



INTERIM REPORT 3RD QUARTER 2011 OCEANTEAM SHIPPING ASA



OCEANTEAM SHIPPING

**OCEANTEAM SHIPPING ASA – Q3 2011 INTERIM REPORT**

ISSUE DATE 14 NOVEMBER 2011

OCEANTEAM KEEPS PUSHING FORWARD

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 the inhouse experience and expertise we ensure that our Clients contracts 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.

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 USD 16.7 million
- EBITDA is positive USD 7.3 million
- Operating profit of USD 3.5 million
- Net result positive USD 2.9 million

KEY FIGURES FOR THE GROUP

Figures in USD MILLION	Q3 2011	Q2 2011
Total operating revenues	16,7	16,3
Operating costs	(6,1)	(6,6)
EBITDA	7,3	6,7



Segment information	Shipping		Engineering		Total	Total
	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q2 2011
Revenue	9 622	8 074	7 116	4 833	16 738	16 302
Inter segment revenue						
Operating costs	(2 481)	(2 978)	(3 657)	(2 997)	(6 137)	(6 568)
General & Administration	(1 542)	(1 013)	(1 801)	(1 541)	(3 343)	(3 060)
EBITDA	5 600	4 083	1 658	295	7 258	6 674
EBITDA percentage of revenue	58 %	51 %	23 %	6 %	43 %	41 %

In the shipping segment three CSV vessels have been working in the third quarter 2011 compared to two CSV vessels for the same period for 2010. In the engineering segment the volume increase is due to higher seasonal equipment utilisation and an increased demand for engineering design services.

FIRST, SECOND AND THIRD QUARTER 2011 OPERATIONS

- CSV Bourbon Oceanteam 101 on charter with BP Angola from March. Management is confident that the charter will be extended.
- CSV North Ocean 102 and 7000-tonnes lay system has been on charter with J. Ray McDermott S.A..
- CSV Southern Ocean has been operational on a bareboat charter with Fugro -TS Marine Australia.
- A renaming ceremony was held in June changing the name of CSV Bourbon Oceanteam 104 to CSV Southern Ocean.
- CSV North Ocean 105 build is progressing as planned and the hull has successfully been launched on 12 August 2011. Upon expected completion in first part of Q2 2012 the vessel will start a 5 year time charter with J. Ray McDermott S.A.
- Cable lay barge Oceanteam Installer has been working on a bareboat contract.
- 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 quarter.
- The equipment pool has been on various contracts during the quarter at satisfactory terms and utilisation levels.

RESTRUCTURING PROCESS & TAX LOSSES

Oceanteam Shipping has completed its organisational restructuring. The company has completed the consolidation of its business and has brought the organization in line with its focus as Oceanteam Shipping. Even though the results are below expectations the company's management perceives the company developing itself in line with the business plan.

Therefore in the coming period an extra effort will be put into the harmonization of loan covenants in the different agreements and to the refinancing of both the vessels and the bondloan as part of the overall restructuring plan to make the company ready for future growth.

In third quarter Oceanteam Shipping engaged Spare-Bank 1 Markets and Pareto Securities to support the refinance process going forward.

The refinancing process could be affected with the conditions in the financial markets and exchange rate development. As part of the restructuring the historic accumulated tax losses within will be settled with future profits where possible. The total tax losses are NOK 866 million in Norway and EUR 45 million in The Netherlands.

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. The positive effect of the settlement will be accounted for in Q4 2011.

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 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 2011 - 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. 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. 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 is fixed.

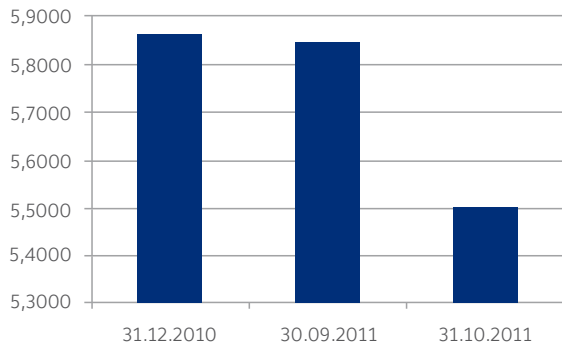
The objective of the Company is to reduce the financial risk as much as possible. Current strategy does not include the use of financial instruments, but is largely

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

During the third quarter 2011 the increasing value of NOK against the US dollars and the strengthening of US dollars compared to the EUR, has had a positive equity effect of USD 6 million. The booked equity ratio is 38 percent and the Company is in constructive dialogues with its banks and bond holders to refinance the current debts.

