Q4

INTERIM REPORT 4TH QUARTER 2011 OCEANTEAM SHIPPING ASA

OCEANTEAM SHIPPING

OCEANTEAM SHIPPING ASA – Q4 2011 INTERIM REPORT

ISSUE DATE 16 FEBRUARY 2012

TIME CHARTER SECURED

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.

With our inhouse experience and expertise we ensure that our Clients contracts are 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 renewables
- high voltage submarine power interconnectors

For more information: www.oceanteam.no

HIGHLIGHTS FOR THE QUARTER

- Revenue from operations USD 15.5 million
- EBITDA from operations is positive USD 6.4 million
- Operating profit of USD 3.2 million
- Net finance negative USD 1.8 million incl. an increased bond call premium
- Net result from operations positive USD 1.3 million

KEY FIGURES FOR THE GROUP

	2011			
Figures in USD MILLION	Q4	Q3	Q2	Q1
Total operating revenues	**15,5**	**16,7**	**16,3**	**12,7**
Operating costs	(6,3)	(6,1)	(6,6)	(5,6)
EBITDA	**6,4**	**7,3**	**6,7**	**4,4**

Segment information	Shipping		Engineering		Total Q4	Total Q4
	Q4 2011	Q4 2010	Q4 2011	Q4 2010	2011	2010
Revenue	9 596	8 236	5 876	4 896	15 473	13 132
Inter segment revenue						
Operating costs	(2 699)	(2 873)	(3 636)	(2 868)	(6 334)	(5 741)
General & Administration	(1 174)	182	(1 577)	(2 098)	(2 751)	(1 916)
EBITDA	**5 723**	**5 545**	**663**	**(70)**	**6 388**	**5 475**
EBITDA percentage of revenue	**60 %**	**67 %**	**11 %**	**(1 %)**	**41 %**	**42 %**

In the shipping segment three CSV vessels have been working in the fourth quarter 2011. In the quarter the total of equipment pool and one CSV utilisation was lower due to seasonal effects. In addition, the company has experienced an increase in demand for engineering & design services.

2011 OPERATIONS

- CSV Bourbon Oceanteam 101 was on charter with BP Angola during 2011.
- CSV Bourbon Oceanteam 101 has been awarded a 3 year charter until February 2015 plus 2 x 1 year options with Oceaneering for end client BP Angola.
- CSV Southern Ocean has been operational on a bareboat charter with Fugro -TS Marine Australia.
- CSV North Ocean 102 and 7000-tonnes lay system has been on charter with J. Ray McDermott S.A.
- CSV North Ocean 105 build is progressing as planned with expected completion for owners in Q2 2012. The vessel commences upon yard delivery a 5 year time charter with J. Ray McDermott S.A.
- Oceanteam's fast support vessels have been working on bare boat contracts in Venezuela.
- KCI Engineering, servicing Oil & Gas - and Offshore Renewable sector with engineering and design services has performed well during the year.
- The equipment pool had various contracts during the year at satisfactory terms and utilisation levels. As expected there has been lower utilisation in fourth quarter due to seasonal effects.

CONSOLIDATION PROCESS & TAX LOSSES

Oceanteam Shipping has completed the consolidation of its business and has brought the organization in line with its new focus throughout the year.

Besides the sub-optimal debt financing structure of the company the management sees a company that develops itself in line with its current business plan. This has resulted in new long term commitments for its vessels.

Therefore in the coming period extra effort can be placed in harmonizing loan covenants in the different agreements and to refinance both the vessels and the company as part of the overall restructuring plan which will prepare the company better for future growth and development.

SpareBank 1 Markets and Pareto Securities in Oslo are supporting Oceanteam Shipping ASA in the ongoing refinancing process.

The refinancing process and timeline can be affected by the current conditions in the financial markets and exchange rate development. As part of the consolidation process the historic accumulated tax losses within the company will be settled with future profits where possible.

COMMERCIAL DISPUTES

For remaining commercial disputes provisions were made in the accounts if necessary. Oceanteam Shipping resolved a dispute with a major renewable operator in an amicable way during the fourth quarter.

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 the company will always have sufficient funds to meet its obligations.

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.

