



INTERIM REPORT 2ND QUARTER 2012 OCEANTEAM SHIPPING ASA



OCEANTEAM SHIPPING

**OCEANTEAM SHIPPING ASA – Q2 2012 INTERIM REPORT**ISSUE DATE 23RD AUGUST 2012

TWO PRIME VESSELS REFINANCED AND 105 DELIVERED

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, Engineering and Equipment services.

Besides the delivery and commencement of a 5 year charter for Lay Vessel North Ocean 105 the company completed the refinance for CSV Bourbon Oceanteam 101 and CSV Southern Ocean. The refinancing will provide Oceanteam with more financial flexibility and will contribute to the future development of Oceanteam Shipping ASA.

The financial performance in the second quarter 2012 has been satisfactory. The total operating profit increased with 30% and the EDITDA increased with 9% compared to the same quarter last year. Lay Vessel North Ocean 105 was delivered on time and immediately went into a 5 year time charter contributing to the company's result. The engineering department has completed some challenging projects of which two have produced lower results than expected. The equipment rental side of the business continues to grow further with the introduction of OTS developed equipment solutions for flexible product installation. Our "state of the art" construction vessels have performed well during the quarter, says CEO of Oceanteam Shipping, Haico Halbesma.

For more information: www.oceanteam.no

HIGHLIGHTS FOR THE QUARTER

- Revenue from operations USD 16.1 million
- EBITDA from operations is positive USD 7.3 million
- Operating profit of USD 3.6 million
- Net finance negative USD 2.8 incl. an increased bond call premium of USD 1.2 million
- Net result from operations positive USD 1.0 million
- Oceanteam Shipping ASA has made an ex reverse split of the shares and warrants. The registered new face value per share and warrants is with the same ratio 10:1

KEY FIGURES FOR THE GROUP

Figures in USD MILLION	Q2 12	Q1 12	Cum 2012
Operating revenues	16,1	15,4	31,5
Operating costs	(5,4)	(6,2)	(11,6)
EBITDA	7,3	6,1	13,4



Segment information	Shipping		Engineering		Total Q2	Total Q1
	Q2 2012	Q2 2011	Q2 2012	Q2 2011	2012	2012
Revenue	9 347	9 652	6 086	6 650	15 432	15 356
Net income of associates	673				673	
Operating costs	(1 866)	(3 020)	(3 531)	(3 548)	(5 397)	(6 174)
General & administration	(1 771)	(1 737)	(1 683)	(1 322)	(3 454)	(3 034)
EBITDA	6 382	4 894	872	1 780	7 254	6 148
EBITDA percentage of revenue	64 %	51 %	14 %	27 %	45 %	40 %

In the Shipping segment three Construction Support Vessels, one Lay Vessel and two FSV vessels have been working in the second quarter 2012.

About the engineering segment:

KCI is a multidisciplinary engineering firm providing full design, engineering and consultancy services to both Oil & Gas and Offshore Renewables Industry.

KCI designs and engineer:

- Complete platforms and infrastructure for the Oil & Gas and Renewables Industry
- Deck lay outs, cable & pipe laying solutions for Marine Environment

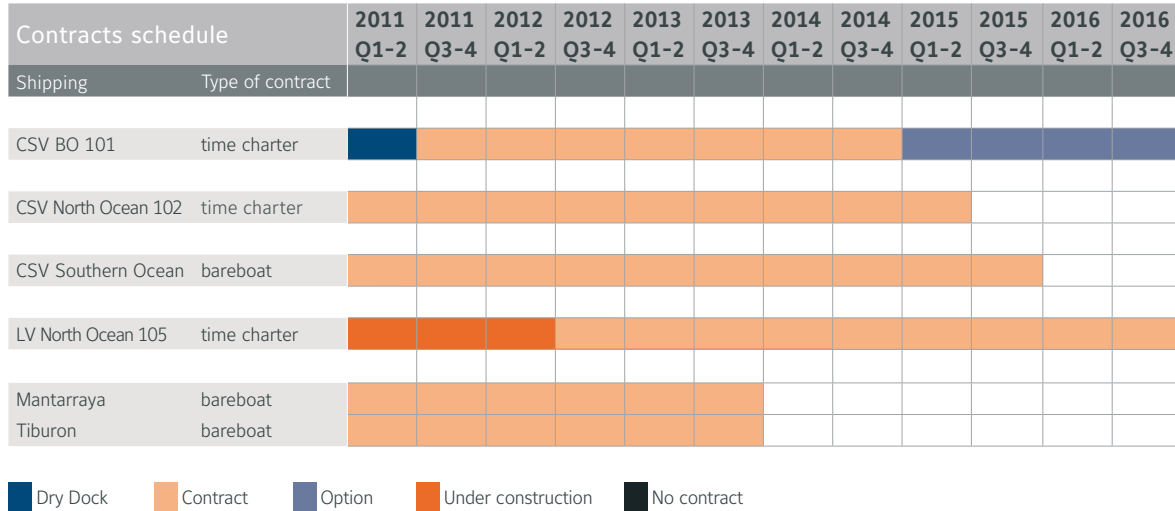
In addition the engineering segment rents out a pool of lay and burial equipment.

