

All amounts below are presented on 100% basis, please note that only 50% is included in the group accounts since this is a joint venture company.

Oceanteam Bourbon 4 AS (borrower) has entered into a credit and guarantee facility agreement in the amount of USD 81 million with Sparebank 1 SMN Bank, DVB Bank SE Nordic and NIBC Bank N.V as lenders and Sparebank 1 SMN as facility agent. The balance of the loan per 31st December 2012 is USD 78.97 million. The current interest is 3 month LIBOR + 3,40 % margin p.a.. The loan will be repaid in 20 quarterly instalments of USD 2.025 million from 17th October 2012 and a balloon of USD 45.5 million expected in Q2 2017. The company have entered a Swap agreement with Sparebank 1 SMN where 50% of the principal will be repaid with a fixed interest rate of 0,815% + 3,40% Margin.

The company have entered a Swap agreement with Sparebank 1 SMN where 50% of the principal will be repaid with a fixed interest rate of 0.815% + 3.40% Margin.

Key loan covenants for the borrower include:

- Market value adjusted equity of 25%
- Positive working capital at all times.
  First year installments are deducted from short term liabilities according to NGAAP.
- Free cash of minimum USD 2.500.000

Other key loan covenants include:

- Market value adjusted equity (Oceanteam Shipping ASA) of 25% to be tested quarterlly
- Market value adjusted equity (Bourbon Offshore Norway AS) of 25% to be tested semi-annually

OTHER LOANS

The two Fast Support Vessels have been financed with two loans from Amstel Lease. Per 31st December 2012 the total balance of the loan was USD 1.8 million. Each loan is repaid through 90 monthly installment of USD 50.672 with last installment in January 2014. The applicable interest rate is 7.175%.

NOTE 18. OTHER CURRENT LIABILITIES

USD'000	2012	2011
Public charges	180	176
Provisions	342	(75)
Other	(3 005)	3 393
Holiday and wages due	396	74
Incurred interest costs	2 731	500
Tax payable	53	100
Other current liabilities	**697**	**4 168**

Incurred interest costs are for the bond loan in NOK (until refinancing date) and after refinancing in USD. For the other loans incurred interest costs are in USD. The amount of provisions is based on the Company's best estimates of the exposure and on legal opinions. Other liabilities are related to accrued interests on loans and other liabilities to the joint venture partners. All balance is in USD, EUR and NOK.

NOTE 19. RELATED PARTIES

OCEANTEAM HOLDING BV

Oceanteam Holding BV is controlled by chairman Hessel Halbesma and Haico Halbesma, CEO.

Oceanteam Holding acts as guarantor for Oceanteam II BV on the Amstel Lease financing of the Mexican Fast Support Vessels. Oceanteam Shipping ASA pays a fee for this guarantee equal to 5% of the outstanding guarantee amount.

TOHA INVEST BV:

Toha Invest BV is controlled by Hessel Halbesma and Haico Halbesma.

CHALLENGER MANAGEMENT SERVICES S.A.M:

Ronald Moolenaar, director since December 2009, has an agreement to invoice EUR 300 per hour through his personal company Challenger Management Services S.A.M. From 16th January 2013, Ronald P. Moolenaar has been replaced by James Wingett Hill as director.

HEER HOLLAND BV

This company is controlled by CEO Haico Halbesma, who has a service agreement with Oceanteam Shipping ASA. Monthly invoices are sent from Heer Holland BV of EUR 27.500 for management in 2012.

FEASTWOOD HOLDING LTD

Feastwood is controlled by chairman Hessel Halbesma and Haico Halbesma, CEO of Oceanteam Shipping ASA.

CENZO BV

Cenzo is controlled by Catharina Petronella Johanna Pos, director of Oceanteam Shipping ASA.

Transactions with related parties:

USD'000	Income/recharge exp.		Cost		
Company	**2012**	**2011**	**2012**	**2011**	**Type of transaction**
Cenzo BV			(41)	(261)	Other services than Board committee
Toha Invest BV				(207)	Amstel Lease guarantee
					From Oct. 11, serivices in Feastwood Ltd
Oceanteam Holding BV		750			Other services than Board committee
Feastwood Holding Ltd	86	24	(1 039)	(158)	Other services than Board committee
Heer Holland BV			(849)	(430)	Management Services
Challenger Management Services S.A.M		1	(113)	(351)	Other services than Board committee
Bourbon Offshore Norway AS	60	186	(1 115)	(161)	JV Interests, shipman fee, handling fee, recharges
J. Ray McDermott		4	(215)	(30)	Management fee and Accounting services

	Customer balance		Vendor balance	
Intercompany balances	**2012**	**2011**	**2012**	**2011**
Cenzo BV				
Toha Invest BV				
Oceanteam Holding BV			(5)	(124)
Feastwood Holding Ltd			(44)	(100)
Heer Holland BV			(36)	(32)
Challenger Management Services S.A.M			(97)	(98)
Bourbon Offshore Norway AS			1 764	(7 293)
J. Ray McDermott			3 529	

NOTE 20. CONTINGENT ASSETS

The company is disputing a claim of EUR 350.000 from a creditor of the liquidated former UK entity. The company has provided a bank guarantee of the same amount as the claim. Final settlement will problably take place ending 2014.

NOTE 21. CONTINGENT LIABILITIES

The company is pursuing a claim on the 2009 Alpha Ventus project for unpaid remedial costs. The company is expecting a positive outcome.

The company has initiated court actions against a former insurance broker for wrong advice/incorrect premiums, expecting settlement.

North Ocean II KS have a claim of USD 152.000 to North Sea Shipping, former external Shipmanagers due to settlement from termination of ship management for vessel CSV North Ocean 102 at 31st July 2010. This case will be put into arbitration and no settlement is reached in March 2013. This claim is booked in the financial accounts.

Oceanteam Shipping ASA have initiated a Court case in Bergen for injunction and damages against Sawicon naval architect, and North Sea Shipping for infringement on OTS rights on original North Ocean Series vessel design under the Marketing Practices Act section 28. Main case hearing will commence in April 2013.

NOTE 22. GUARANTEES

The parent company has issued guarantees for the subsidiaries and joint venture companies in the Group, see the Financial Statement of the parent company.

NOTE 23. EVENTS AFTER THE BALANCE SHEET DATE

Oceanteam Shipping ASA announced on 28th January 2013 that the company has exercised one of its options and ordered a new, OTS design, 2.000 Ton modular carousel system, which will be delivered in April 2013.

Oceanteam Shipping ASA has registered the new share capital of NOK 14.796.629,50 divided into 29.593.259 shares, each with a nominal value of NOK 0.50 per 24th January 2013.

Oceanteam has on 22nd February 2013 purchased 1.951.798 shares at NOK 4.30 per share. After this transaction Oceanteam owns a total of 2.959.324 own shares representing 9.99% of the shares in the company. The calculations are made on the basis of 29.593.259 shares in the company. The purpose of the buy-back is to secure Oceanteam's obligations related to the share based incentive plan for executives and employees, as detailed in resolution 10 of Annual General Meeting, held on 31st May 2012. In Annual Report this is further described in note 3 - Employees, board and auditor.