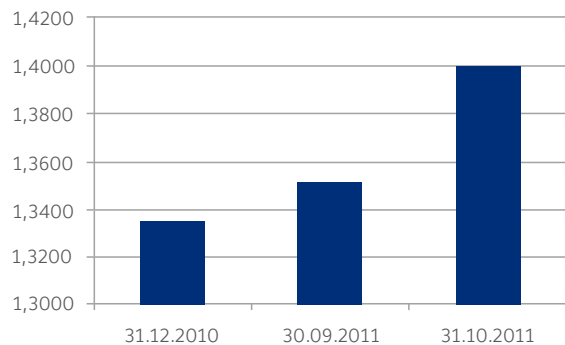
In the currency graphs the currency development between the US dollars and the Norwegian Kroner and EURO is presented. For the company it will reduce (increase) the equity with USD 1.3 million if the exchange rate moves from 5.50 to 5.40 (5.60).

USD/NOK



	31.12.2010	30.09.2011	31.10.2011
EUR/ USD	1,3340	1,3503	1,4001
USD/ NOK	5,8564	5,8417	5,5007
NOK/ USD	0,1708	0,1712	0,1818
USD/ EUR	0,7496	0,7406	0,7142

EUR/USD



	31.12.2010	30.09.2011	31.10.2011
EUR/ USD prc.	100,00 %	1,22 %	4,95 %
USD/ NOK prc.	100,00 %	(0,25 %)	(6,07 %)
NOK/ USD prc.	100,00 %	0,22 %	6,44 %
USD/ EUR prc.	100,00 %	(1,20 %)	(4,72 %)

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 expects the 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 for 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 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.

INVESTMENTS

Oceanteam Shipping is planning to continue its investment program in high specification offshore construction support vessels.

CSV North Ocean 105 is in progress with expected delivery in early second quarter 2012.

EVENTS AFTER THE BALANCE

SHEET DATE

- The cable lay barge Oceanteam Installer has been sold. This non core asset has been sold to Boyden & Doynen in Germany. A small book profit will be accounted for in Q4 2011.
- An amicable settlement has been reached with a major renewables operator around a contract dispute still resulting from the companies previous offshore renewables contracting business. The terms of the settlement agreement remain confidential. The settlement will create a small positive effect on the companies provision account in Q4.
- The bank loan on the CSV Southern Ocean has been fully converted from EURO to USD at 23rd September 2011 against the exchange rate of 1,3496. All secured vessel loans are now in USD.



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

GROUP Figures in USD '000

		Unaudited			
	Notes	Q3 2011	Q3 2010	Cum 2011	Cum 2010
Revenue	4	16 738	12 907	45 735	33 856
Total operating revenues		16 738	12 907	45 735	33 856
Operating costs		(6 137)	(5 976)	(18 317)	(16 043)
General & administration		(3 342)	(2 553)	(9 043)	(6 286)
Depreciation	2	(3 782)	(2 612)	(11 602)	(8 103)
Write off assets	2			2 098	
Total operating expenses		(13 261)	(11 141)	(36 864)	(30 433)
Operating profit (loss)		3 477	1 766	8 871	3 423
Financial income		80	88	285	2 049
Financial costs	5	(3 342)	(2 448)	(9 910)	(6 425)
Foreign exchange results (loss)		2 910	501	507	(2 657)
Net finance		(352)	(1 858)	(9 118)	(7 033)
Ordinary profit (loss) before taxes		3 125	(92)	(247)	(3 610)
Corporate income tax	6	(185)	(141)	(348)	(270)
Net result from continuing operations		2 939	(233)	(595)	(3 880)
Net result from discontinued operations					(849)
Net result for the quarter		2 939	(233)	(595)	(4 729)