FINANCIAL RISK

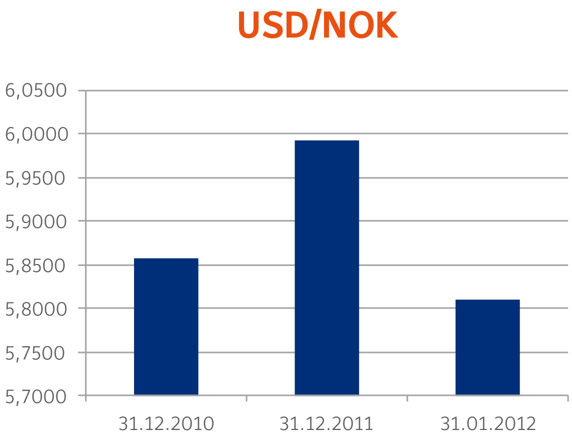
Financial risks include interest rate and currency fluctuations, investment and trading risks in general, borrowing and leverage and risk in connection with the vessels under construction / Spanish tax lease. The company has sales revenues and liabilities in foreign currencies and is exposed to currency risks. These risk are particularly relevant for the liabilities in Norwegian Kroner and revenue and liabilities in the EURO.

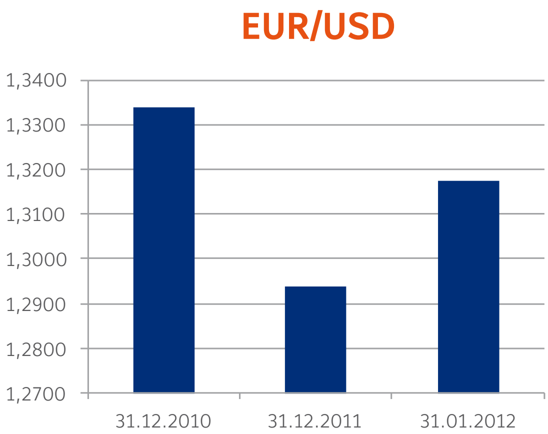
The company is exposed to changes in interest rates as the bulk of its debt has floating rates. The CSV North Ocean 105 is fully financed in USD for the construction costs where the loan is hedged in EURO and where the interest rate is fixed.

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 continuously being assessed by the Board of Directors.

During the fourth quarter 2011 the increasing value of NOK against the US dollars has had a positive equity with the effect of USD 1.9 million. The booked equity ratio is 41,3 percent.

In the currency graphs the currency development between the Norwegian Kroner, the US dollars 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 5.70 to 5.60 (5.80).





MARKET AND FUTURE OUTLOOK

Oceanteam Shipping sees that market activity continues to increase in both the Offshore Oil and Gas – and Renewable Market and the management expect this trend to continue.

Oceanteam Shipping is confident and has secured sufficient projects in both oil and gas. The renewable energy markets maintain a high level of utilization of its assets.

The company's strategy is to focus on the provision of ''state of the art'' construction support, flex lay vessels plus the associated engineering services for the oil and gas markets, as well as the offshore renewable markets. This strategy is providing the company with excellent opportunities for further growth. The company experiences a strong interest for its vessels from leading companies in its markets.

INVESTMENTS

Oceanteam Shipping is planning to continue its investment program in high specification offshore construction supports vessels. The design for the new North Ocean 200 series is completed.

CSV North Ocean 105 is in progress and Oceanteam Shipping expects delivery in the second quarter 2012. The vessel will commence in a 5 year time charter after yard delivery with J Ray McDermott.

EVENTS AFTER THE BALANCE SHEET DATE

- CSV Bourbon Oceanteam 101 has secured a three year contract with a 2 x 1 year option with Oceaneering and end client BP Angola.
- An investment program in the equipment division has started early 2012 with the order of a new innovative 1.250te Flexible Installation Carousel. Expected delivery is at the end of Q2 2012.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