NOTE 24. EARNINGS PER SHARE

The numerator and denominators used in the accompanying calculation of earnings per share above were calculated in the manner shown below. The scenario with warrants I will happen if the nominal bond loan will be repaid before 19th June 2014. If the bond loan is not repaid before 19th June 2014 the Warrants II will be applicable.

The company does not have information of who has the right to exercise the warrants. If warrants I should occur, the warrant holders would then have 50% of the shares. If warrants II should occur, the warrant holders would then have 66% of the shares.

The warrants I is 14.898.607 with a subscription price equal to 0.10 NOK. The total number of shares will then increase to 29.977.446 and it will bring in gross cash to the company of NOK 14.9 million. The warrants II is 29.599.668 with a subscription price equal to 0.10 NOK. The total number of shares will then increase to 44.678.507 and it will bring in gross cash to the company of NOK 29.6 million.

*At 5th June 2012 Oceanteam Shipping ASA performed a consolidate (reverse split) of the shares of the company so that 10 old shares shall give 1 new share. After the share consolidation, the nominal value of the shares shall be NOK 0.50, increase of NOK 0.45 from NOK 0.05. The company have in total 1.007.526 of own shares. The purchase price has been deducted in other equity.

*The bond loan was fully repaid in Q4 2012 and nearly all warrants I were exercised and Warrants II are no longer applicable. Warrants II is considerated in the calculation below for worst-case scenario purpose.

	2012	2011		Warrants II:
Net Profit (USD '000)	**(11 417)**	**2 629**	**Net Profit (USD '000)**	**(11 417)**
Shares per 1 January	150 788	150 788	Shares per 1 January	150 788
Share consolidation (10:1)	(135 709)		Share consolidation (10:1)	(135 709)
Issued, not registered shares	14 514			
Shares 31 December	29 593	150 788	Shares 31 December	29 593
Own shares 31 December	(1 008)		Own shares 31 December	(504)
Weighted average of shares during the year	**15 180**	**150 788**	**Weighted average of shares during the year**	**29 089**
			Warrants issued	**29 977**
			Weighted shares	**59 066**
Earnings per share (USD)	**(0,75)**	**0,02**	**Earnings per share (USD) including new shares**	**(0,19)**

* Please refer to note 16 for Share Capital and Shareholders information and note 17 for repayment of bond loan.

NOTE 25. JOINT VENTURE COMPANIES

	CSV vessel	Head Office	The company's total equity	Equity interest	Voting share
CSV vessels - operating Construction and Support Vessels			**NOK'000**		
Oceanteam Bourbon 101 AS	CSV Oceanteam Bourbon 101	Bergen, Norway	60 674	50 %	50 %
North Ocean II KS	CSV North Ocean 102	Bergen, Norway	373 802	50 %	50 %
North Ocean II AS	CSV North Ocean 102	Bergen, Norway	17 712	50 %	50 %
Oceanteam Bourbon 4 AS	CSV Southern Ocean	Bergen, Norway	116 684	50 %	50 %
Oceanteam Bourbon Spares & Equipment AS		Bergen, Norway	(131)	50 %	50 %

Total assets and liabilities for joint venture companies in the Group accounts:

2012	Non-current assets	Current assets	Non- current liabilities	Current liabilities	Income	Expenses
Oceanteam Bourbon 101 AS	31 282	3 682	(28 875)	(13 255)	12 459	(7 450)
North Ocean II KS	44 754	(230)	(15 687)	(13 418)	12 689	(6 093)
North Ocean II AS	1 597	0,2		(6)		(0,6)
Oceanteam Bourbon 4 AS	47 301	1 425	(35 348)	(16 853)	10 260	(4 983)
Oceanteam Bourbon Spares & Equipment AS	1 825	31		(1 907)	29	(80)

2011	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Income	Expenses
Oceanteam Bourbon 101 AS	34 852	4 485	(8 134)	(37 806)	10 694	(4 388)
North Ocean II KS	47 635	10 279	(18 675)	(7 668)	12 914	(4 385)
North Ocean II AS	1 597	0,4		(6)		(2)
Oceanteam Bourbon 4 AS	49 635	2 083	(33 555)	(2 618)	10 233	(595)

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INCOME STATEMENT

01.01 2012 – 31.12 2012

PARENT			
Amount in NOK '000	**Notes**	**2012**	**2011**
OPERATING EXPENSES			
Payroll expenses	3, 14	15 138	13 249
Depreciation	7	271	282
Other operating expenses	3, 16	15 466	10 714
Total operating expenses		**30 875**	**24 245**
OPERATING PROFIT/ (LOSS)		**(30 875)**	**(24 245)**
FINANCIAL INCOME AND EXPENSE			
Profit on investment in joint ventures, subsidiairies and associates	2, 4	143 912	68 500
Interest from group companies	4	7 169	10 873
Foreign exchange result	4	(2 727)	2 559
Reverse write off of financial assets	4, 18	4 963	36 189
Other financial expenses	4	(679)	(6 957)
Net financial income/expenses	4	(97 016)	(50 708)
Net finance		**55 622**	**60 455**
PROFIT/ (LOSS) BEFORE INCOME TAX		**24 747**	**36 209**
Tax on ordinary income	5	390	
NET PROFIT/ (LOSS)		**24 357**	**36 209**
Attributable to:			
Other equity	13	24 357	36 209
Total		**24 357**	**36 209**

FINANCIAL POSITION 31 DECEMBER 2012
ASSETS

PARENT			
Amount in NOK '000	**Note**	**2012**	**2011**
NON CURRENT ASSETS			
Intangible assets			
OTS Designs	7	3 275	1 412
Total intangible assets		**3 275**	**1 412**
Tangible assets			
Office equipment	7	1 454	865
Total tangible assets		**1 454**	**865**
Financial assets			
Investments in joint ventures and subsidiaries	8	431 253	348 236
Loans to group companies	9, 10	238 051	318 918
Investments in associates	8	30	30
Total financial assets		**669 334**	**667 184**
Total non current assets		**674 063**	**669 461**
Receivables			
Other receivables		7 705	13 510
Total receivables		**7 705**	**13 510**
Cash and cash equivalents	11	82 244	8 386
Total current assets		**89 949**	**21 896**
TOTAL ASSETS		**764 013**	**691 357**

FINANCIAL POSITION 31 DECEMBER 2012
EQUITY AND LIABILITIES

PARENT			
Amount in NOK '000	**Note**	**2012**	**2011**
EQUITY			
Owners equity			
Share capital	12, 13	14 797	7 539
Holdings of own shares	12, 13	(504)	
Share premium reserve	13	7 257	
Total owners equity		**21 550**	**7 539**
Accumulated profits			
Other equity	13	230 236	209 422
Total accumulated profits	13	**230 236**	**209 422**
Total equity		**251 787**	**216 961**
LIABILITIES			
Other non-current liabilities			
Bond loan	10	474 353	441 766
Other non-current liabilities	9, 10		8 205
Total other non current liabilities		**474 353**	**449 971**
Current liabilities			
Payable tax	5	390	
Accounts payable		8 396	7 128
Public duties payable		317	461
Other current liabilities		28 769	16 835
Total current liabilities		**37 872**	**24 424**
Total Liabilities		**512 225**	**474 395**
TOTAL EQUITY AND LIABILITIES		**764 013**	**691 357**