2012 OPERATIONS

- CSV Bourbon Oceanteam 101 on charter with Oceaneering from 1st February 2012
- CSV North Ocean 102 has been on charter with J. Ray McDermott S.A.
- CSV Southern Ocean has been operational from October 2010 on a bareboat charter with Fugro TSMarine
- Lay Vessel North Ocean 105 delivered and on time charter with J. Ray McDermott S.A.
- Oceanteam's fast support vessels have been working on bareboat contracts in Venezuela.
- Oceanteam equipment renting out carousels, subsea ploughs and tensioning equipment to numerous clients
- KCI Engineering, servicing the Oil & Gas – and Offshore Renewable sector with engineering and design services has performed with a workforce of approximately 150 engineers working on the following projects:
 - Concept and basic design completed for a gas production plant in the Southern North Sea
 - Subsea jumper installation engineering for Shell Brasil
 - FEED study for turret system FPSO (storage/handling capacity of 2 million barrels with a production of 100,000 barrels oil per day) including mooring analysis
- Completion of Offshore Sub Station design for Riffgat and Dan Tysk
- Owners Engineering support for turbine foundations for the Global Tech 1 project
- Installation engineering completed for Bard 1 turbines
- Deck lay out new build Power Cable Installation Vessel
- Oceanteam Shipping ASA – The unsecured bond loan has increased its next step up in the call premium with NOK 40 million. The accrued call amount in the quarter was USD 1.2 million. The bond loan is due to be refinanced before 19th June 2014.

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 2012 – 2013 and the Group's long – term strategic forecasts.



MARKET AND FUTURE OUTLOOK

Oceanteam Shipping sees that market activity has increased in both the Offshore Oil and Gas – and Renewable Market for certain regions and the management expect this trend to continue.

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, flex lay vessels plus engineering and equipment services for the oil and gas market, as well as the offshore renewable market.

This strategy is providing the company with excellent opportunities in the near future. The company experiences strong interest for its vessels from leading companies in its markets.

FINANCIAL RISK

Financial risk 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 Euro.

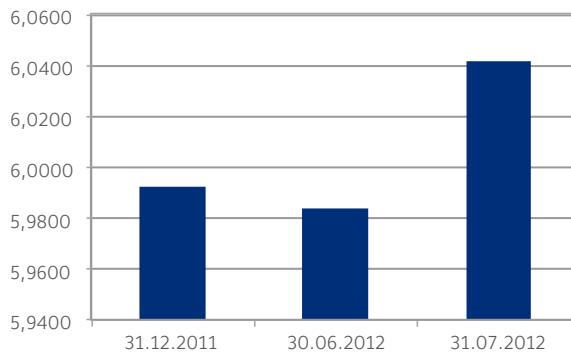
The company is exposed to changes in interest rates as the bulk of its debt has floating rates. Lay Vessel North Ocean 105 was financed in USD for the construction costs hedged in EUR. Long term post construction finance has been secured in USD where the interest rate is fixed. In the new loan agreement for the CSV Bourbon Oceanteam 101 and the CSV Southern Ocean 50% of the interest rate will be fixed.

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 where income streams and costs are matched for the various projects. This is, however, continuously being assessed by the Board of Directors.