GROUP Figures in USD '000

	Unaudited			
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Q3 2011	Q3 2010	Cum 2011	Cum 2010
Total net result	2 939	(233)	(595)	(4 729)
Changes in revaluation model	(785)		4 863	33 629
Other comprehensive income	6 194	(6 695)	(6 412)	145
Translation differences			(699)	(3 008)
Total comprehensive income for the year	8 348	(6 928)	2 843	26 037
Profit (Loss) attributable to:				
Owners of the company	2 710	(489)	(965)	(5 078)
Non-controlling interests	229	256	370	349
Profit (Loss)	2 939	(233)	(595)	(4 729)
Total comprehensive income attributable to:				
Owners of the company	8 119	(7 184)	(3 213)	25 688
Non - controlling interests	229	256	370	349
Total comprehensive income for the year	8 348	(6 928)	(2 843)	26 037
Earnings per share (in USD)				
Basic earnings per share (in USD)	0,02	(0,00)	(0,00)	(0,03)
Diluted earnings per share (in USD)	0,01	(0,00)	(0,00)	(0,01)
Earnings per share - continuing operations				
Basic earnings per share (in USD)	0,02	(0,00)	(0,00)	(0,03)
Diluted earnings per share including warrants II (in USD)	0,01	(0,00)	(0,00)	(0,01)
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	Unaudited	
		30.09.2011	31.12.2010
Assets			
Deferred tax assets	6	3 831	3 831
Customer relations		2 925	4 034
Goodwill		13 000	12 987
Intangible assets	3	19 756	20 852
Investment in associates		5 924	4 828
Vessels and equipment		224 756	221 517
Tangible assets	2	230 680	226 345
Total non current assets		250 436	247 197
Trade receivables		5 311	6 299
Other receivables		6 019	3 525
Receivables		11 330	9 824
Cash and cash equivalents		9 779	13 501
Current assets		21 109	23 325
Total assets		271 545	270 523
Equity and liabilities			
Unaudited			
30.09.2011 31.12.2010			
Share capital		1 291	1 291
Retained earnings		22 427	23 632
Retained reserve	2	82 018	77 155
Total equity		105 736	102 078
Loans and borrowings		138 774	141 694
Total non-current liabilities	5	138 774	141 694
First year installments	5	10 757	9 955
Trade payables		7 782	6 619
Tax Payable		110	58
Other current liabilities		8 386	10 117
Total current liabilities		27 035	26 749
Total liabilities		165 809	168 443
Total equity and liabilities		271 545	270 523



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GROUP Figures in USD '000

	Unaudited		
	Cum Q3 2011	Cum Q3 2010	2010
Equity at period opening balance (Number of shares: 150,788,393)	102 078	78 292	78 292
Profit after taxes majority	(965)	(5 078)	(2 153)
Profit after taxes minority	370	349	399
Revaluation of assets	4 863	33 629	28 425
Other comprehensive income	89		
Translation differences and coverage of previous losses	(699)	(16 602)	(3 286)
Equity in associates		11 237	(2 357)
Increased in minorities		2 758	2 758
Share issue			
- Equity issue			
Equity at period end (Number of shares: 150,788,393)	105 736	104 585	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

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					(965)	(965)	370	(595)
Coverage of previous losses								
Other comprehensive income								
Currency adjustment bond loan					89	89		89
Changes in revaluation model				4 863		4 863		4 863
Increased in minorities								
Equity in associates								
Translation differences					(699)	(699)		(699)
Total comprehensive income				4 863	(1 575)	3 288	370	3 659
Contributions by and distributions to owners								
Issue of ordinary shares related to restructuring of debts								
Equity per 30 September 2011	1 291	61 254	2 550	82 018	(45 348)	101 765	3 972	105 736

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			2 550	77 155	(43 773)	98 477	3 602	102 078
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