Bergen, 25 April 2013

The board of Directors Oceanteam Shipping ASA

Hessel Halbesma	**Catharina Petronella Johanna Pos**	**James Wingett Hill**	**Haico Halbesma**
Chairman	Director	Director	Chief Excecutive Officer

CASH FLOW STATEMENT
01.01 - 31.12

PARENT		
Amount in NOK '000	**2012**	**2011**
Cash flow from operating activities		
Profit/ (loss) before income taxes	24 747	36 209
Depreciation	271	282
Change in accounts receivables	5 805	(1 506)
Change in accounts payable	1 268	670
Items classified as investment/financing activities	(27 196)	
Change in other accruals	3 586	(97 353)
Net cash flow from operating activities	**8 481**	**(61 698)**
Cash flow from investing activities		
Paid-out from purchase of fixed assets	(2 723)	(1 645)
Paid in from subsidiaries	10 080	(7 519)
Paid-out for loan to associates	(4 264)	
Net cash flow from investing activities	**3 093**	**(9 164)**
Cash flow from financing activities		
Paid-in from new loans raised	474 353	30 000
Issuance of debt		20 846
Paid out - non current liabilities	(497 587)	
Treasury shares	(4 047)	
Paid in Equity	14 514	
Paid-in dividend	75 051	
Net cash flow from financing activities	**62 284**	**50 846**
Net change in cash and cash equivalents	73 858	(20 016)
Cash acquire in merger		20 609
Cash and cash equivalents at 01.01	8 386	7 793
Cash and cash equivalents at 31.12	**82 244**	**8 386**

The cash flow statement for the corresponding figures are based on the merged opening balance 01.01.2011.

NOTES TO THE FINANCIAL STATEMENTS PARENT

NOTE 1. PRIMARY ACCOUNTING PRINCIPLES

The financial statements, which have been presented in compliance with the Norwegian Public Liability Companies Act, the Norwegian Accounting Act and Norwegian generally accepted accounting principles in effect as of 31st December 2012, consist of the profit and loss account, balance sheet, cash flow statement and notes to the accounts.

The financial statements have been prepared based on the fundamental principles governing historical cost accounting, comparability, continued operations, congruence and prudence. Transactions are recorded at their value at the time of the transaction. Income is recognized at the time of delivery of goods or services. Costs are expensed in the same period as the income to which they relate. Costs that cannot be directly related to income are expensed as incurred. The different accounting principles are further commented on below.

Assets/ liabilities related to current business activities and items which fall due within one year are classified as current assets/ liabilities. Current assets/ short-term debts are recorded at the lowest/ highest of acquisition cost and fair value. The definition of fair value is the estimated future sales price reduced by expected sales costs. Other assets are classified as fixed assets. Fixed assets are entered in the accounts at historical cost, with deductions for depreciation. In the event of a decline in value which is not temporary, the fixed asset will be subject to a write-down. The same principle applies to liabilities.

According to generally accepted accounting standards there are some exceptions to the basic assessment and valuation principles. Comments on these exceptions can be found in the respective notes to the accounts. When applying the basic accounting principles and disclosure of transactions and other items, the “substance over form” rule is adopted. Contingent losses which are probable and quantifiable are charged to the profit and loss account.

ACCOUNTING PRINCIPLES FOR MATERIAL ITEMS

REVENUE RECOGNITION

Revenue is normally recognized at the time of delivery of goods or services. Operating revenues have been reduced for VAT, discounts and bonuses.

COST RECOGNITION/ MATCHING

Costs are expensed in the same period as the income to which they relate is recognized. Costs that can not be directly related to income are expensed as incurred. All costs related to restructuring and discontinued activities are expensed at the time restructuring or discontinuaction is decided upon.

OTHER INCOME (COSTS)

Material income and cost which are not related to day to day operations are classified as other operating income (costs).

USE OF ESTIMATES

The management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities in accordance with generally accepted accounting principles in Norway.

PENSIONS

The company has a pension scheme that is classified as a defined contribution plan. The defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

DEPRECIATION

Based on the historical cost of the asset, straight line depreciation is applied over the useful economic life of the fixed assets. The same rules apply for intangible fixed assets. Depreciation is classified as an operating cost. Finance leases are depreciated over the term of the lease and the liability is reduced in line with the lease payments after deducting interest.

INCOME TAX

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/ tax assets are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated as 28 percent of temporary differences and the tax effect of tax losses carried forward. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilized.

Due to the exemption rule of gain/ loss related to disposal of shares within the EEC area, there is no deferred tax recorded on temporary differences related to shares in subsidiaries or the joint ventures.

Taxes payable and deferred taxes are recognized directly in equity to the extent that they relate to equity transactions.

FOREIGN CURRENCY TRANSLATION

FUNCTIONAL AND REPORTING CURRENCY

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The company's functional currency is NOK, which is the parent company's presentation currency in 2012.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are measured at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other (losses)/gains – net'.

DEREGNOSITION AND RECOGNISITION OF BOND LOAN.

The senior unsecured bond loan of NOK 400 million was redeemed at 124 percent on 23rd November 2012 . The repayment was total of NOK 498 million included call premium. Warrants I were activated and created NOK 14.514 million in new equity, of which 50 percent were booked to share capital and 50 percent were booked to share premium.

The new senior unsecured bond loan of USD 92.5 million was issued at 97.5 percent, where NOK 503 million were paid in 23rd November 2012. USD 87 million were used to pay existing bond loan of NOK 498 million and USD 1 million to pay accrued interest.

The transactions above resulted in net equity effect of USD 5 million.

BALANCE SHEET CLASSIFICATION

Current assets and short term liabilities consist of receivables and payables due within one year. Other balance sheet items are classified as fixed assets / long term liabilities.

Current assets are valued at the lower of cost and fair value. Short term liabilities are recognized at nominal value. Fixed assets are valued at cost, less depreciation and impairment losses. Long term liabilities are recognized at nominal value.

TANGIBLE ASSETS

Tangible assets are entered in the accounts at historical cost, with deductions for accumulated depreciation and write-down. If the fair value of a tangible asset is lower than book value, and the decline in value is not temporary, thet tangible asset will be written down to fair value. Costs related to periodical maintenance and repairs to production equipment.

Periodic maintenance and repairs are accounted for on an accruals basis. Costs related to normal maintenance and repairs are expensed as incurred. Costs related to major renewals and changes that increase the economic life of the tangible asset materially are capitalized. Assets are capitalized when a finite economic useful life can be defined, and the cost is deemed to be significant. Interest costs related to tangible assets under construction are capitalized as a part of the acquisition cost.

Finance costs related to assets under construction are capitalized as a part of the acquisition cost.

INVESTMENT IN JOINT VENTURES AND SUBSIDIARIES

Subsidiaries and investments in joint ventures are valued at cost in the company accounts. The investment is valued as cost of the shares in the subsidiaries and the joint ventures, less any impairment losses. An impairment loss is recognized if the impairment is not considered temporary, in accordance with generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a later period.

Dividends, group contributions and other distributions are recognized in the same year as they are recognized in the subsidiary or joint venture financial statement. If dividends / group contribution exceed withheld profits after acquisition, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the balance sheet for the parent company.

ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

Accounts receivable and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful accounts. Provisions for doubtful accounts are based on an individual assessment of the different receivables. For the remaining receivables, a general provision is estimated based on expected loss.