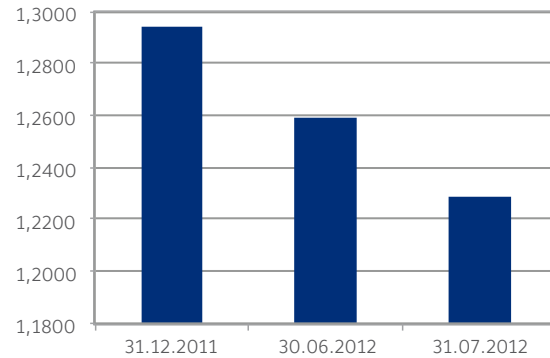
During the second quarter 2012 the strengthening value of NOK against the USD and the strengthening of USD compared to the EUR, has had a positive equity effect of USD 3.8 million. The booked equity ratio is 41.1 percent.

In the currency graphs the currency development between the US dollars and the Norwegian Kroner and the Euro is presented. For the company it will reduce (increase) the equity with USD 1.3 million if the exchange rate moves from 5.50 to 5.40 (5.60).

USD/NOK



EUR/USD



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 and plan for that the company will always have sufficient liquidity to meet its obligations.

INVESTMENTS

- Oceanteam Shipping ASA took delivery of its new OTS 1.250T modular carousel system on the 19th April 2012. The system is on contract with Visser & Smit Marine Contractors in the Netherlands onboard Solstad Offshore ASA's CSV Normand Flower for offshore renewable operations in the Southern North Sea.
- Oceanteam Shipping ASA took delivery of a new OTS design 10T tensioning system which went on hire with Bohlen & Doyen Germany for the remainder of 2012.
- Oceanteam Shipping ASA has secured options on building 10 new carousel- and 10 new tensioning systems.
- Oceanteam Shipping is planning to continue its investment program in equipment and high specification offshore construction supports - and lay vessels.
- Lay Vessel North Ocean 105 was delivered 20th April 2012 on time and within budget.

TAX LOSSES

Oceanteam Shipping has completed the consolidation of its business and has brought the organization in line with its new focus as Oceanteam Shipping. The deferred tax assets will be utilized where possible and is significantly larger than the booked deferred tax asset of USD 3.8 million. The company aims to increase the booked deferred tax asset by securing new contracts and increasing the profit in the engineering segment.

EVENTS AFTER THE BALANCE SHEET DATE

- Oceanteam Shipping ASA has completed the refinance 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. Net cash effect to the company is USD 23 million.
- Oceanteam Shipping ASA has consolidated both shares and warrants with the ratio 10:1
- Oceanteam Shipping ASA has purchased 309.960 own shares at the price NOK 3.80 per share

In the coming period effort will be put into refinancing the bond loan as part of the overall refinancing plan and to make the company ready for future growth and development. The refinancing process is affected with the conditions in the financial markets and could be affected by exchange rate developments.

CONFIRMATION FROM THE BOARD OF DIRECTORS AND CEO

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half year of 2012 which has been prepared in accordance with IAS 34 Interim Financial Statements gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the interim management report provides a true overview of important events during the accounting period and their effect on the financial statements for the first half year, of key risks and uncertainty factors that the company is facing during the next accounting period and of transactions with related parties.

Bergen August 23, 2012
The Board of Directors
Oceanteam Shipping ASA

Hessel Halbesma
Chairman and Director

Ronald Peter Moolenaar
Director

Catharina Petronella Johanna Pos
Director

Haico Halbesma
CEO

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

GROUP Figures in USD '000

	Notes	Q2 2012	Q2 2011	Cum 2012	Cum 2011
Revenue	4	15 432	16 302	30 788	28 997
Total operating revenues		15 432	16 302	30 788	28 997
Net income of associates		673		673	
Operating costs		(5 397)	(6 568)	(11 570)	(12 180)
General & administration		(3 454)	(3 060)	(6 488)	(5 701)
Depreciation	2	(3 598)	(3 864)	(7 019)	(7 820)
Write off assets		(8)		(16)	2 098
Total operating expenses		(12 457)	(13 491)	(25 093)	(23 603)
Operating profit (loss)		3 648	2 810	6 368	5 395
Financial income		116	90	332	205
Financial costs	5	(3 415)	(2 887)	(7 552)	(6 569)
Foreign exchange results (loss)		533	(1 241)	(152)	(2 403)
Net finance		(2 767)	(4 039)	(7 372)	(8 766)
Ordinary profit (loss) before taxes		881	(1 229)	(1 005)	(3 372)
Income tax	6	133	(110)	(70)	(163)
Net result from operations		1 015	(1 339)	(1 074)	(3 535)