GROUP Figures in USD '000

	Notes	Q4 2011	Q4 2010	Cum 2011	Cum 2010
Revenue	4	15 473	13 132	61 208	46 988
Total operating revenues		**15 473**	**13 132**	**61 208**	**46 988**
Operating costs		(6 333)	(5 741)	(24 651)	(21 784)
General & administration		(2 751)	(1 916)	(11 795)	(8 202)
Depreciation	2	(3 140)	(3 474)	(14 742)	(11 577)
Write off assets	2			2 098	
Total operating expenses		**(12 224)**	**(11 130)**	**(49 090)**	**(41 563)**
Operating profit (loss)		**3 249**	**2 002**	**12 118**	**5 425**
Financial income		240	157	525	2 206
Financial costs	5	(4 023)	(2 476)	(13 934)	(8 901)
Foreign exchange results (loss)		1 936	272	2 443	(2 385)
Net finance		**(1 847)**	**(2 047)**	**(10 965)**	**(9 080)**
Ordinary profit (loss) before taxes		**1 402**	**(45)**	**1 153**	**(3 655)**
Corporate income tax	6	(69)	2 949	(417)	2 678
Net result from continuing operations		**1 331**	**2 904**	**736**	**(976)**
Net result from discontinued operations		**670**		**670**	**(778)**
Net result		**2 002**	**2 904**	**1 406**	**(1 754)**

GROUP Figures in USD '000

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Q4 2011	Q4 2010	Cum 2011	Cum 2010
Total net result	2 002	2 904	1 406	(1 754)
Changes in revaluation model	4 365	(5 204)	9 228	28 425
Other comprehensive income	1 915	1 727	2 003	401
Translation differences	(1 059)		(1 758)	(3 286)
Total comprehensive income for the year	**7 223**	**(573)**	**10 879**	**23 786**
Profit (Loss) attributable to:				
Owners of the company	1 889	2 854	943	(2 153)
Non-controlling interests	113	50	463	399
Profit (Loss)	**2 002**	**2 904**	**1 406**	**(1 754)**
Total comprehensive income attributable to:				
Owners of the company	7 110	(623)	10 416	23 387
Non - controlling interests	113	50	463	399
Total comprehensive income for the year	**7 223**	**(573)**	**10 879**	**23 786**
Earnings per share (in USD)				
Basic earnings per share (in USD)	0,01	0,02	0,01	(0,01)
Diluted earnings per share (in USD)	0,00	0,01	0,00	(0,00)
Earnings per share - continuing operations				
Basic earnings per share (in USD)	0,01	0,02	0,00	(0,01)
Diluted earnings per share including warrants II (in USD)	0,00	0,01	0,00	(0,00)
Number of shares in the period	150 788	150 788	150 788	150 788
Number of shares in the period, diluted warrants I	299 774	299 774	299 774	299 774
Number of shares in the period, diluted warrants II	446 785	446 785	446 785	446 785

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

GROUP Figures in USD '000

	Notes	31.12.2011	31.12.2010
Assets			
Deferred tax assets	**6**	3 831	3 831
Customer relations		2 818	4 034
Goodwill		13 000	12 987
Intangible assets	**3**	**19 649**	**20 852**
Investment in associates		5 964	4 828
Vessels and equipment		224 360	221 517
Tangible assets	**2**	**230 324**	**226 345**
Total non current assets		**249 973**	**247 197**
Trade receivables		7 258	6 299
Other receivables		4 536	3 525
Receivables		**11 794**	**9 824**
Cash and cash equivalents		**11 638**	**13 501**
Current assets		**23 432**	**23 325**
Total assets		**273 405**	**270 523**

		31.12.2011	31.12.2010
Equity and liabilities			
Share capital		1 291	1 291
Retained earnings		25 284	23 632
Revaluation reserve	2	86 383	77 155
Total equity		**112 958**	**102 078**
Loans and borrowings		123 315	139 839
Total non-current liabilities	**5**	**123 315**	**139 839**
First year instalments	**5**	22 782	11 810
Trade payables		10 182	6 619
Tax payable		100	58
Other current liabilities		4 068	10 117
Total current liabilities		**37 132**	**28 604**
Total liabilities		**160 447**	**168 443**
Total equity and liabilities		**273 405**	**270 523**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GROUP Figures in USD '000