CASH FLOW STATEMENT

The cash flow statement is presented using the indirect method. Cash and cash equivalents include cash, bank deposits and other short term, highly liquid investments with maturities of three months or less.

CURRENCY

Cash, receivables, liabilities in foreign currency is valued using exchange rate at year end.

EVENTS AFTER THE BALANCE SHEET DATE

New information on the company's positions at the balance sheet date is taken into account in the annual financial statements. Events after the balance sheet date that do not affect the company's position at the balance sheet date, but which will affect the company's position in the future, are stated if significant.

NOTE 2. REVENUE

NOK '000		
	2012	**2011**
By business area		
Dividend from joint venture companies	122 500	68 500
Dividend from subsidiairies	21 412	
Total	**143 912**	**68 500**
Geographical distribution		
Europe	143 912	68 500
Total	**143 912**	**68 500**

NOTE 3. EMPLOYEES, BOARD AND AUDITOR

NOK '000		
	2012	**2011**
Employee benefits expense		
Salaries	3 839	3 578
Social security	479	528
Pension costs	205	113
Other benefits	112	183
Payroll expenses invoiced from other group companies	10 504	8 848
Total	**15 138**	**13 249**
Employees in Oceanteam Shipping ASA in average	6	6

NOK '000	2012	2011
Management remuneration		
Haico Halbesma (CEO)	3 683	2 402
Torbjørn Skulstad (CFO)	1 875	1 382

The CEO (Mr.Haico Halbesma) invoices through a Dutch company named Heer Holland B.V a monthly management fee of EUR 27.500.

The salary to CFO (Mr. Torbjørn Skulstad) been booked in Oceanteam Shipping Monaco SAM from April 2012.

Remuneration to CEO shall be determined by the Board in meeting. To this end, the Board has accepted that the present CEO is remunerated through a managements service agreement made between the Oceanteam Shipping and a legal entity owned and controlled by the CEO. There are no agreements for options, or pension plans for the CEO. Annual salary is EUR 330.000. He has also waived his protection in relation dismissal. For this waiver twelve month salary is offered as compensation.

The management has an incentive scheme where the incentive is connected to "HR SMART" objectives and appraisals and is based on the yearly gross salary. The incentive cannot be more than the annual salary and can either be paid out in cash or in shares.

Oceanteam Shipping ASA has established a new office in Monaco. There has been booked costs of EUR 76.560 for an apartment for CFO Torbjørn Skulstad in 2012.

NOK '000		2012		2011	
Board of Oceanteam Shipping ASA	**Position**	**Directors fee**	**Contractors fee**	**Directors fee**	**Contractors fee**
Mr Hessel Halbesma	Chairman	300	5 920	300	3 504
Mr Ronald Moolenaar	Director	200	652	200	2 050
Mrs Catharina Petronella Johanna Pos	Director	200	247	200	1 464
Total		**700**	**6 819**	**700**	**7 019**

For the year 2012, the agreed fee for the chairman of the board is NOK 300 000 and NOK 200 000 for the other directors of the board. In addition, the agreed fee for contractors fee is EUR 2 400 per day. Directors shall be encouraged to invest part of their remuneration in shares in the company at market price. As of 16th January 2013, Mr Ronald Moolenaar has resigned from the board of directors. He was replaced by Mr. James Hill, who was elected and registered as Director on the extraordinary general meeting held on the same date.

In addition the Group has a sublease contract for offices in Monaco with Challenger Management Services SAM, owned by Mr. Ronald Moolenaar, who was director until 16th January 2013. The rent and service charges for these offices amounts to EUR 97.396 per year.

AUDITOR

Auditor's fee consists of the following:

NOK '000		
	2012	**2011**
Statutory audit	727	1 355
Other assurance services	688	361
Tax advisory	218	85
Other	5	115
Total	**1 638**	**1 916**

VAT is not included in the auditor's fee.

NOTE 4. FINANCIAL INCOME AND FINANCIAL EXPENSES

NOK '000		
	2012	**2011**
Finance income		
Income investment in joint ventures	122 500	68 500
Income investment in subsidiairies	21 412	
Interest income from group companies	7 168	10 873
Other interest income	255	831
Other financial income (agio)	61 515	57 112
Total finance income	**212 850**	**137 316**
Finance costs		
Reversing write-down investment in subsidiaries	4 963	36 189
Interest expenses	(48 772)	(30 739)
Call premium	(48 648)	(20 846)
Other financial expenses	(530)	(6 912)
Other financial cost (disagio)	(64 242)	(54 553)
Total finance costs	**(157 229)**	**(76 861)**
Result financial items	**55 622**	**60 455**

NOTE 5. INCOME TAXES

NOK '000	2012	2011
Income tax expense		
Tax payable		
Tax payable previous year	390	
Changes in deferred tax		
Total income tax expense	**390**	
Tax base calculation		
Profit before income tax	24 747	36 209
Permanent differences	(139 165)	(13 517)
Changes in temporary differences	(3 080)	(169 971)
Tax base	**(117 499)**	**(147 279)**
Temporary differences:		
Fixed assets	(10 708)	(14 415)
Profit and Loss account	2 507	3 134
Total	**(8 201)**	**(11 281)**
Loss carry forward	(917 040)	(990 601)
Total	**(925 241)**	**(1 001 882)**
Temporary differences not included in base for calculating deferred tax	(925 241)	(1 001 882)
Deferred tax liability (asset)		

Effective tax rate	2012	2011
Expected income taxes at statutory		
tax rate 28%	6 929	10 139
Permanent differences (28%)	(38 966)	(3 785)
Change in temp. differences not recognised	32 037	(6 354)
Income tax expense	**390**	
Effective tax rate in %	1.6 %	0.0 %

NOTE 6. DEFERRED TAX

Confirmation from the tax authorities of a deferred tax loss of NOK 917 million has been received in October 2012. Deffered tax assets are not recognised in the balance sheet as there is uncertainty regarding utilization in forseeable future.

NOTE 7. ASSETS

NOK '000		
	2012	**2011**
Intangible assets		
North Ocean Series		
Acquisition cost at 01.01.	1 412	
Additions	1 862	1 412
Disposals		
Book value 31.12.	**3 274**	**1 412**

NOK '000		
	2012	**2011**
Financial assets		
Participation in LV 105		
Acquision cost at 01.01	30	30
Additions		
Disposals		
Book value 31.12	**30**	**30**
Tangible assets		
Property, plant and equipment. Movables, fixtures a.o.		
Acquisition cost at 01.01.	2 575	2 342
Additions	860	233
Disposals		
Acquisition cost 31.12.	3 435	2 575
Accumulated amortisation at 31.12.	(1 980)	(1 709)
Accumulated impairments 31.12.		
Reversed impairments 31.12.		
Net carrying value at 31.12.	**1 454**	**865**
Depreciation for the year	(271)	(282)
Impairments for the year		
The useful economic life is estimated to be:	3-5 years	3-5 years