GROUP Figures in USD '000

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME					
	Notes	Q2 2012	Q2 2011	Cum 2012	Cum 2011
Total net result		1 015	(1 339)	(1 074)	(3 535)
Changes in revaluation model	2	2 285	1 834	6 991	5 648
Other comprehensive income		3 833	(1 784)	(40)	(6 105)
Translation differences		188	(901)	(1 560)	(698)
Tax on comprehensive income					
Total comprehensive income for the year		7 321	(2 190)	4 317	(4 690)
Profit (Loss) attributable to:					
Owners of the company		1 085	(1 378)	(1 202)	(3 656)
Non controlling interests		(71)	39	127	121
Profit (Loss)		1 015	(1 339)	(1 074)	(3 535)
Total comprehensive income attributable to:					
Owners of the company		7 392	(2 229)	4 189	(4 811)
Non controlling interests		(71)	39	127	121
Total comprehensive income for the year		7 321	(2 190)	4 317	(4 690)
Earnings per share (in USD)					
Basic earnings per share (in USD)		0,07	(0,09)	(0,07)	(0,23)
Diluted earnings per share (in USD)		0,02	(0,03)	(0,02)	(0,08)
Earnings per share - operations					
Basic earnings per share (in USD)		0,07	(0,09)	(0,07)	(0,23)
Diluted earnings per share including warrants II (in USD)		0,02	(0,03)	(0,02)	(0,08)
Number of shares in the period	7	15 078 840	15 078 840	15 078 840	15 078 840
Number of shares in the period, diluted warrants I		29 977 400	29 977 400	29 977 400	29 977 400
Number of shares in the period, diluted warrants II		44 678 500	44 678 500	44 678 500	44 678 500

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

GROUP Figures in USD '000

	Notes	30.06.2012	31.12.2011
Assets			
Deferred tax assets	6	3 831	3 831
Customer relations and other intangible assets		2 180	2 831
Goodwill		12 987	12 987
Intangible assets	3	18 999	19 649
Investment in associates		13 001	5 964
Vessels and equipment		221 765	224 360
Tangible assets	2	234 766	230 324
Total non current assets		253 765	249 973
Trade receivables		10 660	7 258
Other receivables		6 646	4 536
Receivables		17 306	11 794
Cash and cash equivalents		14 390	11 638
Current assets		31 696	23 432
Total assets		285 461	273 405
Equity and liabilities			
Share capital		1 291	1 291
Retained earnings		24 986	28 420
Revaluation reserve	2	90 997	83 247
Total equity		117 275	112 958
Loans and borrowings		122 456	123 315
Total non-current liabilities	5	122 456	123 315
First year installments	5	21 105	22 782
Trade payables		15 960	10 182
Tax payable		56	100
Other current liabilities		8 609	4 068
Total current liabilities		45 730	37 132
Total liabilities		168 186	160 447
Total equity and liabilities		285 461	273 405

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GROUP Figures in USD '000

	Notes	Cum Q2 2012	Cum Q2 2011	2011
Equity at period opening balance				
(Number of shares: 15,078,840)	7	112 958	102 078	102 078
Profit after taxes majority		(1 202)	(3 656)	2 166
Profit after taxes minority		127	121	463
Revaluation of assets		6 991	5 648	9 228
Tax on revaluation of assets				(1 223)
Other comprehensive income		(40)	(6 105)	
Translation differences		(1 036)	(698)	245
Equity in associates				
Decreases in non controlling interests		(524)		
Share issue				
Equity issue		0		
Equity at period end (Number of shares: 15,078,840)		117 275	97 387	112 958

Subscription rights issued:

Warrants I - become active when bond loan is repaid before 19th June 2014:	14,898,607 - subscription price NOK 1.0
Warrants II - become active when bond loan is not repaid before 19th June 2014:	29,599,668 - subscription price NOK 1.0

Condensed consolidated statement of changes in equity								
	Share capital	Share premium	Translation reserve	Other equity	Total other equity	Re-valuation reserve	Non controlling 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				(1 202)	(1 202)		127	(1 074)
Coverage of previous losses								
Other comprehensive income								
Currency adjustment bond loan				(40)	(40)			(40)
Changes in revaluation model						6 991		6 991
Decreases in non controlling interests							(524)	(524)
Equity in associates								
Translation differences			(1)	(1 035)	(1 036)			(1 036)
Total comprehensive income			(1)	(2 276)	(2 278)	6 991	(397)	4 317
Contributions by and distributions to owners								
Issue of ordinary shares	0							0
Equity per 30 June 2012	1 291		2 744	19 334	22 077	90 997	3 668	117 275