	2011	2010
Equity at period opening balance (Number of shares: 150,788,393)	**102 078**	**78 292**
Profit after taxes majority	943	(2 153)
Profit after taxes minority	463	399
Revaluation of assets	9 228	28 425
Other comprehensive income	2 003	
Translation differences and coverage of previous losses	(1 758)	(3 286)
Equity in associates		(2 357)
Increased in minorities		2 758
Share issue		
- Equity issue		
Equity at period end (Number of shares: 150,788,393)	**112 958**	**102 078**

Subscription rights issued:

Warrants I - become active when bond loan is repaid before 19th June 2014: 148,986,069 - subscription price NOK 0.10

Warrants II - become active when bond loan is not repaid before 19th June 2014: 295,996,677 - subscription price NOK 0.10

Condensed consolidated statement of changes in equity	Share capital	Share premium	Goodwill, equity associates, translation reserve	Revaluation reserve	Retained earnings	Total	Minorities	Total equity
Equity at 31 December 2010	**1 291**	**61 254**	**2 550**	**77 155**	**(43 773)**	**98 477**	**3 602**	**102 078**
Profit and loss					943	943	463	1 406
Coverage of previous losses								
Other comprehensive income								
Currency adjustment bond loan					2 003	2 003		2 003
Changes in revaluation model				9 228		9 228		9 228
Increased in minorities								
Equity in associates								
Translation differences					(1 758)	(1 758)		(1 758)
Total comprehensive income				**9 228**	**1 189**	**10 417**	**463**	**10 880**
Contributions by and distributions to owners								
Issue of ordinary shares related to restructuring of debts								
Equity per 31 December 2011	**1 291**	**61 254**	**2 550**	**86 383**	**(42 584)**	**108 894**	**4 065**	**112 958**

Condensed consolidated statement of changes in equity

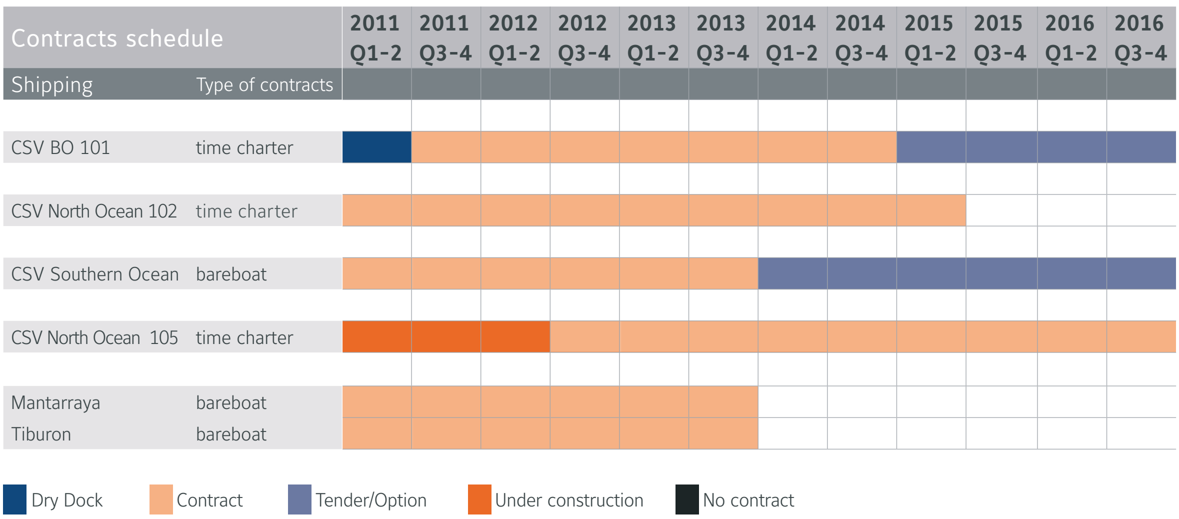
	Share capital	Share premium	Goodwill, equity associates, translation reserve	Revaluation reserve	Retained earnings	Total	Minorities	Total equity
Equity at 31 December 2009	**1 291**	**61 254**	**8 193**	**48 730**	**(41 620)**	**77 848**	**445**	**78 292**
Profit and loss					(2 153)	(2 153)	399	(1 754)
Coverage of previous losses								
Other comprehensive income								
Changes in revaluation model				**28 425**		**28 425**		**28 425**
Increased in minorities							2 758	2 758
Equity in associates			(2 357)			(2 357)		(2 357)
Translation differences			(3 286)			(3 286)		(3 286)
Total comprehensive income			**(5 643)**	**28 425**	**(2 153)**	**20 629**	**3 157**	**23 786**
Contributions by and distributions to owners								
Issue of ordinary shares related to restructuring of debts								
Equity per 31 December 2010	**1 291**	**61 254**	**2 550**	**77 155**	**(43 773)**	**98 477**	**3 602**	**102 078**