NOTE 8. INVESTMENT IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

NOK '000		Acquired	Location	Ownership share	Voting share
Oceanteam Bourbon 101 AS		2006	Bergen	50 %	50 %
North Ocean II KS		2006	Bergen	50 %	100 %
North Ocean II AS		2006	Bergen	50 %	100 %
Oceanteam Bourbon 4 AS		2006	Bergen	50 %	50 %
North Ocean 105 AS		2010	Bergen	25 %	25 %
North Ocean 309 AS		2011	Bergen	100 %	100 %
Oceanteam Bourbon Spares & Equipment AS		2012	Bergen	50 %	50 %
Oceanteam Shipping BV	*	2011	Amsterdam	100 %	100 %
Oceanteam II BV		2007	Amsterdam	100 %	100 %
Oceanteam Mexico B.V	*	2008	Amsterdam	100 %	100 %
Oceanteam Mexico S.A de C.V	*	2008	Ciuadad del Carmen	90 %	49 %
Oceanwind BV		2012	Amsterdam	51 %	51 %
Oceanteam Energy Holding NV		2008	Schiedam	100 %	100 %
DEP B.V.	*	2008	Schiedam	100 %	100 %
KCI Holding B.V.	*	2008	Schiedam	100 %	100 %
KCI B.V	*	2008	Schiedam	70 %	70 %
Imera NV		2008	Amsterdam	100 %	50 %
Oceanteam Energy Holding NV		2008	Amsterdam	100 %	50 %
Oceanteam Shipping GmbH	*	2007	Amsterdam	100 %	100 %
Oceeanteam Shipping Monaco		2011	Monaco	100 %	100 %

The investments in subsidiaries are valued at the lower of cost and net realizable value.

* The shares are indirectly owned by Oceanteam Shipping ASA through subsidiaries.

NOK '000					
Investments valued at cost (company accounts)					
Company name	**Share capital**	**Number of shares**	**Book Value**	**The company's total equity**	**Net profit 2012**
	NOK		NOK	NOK	NOK
Oceanteam Bourbon 101 AS	2 613	2 610	30 472	60 674	80 594
Oceanteam Bourbon 4 AS	114 805	100	57 403	116 684	91 337
North Ocean II KS	177 730	177 730	80 050	373 802	89 239
North Ocean II AS	17 863	17 863 000	8 932	17 712	(5)
North Ocean 105 AS	119	100	100	51 252	52 430
North Ocean 309 AS	100	100	110	75	92
Oceanteam Bourbon Equipment & Spares	30	30	15	(131)	(161)
Sum			**177 081**	**620 068**	**313 526**
Abroad companies in EUR '000	**EUR**		**NOK**	**EUR**	**EUR**
Oceanteam II BV	18	18 000	173 633	25 056	234
Oceanteam Energy Holding NV	45	45 000	89 055	9 523	764
Oceanteam Shipping Monaco SAM	150	1 500	1 164	(187)	30
Sum			**263 852**	**34 392**	**1 028**

NOTE 9. INTERCOMPANY BALANCES WITH GROUP COMPANIES AND ASSOCIATES

NOK '000	2012	2011
Intercompany balances		
Oceanteam Bourbon 101 AS	39 934	77 336
North Ocean II AS	(7)	(7)
North Ocean II KS	38 063	12 247
Oceanteam Bourbon 4 AS	45 286	60 138
Oceanteam Shipping GmbH	1 060	16 582
Oceanteam II BV	1 312	21 025
Oceanteam Mexico SA de CV	52 987	51 342
Imera NV	426	321
Oceanteam Mexico BV	492	432
Oceanteam Energy Holding NV	16 608	(8 197)
Oceanteam Equipment Base Ltd	638	605
North Ocean 309 AS	2 194	1 625
Oceanteam Shipping Monaco SAM	4 189	425
OceanWind BV	169	
North Ocean 105 AS	25 008	21 692
Oceanteam Shipping BV	9 691	55 149
Sum	**238 051**	**310 714**

NOTE 10. RECEIVABLES AND LIABLILITES

NOK '000	2012	2011
Receivables/ liabilities due in more than one year		
Loans to group companies	238 051	318 918
Long term liabilities due in more than one year		
Bond Loan - nominal value	(501 630)	(400 000)
Bond Loan - expected call premium accrued	(446)	(41 766)
Borrowing cost (to be amortized over loan period)	27 723	
Liabilities to group companies		(8 204)
Total	**(474 353)**	**(449 970)**

In 2011 and 2012 Oceanteam Shipping ASA have reversed several write-offs due to settlements.

FRN OCEANTEAM SHIPPING ASA SENIOR CALLABLE BOND ISSUE 2012/2017 - USD 92,5 MILLION

The Company has issued an unsecured bond loan in the amount of USD 92.5 million dated 24 October 2012. The Bonds shall amortize as follows:

a) USD 35 million shall mature, with pro rata redemption, at the interest payment date April 2015 at 100% par value (plus accrued interest on the redeemed amount)
b) the remaining amount under the Bonds shal mature at the Final maturity date 24th October 2017

Coupon rate: 3 months Libor + 11,25% margin, quarterly interest payments.

Financial covenants:

- Book equity ratio of minimum 35%
- Market adjusted equity ratio of minimum 25%
- Gearing ratio:
  - maximum of 6.00 for the period 24 October 2012 -23 October 2014
  - maximum of 5.50 for the period 24 October 2014 - 23 October 2015
  - maximum of 5.00 for the period 24 October 2015 - 24 October 2017
- Debt service coverage ratio of minimum 1.00

The Bond Loan is callable at any time in the time frames below:

- 24 October 2012 - 23 October 2013 at a price equal to 110% of par value
- 24 October 2013 - 23 October 2014 at a price equal to 108% of par value
- 24 October 2014 - 23 October 2015 at a price equal to 107% of par value
- 24 October 2015 - 23 October 2016 at a price equal to 106% of par value
- 24 October 2016 - 23 October 2017 at a price equal to 103% of par value

Accrued interest on redeemed amount will be added to redemption price.

DERECOGNISITION SENIOR UNSECURED BOND LOAN - NOK 400 MILLION

The Senior unsecured Bond Loan in NOK 400 million was fully repaid in Q4 2012 and derecognisition was as below.

Book value Bond	400 000 000
Call premium	97 587 608
Cost to call	0
Total	**497 587 608**

NOTE 11. BANK DEPOSITS

Tax deducted from employees, deposited in a separate bank account NOK 53.362. Oceanteam Shipping ASA deposit bank guarantee to subsidiaries amount EUR 350.000.

NOTE 12. SHARE CAPITAL AND SHAREHOLDER INFORMATION

SHARE CAPITAL PR 31.12.2012

Pr 31.12.2012, Oceanteam Shipping ASA has a share capital of NOK 14.796.629, distributed on 15.078.840 shares.

At 5th June 2012 Oceanteam Shipping ASA performed a consolidate (reverse split) of the shares of the company so that 10 old shares shall give 1 new share. After the share consolidation, the nominal value of the shares shall be NOK 0.50, increase of NOK 0.45 from NOK 0.50. Further, in order to ensure a number of shares dividable by 10 prior to consolidation, share capital increase by issuance of 7 new shares at a subscription price of NOK 0.50 was resolved at the Annual General Meeting of Oceanteam Shipping ASA on 31st May 2012.

There are also two kind of warrants issued: I of 14.898.607 and II of 29.599.698 for Second Bond Loan of NOK 400 million. This bond loan was fully repaid in Q4 2012 and warrants I became applicable in this process. Nearly all warrants I were exercised and resulted in increase of NOK 7.257.209 in share capital. After Warrants I were exercised, the total number of shares is also changed. This is registered in Norwegian Register of Business Enterprises on 24th January 2013.