Condensed consolidated statement of changes in equity								
	Share capital	Share premium	Translation reserve	Other equity	Total other equity	Re-valuation reserve	Non controlling 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)
Decreases in non controlling interests								
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
Contributions by and distributions to owners								
Issue of ordinary shares related to restructuring of debts								
Equity per 31 December 2011	1 291		2 745	21 610	24 355	83 247	4 065	112 958



CONSOLIDATED STATEMENT OF CASH FLOW

GROUP Figures in USD '000

		Cum Q2 2012	Cum Q2 2011
Ordinary profit (loss) before taxes		(1 005)	(3 372)
Depreciation and amortization of tangible assets	2	7 019	7 820
Write off assets		16	(2 098)
Change in trade receivables		(3 402)	3 112
Change in other receivables		(2 110)	(1 332)
Change in trade payables		5 778	1 187
Change in other accruals		4 497	(2 343)
Net cash flow from operating activities		10 793	2 975
Net cash flow from investing activities		(3 147)	(7 975)
Net cash flow from investing activities		(3 147)	(7 975)
Issuing/ - repayment of debt	5	(2 536)	198
Net cash flow from financing activities		(2 536)	198
Effect of changes to exchange rates on cash and cash equivalents		(2 358)	2 089
Net change in cash and equivalents		2 752	(2 715)
Cash and equivalents at start of period		11 638	13 501
Cash and equivalents at end of period		14 390	10 786

* restricted cash is 1.35 MEUR and 1.0 MUSD

Contracts schedule		2011	2011	2012	2012	2013	2013	2014	2014	2015	2015	2016	2016
		Q1-2	Q3-4	Q1-2	Q3-4	Q1-2	Q3-4	Q1-2	Q3-4	Q1-2	Q3-4	Q1-2	Q3-4
Shipping	Type of contract												
CSV BO 101	time charter	■	■	■	■	■	■	■	■	■	■	■	■
CSV North Ocean 102	time charter	■	■	■	■	■	■	■	■	■	■	■	■
CSV Southern Ocean	bareboat	■	■	■	■	■	■	■	■	■	■	■	■
LV North Ocean 105	time charter	■	■	■	■	■	■	■	■	■	■	■	■
Mantarraya	bareboat	■	■	■	■	■	■	■	■	■	■	■	■
Tiburón	bareboat	■	■	■	■	■	■	■	■	■	■	■	■

■ Dry Dock
 ■ Contract
 ■ Option
 ■ Under construction
 ■ No contract

SELECTED EXPLANATORY NOTES

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

NOTE 1 - FINANCIAL STATEMENTS

The condensed set of Financial Statements for Q2 2012 has been prepared in accordance with IAS 34 Interim Financial Statements and it has been prepared in accordance with the same accounting principles as the Financial Statements for 2011, unless otherwise is stated.

SELECTED ACCOUNTING PRINCIPLES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2011.



NOTE 2 - TANGIBLE ASSETS

GROUP Figures in USD '000

Q2 2012	Participation in LV 105	Construction and Support Vessels (CSV)	Fast Support Vessels, Machinery & other	Total
Historical Cost 31 March 2012	4 845	145 632	35 117	185 594
Additions	656	295	212	1 164
Disposals		(1)	(1)	(4 083)
Historical Cost 30 June 2012	5 501	145 928	35 328	186 757
Accumulated depreciation 31 March 2012		(19 049)	(13 604)	(32 653)
Depreciation		(1 721)	(649)	(2 370)
Disposals depreciation				
Accumulated depreciation 30 June 2012		(20 770)	(14 253)	(35 023)
Accumulated impairments 31 March 2012		(8 553)	(8 553)	(8 553)
Impairments/reversals				
Accumulated impairments 30 June 2012			(8 553)	(8 553)
Historical Cost 30 June 2012	5 501	125 158	12 522	143 181
Revaluation reserve 31 March 2012	1 160	89 003		90 163
Change in revaluation	6 340	(4 055)		2 285
Revaluation reserve 30 June 2012	7 500	84 948		92 448
Accumulated depreciation 31 March 2012				
Depreciation premium values		(863)		(863)
Revaluation reserve 30 June 2012	7 500	84 085		91 585
Carrying amount 30 June 2012	13 001	209 243	12 522	234 766
Depreciation rates	25 years	5-25 years	3-15 years	
Depreciation method	linear	linear	linear	