CONSOLIDATED STATEMENT OF CASH FLOW

GROUP Figures in USD '000

		Cum Q4 2011	Cum Q4 2010
Ordinary profit (loss) before taxes		**1 153**	**(3 655)**
Depreciation and amortization of tangible assets		14 742	11 577
Write off assets		(2 098)	
Change in trade receivables		(959)	(1 317)
Change in other receivables		(1 011)	11 754
Change in trade payables		3 563	2 032
Change in other accruals		(6 007)	(16 788)
Net cash flow from operating activities		**9 383**	**3 603**
Net cash flow from investing activities		(3 946)	(17 786)
Net cash flow from investing activities		**(3 946)**	**(17 786)**
Issuing/ – repayment of debt	(5)	(7 843)	(11 177)
Net cash flow from financing activities		**(7 843)**	**(11 177)**
Effect of changes to exchange rates on cash and cash equivalents		543	4 396
Net change in cash and equivalents		**(1 863)**	**(20 964)**
Cash and equivalents at start of period		**13 501**	**34 465**
Cash and equivalents at end of period		**11 638**	**13 501**

* restricted cash are 1.0 MEUR and 1.0 MUSD



SELECTED EXPLANATORY NOTES

The 3rd February 2011 the company has changed name from Oceanteam ASA to Oceanteam Shipping ASA. The ticker code at the Oslo Exchange (www.ose.no) has also been changed from OPU to OTS. The name change reflects OTS's strategic change and refocuses after the exit of the subsea power cable installation projects.

NOTE 1 - FINANCIAL STATEMENTS

The condensed set of Financial Statements for Q4 2011 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 2010, unless otherwise is stated.

SELECTED ACCOUNTING PRINCIPLES

The accounting policies applied are consistent with those of the annual financial statements for the end of year 31 December 2010.

The revaluation on CSV assets under construction were taken into account as from Q4 2009.

NOTE 2 - TANGIBLE ASSETS

GROUP Figures in USD '000

Q4 2011	Participa-tion in CSV 105	Construction Support Vessels (CSV)	Fast Support Vessels, Barge, Machinery & other	Total
Historical Cost 30 September 2011	4 828	146 670	36 271	187 769
Additions		315	951	1 266
Disposals			(4 083)	(4 083)
Historical Cost 31 December 2011	**4 828**	**146 985**	**33 139**	**184 952**
Accumulated depreciation 30 September 2011		(17 448)	(12 237)	(29 685)
Depreciation		(1 384)	(583)	(1 967)
Disposals depreciation				
Accumulated depreciation 31 December 2011		**(18 832)**	**(12 820)**	**(31 652)**
Accumulated impairments 30 September 2011			(8 553)	(8 553)
Impairments/reversals				
Accumulated impairments 31 December 2011			**(8 553)**	**(8 553)**
Historical Cost 31 December 2011	**4 828**	**128 153**	**11 766**	**144 747**
Revaluation reserve 30 September 2011	**1 160**	**80 858**		**82 018**
Change in revaluation		4 365		4 365
Revaluation reserve 31 December 2011	**1 160**	**85 223**		**86 383**
Accumulated depreciation 30 September 2011				2 419
Depreciation premium values		(806)		(806)
Revaluation reserve 31 December 2011	**1 160**	**84 417**		**85 577**
Carrying amount 31 December 2011	**5 988**	**212 570**	**11 766**	**230 324**
Depreciation rates		5-25 years	3-15 years	
Depreciation method	none	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 Vessel's (CSV's) and the Crew Boats are financed and held for security, see note loans and borrowings.