Following the exercised warrants I the number of shares have been increased from 15.078.840 to 29.593.259. Below shows the current 20 largest shareholders after exercising warrants I.

Shareholders		Number of shares	Equity interest
UBS AG ZURICH	1	9 534 720	32,2 %
CLEARSTREAM BANKING S.A.		4 048 392	13,7 %
NORTH SEA SHIPPING HOLDING AS		2 305 841	7,8 %
CITIBANK NA LONDON BRANCH		1 215 684	4,1 %
BOREA NOTERTE I AS		1 114 896	3,8 %
BOREA NOTERTE III AS		1 093 965	3,7 %
OCEANTEAM SHIPPING ASA (own shares)		1 007 526	3,4 %
KALFARET AS		956 422	3,2 %
FISHER SHIPPING AS		772 028	2,6 %
THE ROYAL BANK OF SCOTLAND N.V.		447 947	1,5 %
JPMORGAN CHASE BANK		373 558	1,3 %
VARNER-GRUPPEN AS		350 211	1,2 %
CREDIT SUISSE SECURITIES (EUR) LTD		206 703	0,7 %
SPAREBANKEN ØST		150 000	0,5 %
MJELDE, ARVID BJARNE		130 100	0,4 %
HANSEN, DAG KARSTEN		128 000	0,4 %
HAMMERSVIK, JARLE		126 159	0,4 %
EUROCLEAR BANK S.A./N.V. ('BA')		117 014	0,4 %
ROLLAND, KURT		102 400	0,3 %
GLAAMENE INDUSTRIER AS		100 675	0,3 %
Subtotal 20 largest		**24 282 241**	**82,1 %**
Others		5 311 018	17,9 %
Total		**29 593 259**	**100 %**

Shareholders		Number of shares	Equity interest
Board:			
Hessel Halbesma (UBS AG ZURICH)	1	9 534 720	32,2 %
Total for Board		**9 534 720**	**32,2%**
Management			
Haico Halbesma, CEO	1	9 539 107	32,2%
Torbjørn Skulstad, CFO	2	28 020	0,1%
Total of shares owned by executive employees		**9 567 127**	**32,3%**
Related parties			
Norha Invest AS	1	60 200	0,2%
Tor Arend Halbesma	1	50 000	0,2%
Total shares owned by related parties		**110 200**	**0,4%**
Total shares controlled by Halbesma familiy	**1**	**9 649 307**	**32,6%**

1. Norha Invest AS is controlled by the Halbesma family. Haico Halbesma is currently CEO and Hessel Halbesma is Chairman of Oceanteam Shipping ASA. Haico Halbesma also owns 4.387 shares privately and jointly controls 9.534.720 shares together with Hessel Halbesma.
2. Torbjørn Skulstad is CFO of Oceanteam Shipping.

For more information, please refer to related party transaction in note 20.

CONT. NOTE 12. SHARE CAPITAL AND SHAREHOLDER INFORMATION

Pr 31.12.2012, Oceanteam Shipping ASA has a share capital of NOK 14.796.629, distributed on 15.078.840 shares.

SHAREHOLDER OVERVIEW:

The major shareholders in Oceanteam Shipping ASA as well as shares held by executive employees and board members including shares owned by affiliated individuals and companies were at 31st December 2012 as provided below:

Shareholders		Number of shares	Equity interest
UBS AG ZURICH	1	5 009 077	33,2 %
OCEANTEAM SHIPPING ASA (own shares)		1 007 526	6,7 %
NORTH SEA SHIPPING HOLDING AS		659 044	4,4 %
THE ROYAL BANK OF SCOTLAND N.V.		447 947	3,0 %
KALFARET AS		383 765	2,5 %
JPMORGAN CHASE BANK		373 558	2,5 %
VARNER-GRUPPEN AS		350 211	2,3 %
BOREA NOTERTE I AS		222 225	1,5 %
CREDIT SUISSE SECURITIES (EUR) LTD		206 703	1,4 %
BOREA NOTERTE III AS		201 294	1,3 %
SPAREBANKEN ØST		150 000	1,0 %
MJELDE, ARVID BJARNE		130 100	0,9 %
HANSEN, DAG KARSTEN		128 000	0,8 %
HAMMERSVIK, JARLE		126 159	0,8 %
EUROCLEAR BANK S.A./N.V. ('BA')		117 014	0,8 %
ROLLAND, KURT		102 400	0,7 %
GLAAMENE INDUSTRIER AS		100 675	0,7 %
RØDSET, JOAKIM		100 000	0,7 %
YOUNG NOUGATEERS AS		90 000	0,6 %
NYGAARD, EINAR		90 000	0,6 %
Subtotal 20 largest		**9 995 698**	**66,3 %**
Others		5 083 142	33,7 %
Total		**15 078 840**	**100 %**

Shareholders		Number of shares	Equity interest
Board:			
Hessel Halbesma (UBS AG ZURICH)	1	5 009 077	33,2 %
Total for Board		**5 009 077**	**33,2 %**
Management			
Haico Halbesma, CEO	1	5 013 464	33,2%
Torbjørn Skulstad, CFO	2	28 020	0,2%
Total of shares owned by executive employees		**5 041 484**	**33,4%**
Related parties			
Norha Invest AS	1	60 200	0,4%
Tor Arend Halbesma	1	50 000	0,3%
Total shares owned by related parties		**110 200**	**0,7%**
Total shares controlled by Halbesma familiy	**1**	**5 123 664**	**34,0%**

1. Norha Invest AS is controlled by the Halbesma family. Haico Halbesma is currently CEO and Hessel Halbesma is CEO and Hessel Halbesma is Chairman of Oceanteam Shipping ASA. Haico Halbesma also owns 4.387 shares privately and jointly controls 5.009.077 shares together with Hessel Halbesma.
2. Torbjørn Skulstad is CFO of Oceanteam Shipping.

For more information, please refer to related party transaction in note 20.

NOTE 13. EQUITY

NOK '000	Share capital	Premium fund	Accumulated profit	Sum
Equity 31.12.11	7 539		209 422	216 961
Capital Increase	7 257	7 257		14 514
Purchase of own shares	(503)		(3 544)	(4 047)
Net profit for the year			24 357	24 357
Equity 31.12.12	**14 293**	**7 257**	**230 236**	**251 787**

NOTE 14. PENSIONS

The company is required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"). The company's pension scheme meets the requirements of that law. The company's pension scheme is a defined contribution plan funded through an insurance company.

NOTE 15. MATERIAL TRANSACTIONS

Senior Bond Issue of USD 92.5 million in October 2012. The net proceeds were used to refinance the current bond loan.

In Q3 2012 Oceanteam Shipping ASA purchases own shares in the market. The company owns in total 1.007.524 treasury shares which equals 6,68 % of the total number of shares.

NOTE 16. EVENTS AFTER THE BALANCE SHEET DATE

Oceanteam Shipping ASA has registered the new share capital of NOK 14.796.629,50, divided into 29.593.259 shares, each with a nominal value of NOK 0.50 per 24th January 2013.

Oceanteam Shipping ASA announced on 28th January 2013 that the company has exercised one of its options and ordered a new, OTS Design, 2.000 Ton modular carousel system, which will be delivered in April 2013.