When internal resources are used to engineer and construct a fixed asset, the relevant costs are added to the historical cost. All construction financing costs are capitalized. The Construction Support Vessels (CSV's) & Lay Vessel and the Crew Boats are financed and held for security, see note 5 loans and borrowings.

The assumptions in the revaluation model are the following:

- The model for the calculation of the revaluation has been developed in cooperation with external experts and has the following features:
- Oceanteam Shipping is updating the model quarterly
- Two external valuations from independent brokers where the Construction Support Vessel (CSV)/ Lay Vessel 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 / Lay 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 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 / Lay 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 / Lay 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. The calculation of the WACC has the following assumptions:
 - 5 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 / Lay Vessels. The accounting impact when applying the revaluation model is that the CSV / Lay Vessels 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" are affected by the revaluation method. The historical costs for the CSV / Lay 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

Investment in 1.250T Carousel:

In March 2012 Oceanteam Shipping purchased a new 1.250T modular carousel system, to further expand the existing equipment pool according to plan. The 1.250T modular carousel system has been on hire with VSMC for a minimum of 200 days, which started the 6th of April 2012.

Investment in 10T Tensioner:

In June 2012 Oceanteam Shipping purchased a new 10T tensioner, to further expand the existing equipment pool according to plan. The 10T tensioner has been on hire with Bohlen & Doyen Bauunternehmung for the remainder of 2012, which started August 2012.

Options secured on additional equipment:

In addition, Oceanteam Shipping has secured options on 10 new 1.250T carousels and on 10 new 10T tensioners, for which great interest has been showed among clients.

NOTE 3 - INTANGIBLE ASSETS

GROUP Figures in USD '000

Q2 2012	Goodwill	Customer relations	Deferred tax	Other	Intangible assets
Historical cost 31 March 2012	12 987	4 400	3 831	283	21 501
Additions				56	56
Disposals					
Historical cost 30 June 2012	12 987	4 400	3 831	339	21 557
Accumulated amortisation 31 March 2012		(2 191)			(2 191)
Amortisation		(366)			(366)
Amortisation 30 June 2012		(2 557)			(2 557)
Accumulated impairments 31 March 2012					
Impairments/reversals					
Accumulated impairments 30 June 2012					
Book value 30 June 2012	12 987	1 843	3 831	339	18 999