Oceanteam Shipping ASA has three options to build three new CSV vessels with MetalShips.

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 is updating the model quarterly
- Two external evaluations from independent brokers where the Construction Support Vessel (CSV) 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 3 above assumptions from the Brokers sole opinion, evaluated of the fair market value based on the prevailing market between a willing seller and a willing buyer, charter free.

In the market for CSV vessels there are few transactions of similar tonnage and charter rates often are adjusted to specific projects, the valuation are 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, charter free CSV vessel with prompt delivery
- The estimated economic 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. If the discounted cash flow from the time charter gives a surplus to the brokers charter, a premium is added. If not, the discount reduces the revaluated value.
- 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 WAAC of 9,6 percent. The calculation of the WAAC 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 Vessels. The accounting impact when applying the revaluation model is that the CSV 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" 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 CSV 105 was revaluated.

Reversal of write off for SMD plough:

The SMD Plough was written down with the amount of EUR 1.5 million at the end of 2009 due to confiscation and commercial dispute and per 18th March 2011 the Group reached a settlement agreement. During the 2011 season the SMD Plough has been upgraded and is expected to be utilized in the coming season. The reversal of the write down is based on the fact that the plough will generate a cash flow and therefore must be presented with its correct value.

NOTE 3 - INTANGIBLE ASSETS

GROUP Figures in USD '000

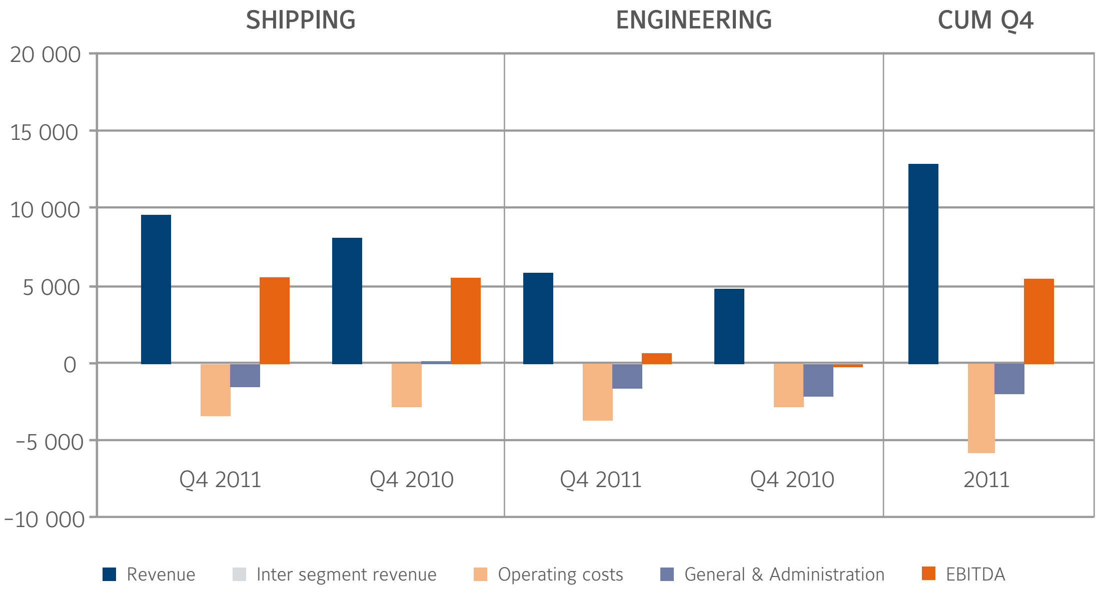
Q4 2011	Goodwill	Customer relations	Deferred tax	Design NO 207	Intangible assets
Historical cost 30 September 2011	13 000	4 386	3 831		21 218
Additions				259	259
Disposals					
Historical cost 31 December 2011	**13 000**	**4 386**	**3 831**	**259**	**21 477**
Accumulated amortisation 30 September 2011		(1 460)			(1 460)
Amortisation		(365)			(365)
Amortisation 31 December 2011		**(1 825)**			**(1 825)**
Accumulated impairments 30 September 2011					
Impairments/reversals					
Accumulated impairments 31 December 2011					
Book value 31 December 2011	**13 000**	**2 561**	**3 831**	**259**	**19 649**