Oceanteam has on 22nd February 2013 purchased 1.951.798 shares at NOK 4.30 per share. After this transaction Oceanteam owns a total of 2.959.324 own shares representing 9.99% of the shares in the company. The calculations are made on the basis of 29.593.259 shares in the company. The purpose of the buy-back is to secure Oceanteam's obligations related to the share based incentive plan for executives and employees, as detailed in resolution 10 of Annual General Meeting, held on 31st May 2012. In Annual Report this is further described in note 3 - Employees, board and auditor.

NOTE 17. MARKET RISK

Oceanteam Shipping ASA has the exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk (including currency risk, and cash flow interest rate risk)

The credit risk of receivables in group will be depending on performance of the actual operations in the subidiary, joint venture or associate.

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The market risk is currency risk reflected on the bond loan since this loan is in USD. The bond loan has quarterly roll over on the interest which is 3 month LIBOR plus 11.25% margin.Please also see note 10 where Bond Loan is described in further details.

NOTE 18. CONTINGENT ASSETS

The company is disputing a claim of EUR 350.000 from a creditor of the liquidated former UK entity. The company has provided a bank guarantee of the same amount as the claim. Final settlement will problably take place ending 2014.

NOTE 19. CONTINGENT LIABILITIES

The company is pursuing a claim on the 2009 Alpha Ventus project for unpaid remedial costs. The company is expecting a positive outcome.

The company has initiated court actions against a former insurance broker for wrong advice/incorrect premiums, expecting settlement.

Oceanteam Shipping ASA has initiated a Court Case in Bergen for injunction and damages against Sawicon naval architect and North Sea Shipping for infringement on Oceanteams rights on original North Ocean Series vessel design under the Marketing Practices Act, section 28. Main case hearing will commence in April 2013. Expenses are booked as they occure.

NOTE 20. TRANSACTIONS WITH RELATED PARTIES

	Income/recharge exp.		Cost		NOK '000
Company	**2012**	**2011**	**2012**	**2011**	**Type of transaction**
Cenzo BV			(247)	(1 464)	Variable fees for other services
Toha Invest BV				(1 159)	Amstel Lease guarantee
					From Oct.11 services in Feastwood Ltd
Oceanteam Holding BV		4 205			Variable fees for other services
Feastwood Holding Ltd	477	132	(5 961)	(886)	Variable fees for other services
Heer Holland BV			(4 882)	(2 414)	Management Services
Challenger Management Services S.A.M		7	(652)	(1 968)	Variable fees for other services

	Customer balance		Vendor balance	
Company	**2012**	**2011**	**2012**	**2011**
Cenzo BV				
Toha Invest BV				
Oceanteam Holding BV			(29)	(119)
Feastwood Holding Ltd			(246)	(559)
Heer Holland BV			(202)	(182)
Challenger Management Services S.A.M			(539)	(549)

NOTE 21. TRANSACTIONS WITH GROUP COMPANIES

NOK '000	Income		Cost	
	2012	2011	2012	2011
Imera NV	26	15		
Oceanteam Energy Holding NV			(361)	(372)
Oceanteam Shipping BV	6 921			
Oceanteam II BV	786	4 410	(422)	
Oceanteam Mexico BV	30	22		(408)
Oceanteam Mexico SA de CV	3 669	1 099		
Oceanteam Shipping GmbH	710	2 364		
Oceanteam Equipment Base Ltd	180	426	(59)	(1)
Oceanteam Bourbon 101 AS	1 817	241		
North Ocean II KS				(5)
North Ocean II AS		23		(0)
Oceanteam Bourbon 4 AS	1 216	1 850		
North Ocean 309 AS	115	169		
Oceanteam Shipping Monaco SAM	97			

Transactions with group companies consists of internal interest which is calculated for intercompany balances. Interest rate of 7% is applied.

Please also see note 9 for intercompany balances.

AUDITORS REPORT

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To the Annual Shareholders' Meeting of Oceanteam Shipping ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Oceanteam Shipping ASA, which comprise the financial statements of the parent company Oceanteam Shipping ASA and the consolidated financial statements of Oceanteam Shipping ASA and its subsidiaries. The parent company's financial statements comprise the financial position as at 31 December 2012, the income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the parent company financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and for the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the Board of Directors and the Managing Director 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent auditor's report 2012
Oceanteam Shipping ASA

Opinion on the separate financial statements

In our opinion, the parent company's financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Oceanteam Shipping ASA as at 31 December 2012, and of its financial performance and its 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 consolidated financial statements

In our opinion, the consolidated financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Oceanteam Shipping ASA and its subsidiaries as at 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and Corporate Governance Policy

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

Opinion on Accounting 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 management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Bergen, 25 April 2013
KPMG AS
Knut Olav Karlsen

Knut Olav Karlsen
State Authorised Accountant

CONFIRMATION FROM THE BOARD OF DIRECTORS AND CEO

We confirm that, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2012 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial positions and profit or loss of the entity and the group taken as a whole. We also confirm that the Board of Directors` Report includes a true and fair review of the development and performance of the business and the position of the entity and the group, together with a description of the principal risks and uncertainties facing the entity and the group.

Bergen/ Norway, 25 April 2013
The Board of Directors Oceanteam Shipping ASA

Hessel Halbesma	**Catharina Petronella Johanna Pos**	**James Wingett Hill**	**Haico Halbesma**
Chairman	Director	Director	Chief Excecutive Officer


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VALLETTA

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Oceanteam Shipping Assets

VESSELS

CSV BOURBON OCEANTEAM 101

Upon delivery in December 2007, this DP2 Construction Support Vessel has been operating as a field support vessel with BP Angola for the company's Greater Plutonium Field development (in Block 18). The first of the standard design NorthOcean 100 series is jointly owned by Oceanteam Shipping and Bourbon Ofshore Norway. The ship is 125 meters in length with a 27 meter beam. Its excellent seafaring capabilities, one 150 tonnes and one 100 tonnes fully heave compensated cranes, moon pool, 2000m2 free deck space and 120 accommodation enables CSV Bourbon Oceanteam 101 to be utilised for field support, construction, installation and IRM support.

General Description

Type:	DP2 Construction Support/ Flexible Product installation vessel
Classification:	DNV+1A1 HELIDEK DYNPOS AUTR EODK (+) NAUT-OSV CLEAN, CONF-(V3)
Flag:	Malta
Year Of Build:	2007
Builder:	Metalships, Vigo, Spain
Length over all:	125 m
Beam:	27 m

CSV NORTH OCEAN 102

This DP2 Construction Support Vessel was delivered in Q4 2008. The vessel has been working for ABB High Voltage AB since its delivery and been mobilised with a 7000 tonnes, 2 x 120 tonnes tensioners flexible product installation spread. CSV North Ocean 102 is equipped with one 100 ton heave compensated crane. The second of the standard design North Ocean 100 series has been converted into one of the largest flexible product installation vessels in the world suitable for both subsea power cables and pipelines. The ship is 137 meter in length and has a 27 meter beam and can accommodate up to 199. The vessel is jointly owned by Oceanteam Shipping and McDermott. The vessel has secured a 5 year charter with McDermott and will be utilised world wide for cable and pipeline installation works.