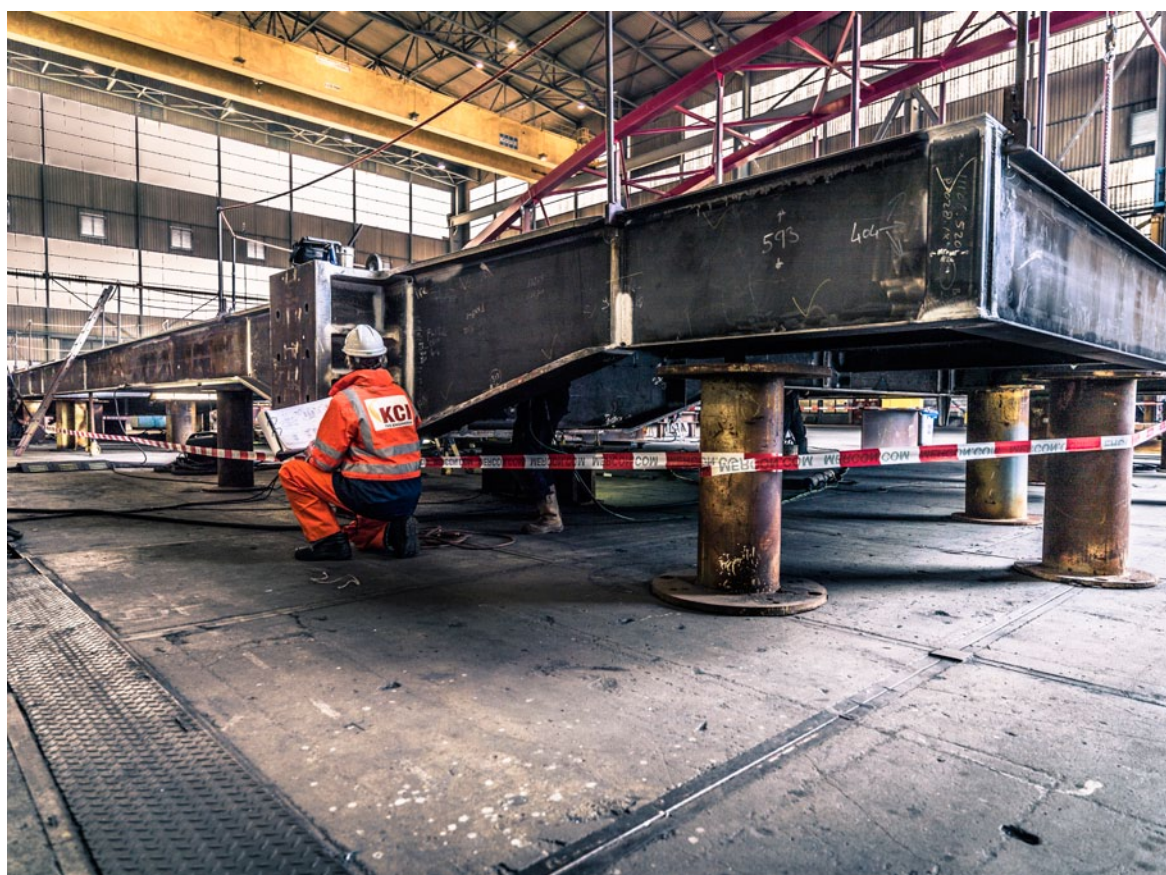


NOTE 4 - SEGMENT INFORMATION

GROUP Figures in USD '000

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:

Segment information	Shipping		Engineering		Total Q2	Total Q1
	Q2 2012	Q2 2011	Q2 2012	Q2 2011	2012	2012
Revenue	9 347	9 652	6 086	6 650	15 432	15 356
Net income of associates	673				673	
Operating costs	(1 866)	(3 020)	(3 531)	(3 548)	(5 397)	(6 174)
General & administration	(1 771)	(1 737)	(1 683)	(1 322)	(3 454)	(3 034)
EBITDA	6 382	4 894	872	1 780	7 254	6 148
EBITDA percentage of revenue	64 %	51 %	14 %	27 %	45 %	40 %



NOTE 5 - LOANS AND BORROWINGS

GROUP Figures in USD '000

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 30 June 2012					
Bank/ bond borrowings incl. interest	32 021	29 646	124 235	24 220	210 123
Other current liabilities	24 625				24 625
Total liabilities	56 647	29 646	124 235		234 748
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	30 Jun 2012	31 Dec 2011
CSV 101 (USD)	Secured	LIBOR + margin	14 868	16 525
CSV 102 (USD)	Secured	LIBOR + margin	20 169	21 662
CSV 104 (USD)	Secured	LIBOR + margin	30 479	31 832
Two FSV's (USD)	Secured	LIBOR + margin	1 826	2 361
Bond loan (NOK)		NIBOR + margin	76 220	73 717
Total long-term debt			143 561	146 097
1st year principal repayments			21 105	22 782
Total long-term debt			122 456	123 315

After the balance sheet date Oceanteam Shipping ASA has completed the refinance 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.

LIQUIDITY RISK, FINANCIAL RISK AND MARKET RISK.

Risk management is carried out by a central treasury function under policies approved by the board of directors. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk.

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 and plan for that the company will always have sufficient liquidity to meet its obligations.

The Group uses project - based costing to price 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 Shipping or the client involved in the contract in question.

Per Q2 2012 the Group has overdraft facilities of EUR 500.000 in addition to the cash balance of USD 14.4 million.

The management is working on a refinancing of the company. The plan is to refinance both the CSV vessels and the bond loan. If the bond loan is called before 4th May 2014, then warrants of 14.9 million will be active at a subscription price of NOK 1.0.

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 (EUR) and Norwegian Kroner (NOK).