	Unaudited	
	Cum Q3 2011	Cum Q3 2010
Ordinary profit (loss) before taxes	(247)	(3 610)
Depreciation and amortization of tangible assets	11 602	8 103
Write off assets	(2 098)	
Change in trade receivables	988	(648)
Change in other receivables	(2 494)	8 063
Change in trade payables	1 163	93
Change in other accruals	(1 679)	(5 330)
Net cash flow from operating activities of discontinued operations		(7 775)
Net cash flow from operating activities	7 235	(1 104)
Net cash flow from investing activities of continuing operations	(3 239)	(15 241)
Net cash flow from investing activities	(3 239)	(15 241)
Repayment of debt	(5)	(8 301)
Draw down on debt		5 283
Net cash flow from financing activities	(3 018)	(10 918)
Effect of changes to exchange rates on cash and cash equivalents	(4 700)	5 177
Net change in cash and equivalents	(3 722)	(22 086)
Cash and equivalents at start of period	13 501	34 465
Cash and equivalents at end of period	9 779	12 380

* restricted cash is 1.0 MEUR and 1.0 MUSD

Contracts schedule	Type of contracts	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 contracts												
CSV BO 101	time charter	■	■	■	■	■	■	■	■	■	■	■	■
CSV North Ocean 102	time charter	■	■	■	■	■	■	■	■	■	■	■	■
CSV Southern Ocean	bareboat	■	■	■	■	■	■	■	■	■	■	■	■
CSV North Ocean 105	time charter	■	■	■	■	■	■	■	■	■	■	■	■
Mantarraya	bareboat	■	■	■	■	■	■	■	■	■	■	■	■
Tiburón	bareboat	■	■	■	■	■	■	■	■	■	■	■	■

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

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 Q3 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 year ended 31 December 2010.

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

NOTE 2 - TANGIBLE ASSETS

GROUP Figures in USD '000

Q3 2011	Participa- tion in CSV 105	Construction Support Vessels (CSV)	Fast Support Vessels, Barge, Machinery & other	Total
Historical cost 30 June 2011	4 828	146 076	37 095	187 999
Additions		593	391	987
Disposals			(1 213)	(1 216)
Historical Cost	4 828	146 670	36 271	187 769
30 September 2011				
Accumulated depreciation 30 June 2011		(15 817)	(11 259)	(27 076)
Depreciation		(1 631)	(978)	(2 609)
Disposals depreciation				
Accumulated depreciation		(17 448)	(12 237)	(29 685)
30 September 2011				
Accumulated impairments 30 June 2011		(8 553)	(8 553)	(10 651)
Impairments/reversals				2 098
Accumulated impairments		(8 553)	(8 553)	(8 553)
30 September 2011				
Historical Cost 30 September 2011	4 828	129 222	15 481	149 531
Revaluation reserve 30 June 2011	1 160	81 643		82 803
Change in revaluation		(785)		(785)
Revaluation reserve	1 160	80 858		82 018
30 September 2011				
Accumulated depreciation 30 June 2011				(2 062)
Depreciation premium values		(806)		(806)
Revaluation reserve	1 160	80 052		81 212
30 September 2011				
Carrying amount	5 988	209 274	15 481	230 680
30 September 2011				
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.

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 valuations 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 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.

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 sustained 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 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 WAAC of 10 percent. The calculation of the WAAC has the following assumptions:
 - 10 year state USD and 10 year SWAP margin
 - 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.

NOTE 3 - INTANGIBLE ASSETS

GROUP Figures in USD '000

Q3 2011	Goodwill	Customer relations	Deferred tax	Intangible assets
Historical cost 30 June 2011	13 000	4 386	3 831	21 218
Additions				
Disposals				
Historical cost 30 September 2011	13 000	4 386	3 831	21 218
Accumulated amortisation 30 June 2011		(1 095)		(1 095)
Amortisation		(365)		(365)
Amortisation 30 September 2011		(1 460)		(1 460)
Accumulated impairments 30 June 2011				
Impairments/reversals				
Accumulated impairments 30 September 2011				
Book value 30 September 2011	13 000	2 925	3 831	19 756