General Description

Type:	DP2 Construction Support/ Flexible Product installation vessel
Classification:	DNV +1A1 HELIDEK DYNPOS AUTR EO DK(+) NAUT-OSV, CLEAN, COMF-(V3)
Flag:	Malta
Year Of Build:	2008
Builder:	Metalships, Vigo, Spain
Length over all:	137m
Beam:	27 m

VESSELS

CSV SOUTHERN OCEAN

The vessel was delivered in Q4 2010 and immediately commenced its first project for Fugro-TSMarine Australia. This DP2 Construction Support / Flexible Product Installation vessel combines a moon pool, two large cranes (1 x 250 tonnes and 1 x 100 tonnes, heave compensated), 2500m2 deck space, 120 accommodation and excellent seafaring capabilities, enabling her to be utilised for field support, construction, installation and IRM.

General Description	
Type:	DP2 Construction Support/ Flexible Product installation vessel
Classification:	DNV+1A1 HELIDEK DYNPOS AUTR EO DK (+) NAUT-OSV CLEAN, CONF-(V3)
Flag:	Malta
Year of build:	2010
Builder:	Metalships, Vigo, Spain
Length over all:	137m
Beam:	27 m

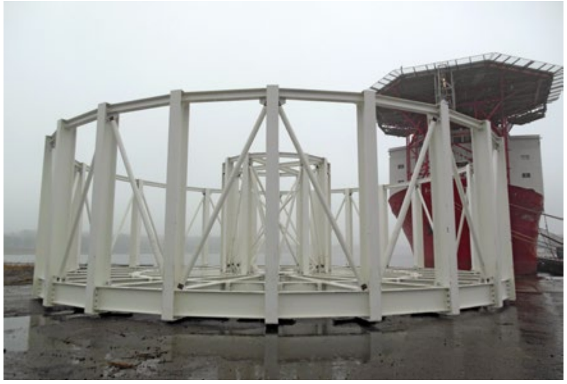
LAY VESSEL NORTH OCEAN 105

High-capacity, rigid-reeled vertical pipelay vessel, with 3000-ton payload reel capacity for subsea construction and installation, and deepwater moorings installation; which has been delivered the 20th April 2012. The vessel has started a five years charter contract at delivery.

FSV MANTARAYA / FSV TIBURON

This innovate Fast Support Vessels (FSV's) are operational in Venezuela. The vessels are capable of transporting 75 p.o.b. and cargo at a cruising speed of 25 knots with largely improved fuel efficiency compared to similar vessel available.

EQUIPMENT



NEW 2000T/4000T MODULAR CAROUSEL AVAILABLE APRIL 2013

Oceanteam Shipping has taken up one of its options and ordered a new, OTS design, 2000t modular carousel system, which will be delivered in April 2013.

The new patented OTS carousel series is designed for flexibility and quick mobilisation on standard modern PSV/CSV type vessels with limited deck load capacity for this type of equipment. The modular systems are delivered to the mobilisation site in 40ft containers and can be mobilised without vessel under deck reinforcement requirements. All system components are 'plug and play' and interchangeable. The 2000 Ton carousel is delivered in such a way that it can be extended to a 4000 Ton load capacity carousel in a short period of time.

As a result of this new philosophy the equipment can be transported and mobilised to any port around the world in a cost effective manner using, for example, standard container shipment routes and trucks.

MODULAR 1250 TON CAROUSEL

The unique modular design enables the Carousel components to be easily transported by road, or containerised, to ship to any Port of mobilisation, worldwide. The modular 1250 Ton Carousel, once assembled, comprises two main parts, the Carousel Basket, and the Foundation. The Foundation is fitted with the Carousel hydraulic drive system. The 16m x 19m Foundation is assembled at the quayside, then loaded onto a suitable vessel/barge, and sea-fastened. The Basket is then lifted and positioned over the foundation King Pin and carefully lowered into position.

The Carousel drive system comprises a total of 12 pairs of under-rollers, these are divided into 3 Sets of 4 pairs, each 4 pair set of under-rollers are raised by means of lifting cylinders, each Set of 4 under-roller pairs have separate hydraulic circuits, to raise or lower the basket to/from the transit/storage position.

A 6.06m x 2.43m Container houses the 2 x 45kW, electrically driven, Eaton Hydraulic Power Units which provide hydraulic power for the carousel drives. A smaller, electrically driven, 7.5kW auxiliary HPU provides hydraulic power for operation of the lifting cylinder circuit, and Gooseneck slew ram.

EQUIPMENT

750 TON CAROUSEL

The Oceanteam 750 Ton Basket Carousel system comprises basket, Spider frame base, Gooseneck tower and 20ft Containerised HPU. The basket is rotated by means of 4 sets of single pair wheels gripping the outer rim of the basket. The basket can be raised or lowered via jacking cylinders on the spider frame under-rollers. During vessel transit, the drive wheels will be dis-engaged, and the basket lowered to the storage position, meaning the basket will be resting on the spider frame base. Rotational speed is varied by means of proportional hydraulic valves on the HPU. The Gooseneck at the top of the tower has the ability to slew approximately 30deg by means of a manually operated hydraulic ram, this function enables the product to be coiled more easily when loading. Similarly its assists the product, to exit the basket during lay operations.

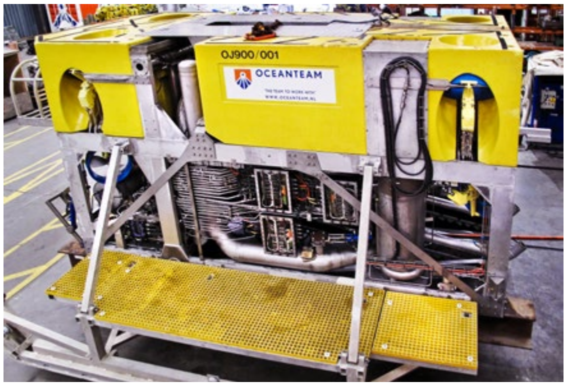
SMD MD3 PLOUGH

This Flexible Plough is designed to trench flexible products in a wide range of soils. Used for post or simultaneous lay and burial, it is able to continuously vary its trench depth – up to 2m – through a combination of an articulated chassis and skid control. In sand, the performance of the plough can be enhanced – in terms of speed and depth – through a subsea jetting facility, which injects water through a jetting blade and the share's leading edge and tip.

EQUIPMENT

SMD HD 3M PLOUGH

This Heavy Duty Flexible Plough is designed to trench large diameter flexible products in a wide range of soils. Used for post or simultaneous lay and burial, it is able to continuously vary its trench depth - up to 3m - through a combination of an articulated chassis and skid control. The high bollard pull of the plough enables it to trench through stiff and firm clays. In sand, the performance of the plough can be enhanced – in terms of speed and depth – through a subsea jetting facility, which injects water through the share's leading edge and tip.



OCEANJET 900

The Oceanjet 900 system comprises the trenching ROV, a self-contained control cabin, transformer cabin, umbilical winch, and a LARS (Launch and Recovery System). The versatile design allows the complete system to be road transportable and easily mobilised/ demobilised on suitable vessels.

EQUIPMENT

NEW ADJUSTABLE 10T TO 15T OTS TENSIONER

Oceanteam Shipping has available a brand-new adjustable 10t to 15t tensioners for installation of power cables and umbilical's. The tensioner is delivered with an HPU; this robust system can be easily bolted or welded to the deck and are road transportable.

OCEANTEAM SHIPPING

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