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		CUM Q4	CUM Q4
	Q4 2011	**Q4 2010**	**Q4 2011**	**Q4 2010**	**2011**	**2010**
Revenue	9 596	8 236	5 876	4 896	15 473	13 132
Inter segment revenue						
Operating costs	(2 699)	(2 873)	(3 636)	(2 868)	(6 334)	(5 741)
General & Administration	(1 174)	182	(1 577)	(2 098)	(2 751)	(1 916)
EBITDA	**5 723**	**5 545**	**663**	**-70**	**(6 388)**	**5 475**
EBITDA percentage of revenue	**60 %**	**67 %**	**11 %**	**-1 %**	**41 %**	**42 %**



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 undiscounted cash flows including interests.

	0 to 1 year	1 to 2 years	2 to 5 years	over 5 years	Total
At 31 December 2011					
Bank/ bond borrowings incl. interests	93 359	24 956	45 365		163 680
Other current liabilities	16 422				16 422
Total liabilities	**109 781**	**24 956**	**45 365**		**180 102**
At 31 December 2010					
Bank/ bond borrowings incl. interests	17 480	32 290	114 260	20 090	184 120
Other current liabilities	16 794				16 794
Total liabilities	**34 274**	**32 290**	**114 260**	**20 090**	**200 914**

Loans/ Currency of loan		True rate of interest	31 Dec 2011	31 Dec 2010
CSV 101 (USD)	Secured	LIBOR + margin	16 525	19 318
CSV 102 (USD)	Secured	LIBOR + margin	21 662	25 936
CSV 104 (USD)	Secured	LIBOR + margin	31 832	36 114
Two FSV's (USD)	Secured	LIBOR + margin	2 361	3 531
Bond loan (NOK)		NIBOR + margin	73 717	66 751
Total long-term debt			**146 097**	**151 649**
1st year principal repayments			22 782	11 810
Total long-term debt			**123 315**	**139 839**

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 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 Shipping or the client involved in the contract in question.

Per Q4 2011 the Group has overdraft facilities of EURO 500.000 in addition to the cash balance of USD 11.6 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 148.9 million will be active at a subscription price of NOK 0.10.

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 is the nominal bond loan of NOK 400 mill and the call premium and the timing of the refinancing of the bond loan. The total booked loan/call amount in USD is 73.7 million per 31 December 2011. Incurred interest costs are for the bond loan in NOK and for the other loans in USD. Provisions are all in EURO and USD.

Financial risk

Oceanteam Shipping will need to refinance debt in the coming years. At the end of 4th quarter 2011 the company complies with all its covenants and the company is working to refinance its CSV assets. The equity ratio is satisfying the market covenants of 35%. However, by realising its option program and its deferred losses, the company expects the positive trend to continue at the same time as a refinancing of the bond loan and bank debt is in progress.

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 previously uncertainties in the liquidity situation of the Company, Oceanteam Shipping has used quarterly roll over.

Market risk

The business of the day is shipping operations with a few time charter/ bare boats agreements, and one new CSV vessel to be delivered in Q2 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 would be signed. The experience with the clients are very good. The payment terms for chartering out equipment is prepayments of charter or very short credit periods. Engineering services are invoiced when the services 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 28 February 2015 (+2 x 1 year option)
- CSV 102: McDermott until 1st August 2015
- CSV 104: TSMarine until 31st Dec. 2013
- CSV 105: McDermott until 30th June 2017 (Vessel under construction, delivery in 2012)

NOTE 6 - TAX IN Q4 2011

Income tax statements 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 148 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.

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 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 ton heave compensated cranes. The second of the standard design North Ocean 100 series has been converted in one of the largest flexible product installation vessel 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.

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 250tonnes and 1 x 100 tonnes, heave compensated), 2500m2 deck space, 120accommodation and excellent seafaring capabilities, enabling her to be utilised for field support, construction, installation and IRM.

VESSELS

CSV 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 will be available as from Q2 2012 for installation works.

FSV MANTARAYA / 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 vessel available.

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