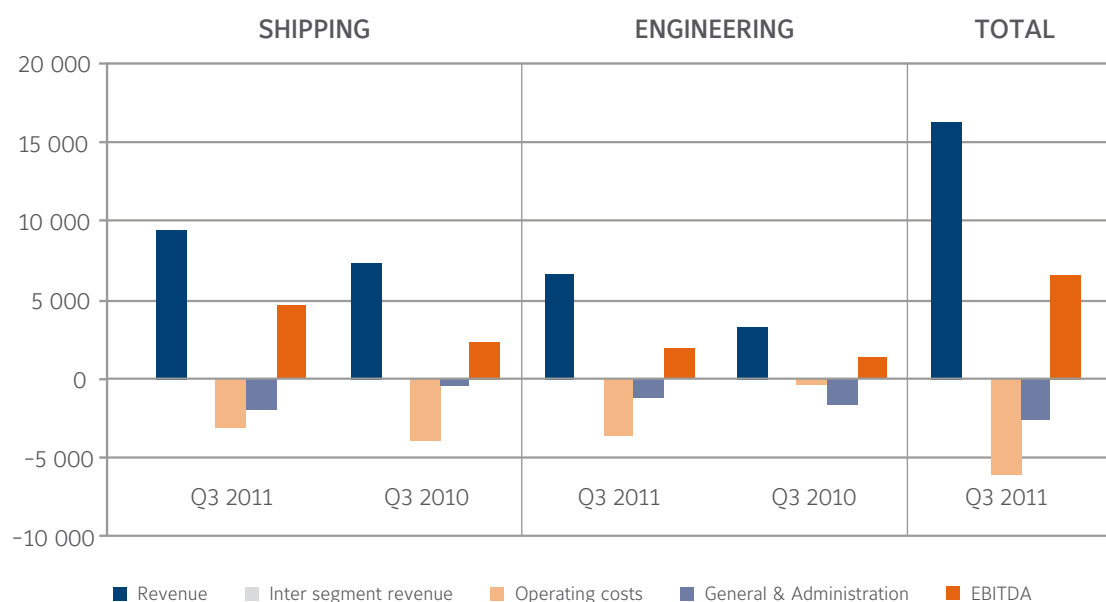


NOTE 4 - SEGMENT INFORMATION

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	Total
	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q2 2011
Revenue	9 622	8 074	7 116	4 833	16 738	16 302
Inter segment revenue						
Operating costs	(2 481)	(2 978)	(3 657)	(2 997)	(6 137)	(6 568)
General & Administration	(1 542)	(1 013)	(1 801)	(1 541)	(3 343)	(3 060)
EBITDA	5 600	4 083	1 658	295	7 258	6 674
EBITDA percentage of revenue	58 %	51 %	23 %	6 %	43 %	41 %



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 30 September 2011					
Bank/ bond borrowings incl. interests	29 395	47 366	102 108	0	178 869
Other current liabilities	16 278				16 278
Total liabilities	45 673	47 366	102 108		195 147
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	30. Sept 2011	31. Dec. 2010
CSV 101 (USD)	Secured	LIBOR + margin	17 354	19 318
CSV 102 (USD/ EUR)	Secured	LIBOR + margin	22 730	25 936
CSV 104 (EUR)	Secured	LIBOR + margin	32 557	36 114
Two Crew Boats (USD)	Secured	LIBOR + margin	2 621	3 531
Bond loan (NOK)		NIBOR + margin	74 268	66 751
Total long-term debt			149 529	151 649
1st year principal repayments			10 757	9 955
Total long-term debt			138 774	141 694

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 Q3 2011 the Group has overdraft facilities of EURO 500.000 in addition to the cash balance of USD 9.8 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 loan amount in USD is 74.2 million per 30th September 2011. Incurred interest costs are for the bond loan in NOK and for the other loans in EUR and 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 3rd quarter 2011 the company complies with all its covenants and the company is working to refinance its CSV assets. The equity ratio of 38.9 % 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 going forward is shipping operations with a few time charter/ bare boats agreements, and one new CSV vessel to be delivered in 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 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 31st Dec. 2011. Management is confident that the charter will be extended.
- CSV 102: McDermott until 1st August 2015
- CSV 104: Fugro-TSMarine until 31st Dec. 2013
- CSV 105: McDermott until 2017 (Vessel under construction, delivery in 2012).



NOTE 6 - TAX IN Q3 2011

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 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 in the Gulf of Mexico and will soon transfer to 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. As from 2011 onwards the vessels will be operating in Venezuela.



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