The major currency risk for the Group is the nominal bond loan of NOK 400 million and the call premium and the timing of the refinancing of the bond loan. The total loan amount in USD is 76.2 million per 30 June 2012. Incurred interest costs are for the bond loan in NOK and for the other loans in USD. Provisions are all in EUR and USD.

Financial risk

Financial risk 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 Euro.

The company is exposed to changes in interest rates as the bulk of its debt has floating rates. Lay Vessel North Ocean 105 was refinanced 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 Ocean-team 101 and CSV Southern Ocean 50% of the interest rate will be fixed.

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 where income streams and costs are matched for the various projects. This is, however, continuously being assessed by the Board of Directors.

Interest risk

The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to fluctuation in interests, Oceanteam Shipping has quarterly fixed interests. The company has also the opportunity to use longer periods as for instance 6 or 9 months etc. Due to the previous uncertainties in the liquidity situation of the Company, Oceanteam Shipping has used quarterly roll over.

Market risk

The business going forward is shipping operations with a few time charter/ bare boat agreements, and one new Lay Vessel delivered in April 2012. Oceanteam Shipping's expectations for the future is reduced market risk connected to lower risk in renting out assets.

The diversification of risks for the engineering risks are divided into three different markets; Oil & Gas, Complex Structures and Renewable Energy.

Credit risk

The credit risks in the Company are regarding clients who are on a long term charter for the CSV vessels and the client's credit risk is evaluated before a charter agreement is signed. The experience with the clients is very good. The payment terms for chartering out equipment is prepayments of charter or very short credit periods. Engineering services are invoiced when the service is provided.

Operational risk

Operational risks include time 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.

Construction and Support Vessels contract schedule:

- CSV 101: BP Angola until 28th February 2015 (+2 x 1 year option)
- CSV 102: McDermott until 1st August 2015
- 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



NOTE 6 - TAX IN Q2 2012

Taxes in the income statement are estimated on the basis of the average tax rates for each of the companies that constitute the Group. In companies that apply for the Norwegian Tonnage Tax system the tax rate is set at zero.

Oceanteam Shipping has one Construction Support Vessel which is under the normal tax regime in Norway where the nominal tax percent is 28 percent. However, the Group has major tax losses to be carried forward due to losses on contracting business. Confirmation from the tax authorities of a deferred tax loss of NOK 866 million has been received in October 2011. The Group is analyzing how to utilize the nominal deferred losses of NOK 866 million or USD 144 million. The deferred losses for abroad operations is EUR 45 million.

The deferred tax balance USD 3.8 million on the balance sheet refers to abroad operations in the Netherlands.

NOTE 7 - NUMBER OF SHARES IN THE PERIOD

At the Annual General Meeting of Oceanteam Shipping on 31 May, it was resolved to consolidate (reverse split) 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, up 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 increase of 7 new shares at a subscription price of NOK 0,05 was resolved. Following consolidation the number of shares will thus be reduced from 150,788,393 to 15,078,840.

As the company for the times has outstanding warrants, it was resolved to carry out a similar consolidation as with the shares so that 10 warrants are consolidated into 1. The new face value per warrant is with same ratio 10:1, hence NOK 1.0.

In the Consolidated Statement of Comprehensive Income, the previous number of shares have been restated for the ex-reverse split at the ratio 10:1, hence previous earnings per share (in USD) are also restated for the previous periods.



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 North Ocean 100 series is jointly owned by Oceanteam Shipping and Bourbon Offshore Norway. The ship is 122,5 meters at 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.

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 tonnes heave compensated crane. The second of the standard design North Ocean 100 series has been converted into one of the largest flexible product installation vessel in the world suitable for both subsea power cables and umbilicals. The ship is 137 meters 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 umbilical installation works.

CSV SOUTHERN OCEAN



The vessel was delivered in Q4 2010 and immediately commenced its first project for Fugro TSMarine. This DP2 Construction Support / Flexible Product Installation vessel combines a moon pool, two large cranes (1 x 250tonnes and 1 x 110 tonnes, heave compensated), 2500m² deck space, 120 accommodation and excellent seafaring capabilities, enabling her to be utilised for field support, construction, installation and IRM.

VESSELS

LAY VESSEL NORTH OCEAN 105



High-capacity, rigid-reeled vertical Pipe Lay 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 5 year charter contract at delivery.

FSV MANTARRAYA / FSV TIBURON



These innovative Fast Support Vessels (FSV's) are operational. 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 vessels available.



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