



ANNUAL REPORT 2011



OCEANTEAM SHIPPING





CONTENT

5	Directors Report
17	Corporate Governance Policy
25	Financial Statements Group
77	Financial Statements Parent
101	Auditors Report
105	Oceanteam Shipping Assets



LAY VESSEL NORTH OCEAN 105

BAYEAR

DIRECTORS REPORT 2011



Directors Report

- 17** Corporate Governance Policy
- 25** Financial Statements Group
- 77** Financial Statements Parent
- 101** Auditors Report
- 105** Oceanteam Shipping Assets

ABOUT OCEANTEAM SHIPPING

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

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

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

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

For more information: www.oceanteam.no

The 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 to "OTS".

COMPANY OVERVIEW

Oceanteam Shipping was incorporated on 5th October 2005, in Bergen Norway. In December of that year the company was awarded its first offshore wind farm installation project in The Netherlands.

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

In February 2007 Oceanteam Shipping was listed on the Oslo Stock Exchange.

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

As result of disputes and project delays incurred on offshore renewable – and power grid installation, projects in 2007 and 2008 and delays in combination with the credit crunch brought Oceanteam Shipping into liquidity problems at the end of 2008 and into the beginning of 2009.

In 2009 Oceanteam Shipping began a period of restructuring in which the Company has exited completely from the offshore subsea power cable installation projects and has refocused on the provision of high end construction support vessels and engineering services.

Today, Oceanteam Shipping operates four large CSV North Ocean series DP 2 construction support vessels of which one with a 7.000 ton lay-spread, two fast support vessels and a pool of installation and burial equipment. Three operating CSV vessels are owned through 50% joint venture companies. In addition to its fleet of vessels, Oceanteam Shipping offers engineering and design services.

Lay Vessel North Ocean 105 has been delivered on the 20th April 2012 and has commenced a five year charter with Mc Dermott.

OCEANTEAM SHIPPING HAS TWO OPERATING SEGMENTS: SHIPPING AND ENGINEERING.

SHIPPING

The North Ocean series, is a high end offshore construction vessel series that has proven to meet the requirements of the world's most demanding clients and subsea conditions.

Oceanteam Shipping has an ongoing process for future larger and more advanced North Ocean Series vessels.

Oceanteam Shipping's clients expect a high degree of cooperation from our engineering services as well as high level of support for the crew and owners at the various stages of their projects. The combination of modern technology and engineering enable the company to provide innovative solutions and intelligent design on which the company expects to build their future growth, going forwards. The Fast Support vessels are two Axebow Design Vessels operating in Venezuela.

MISSION, STRATEGY & GOALS

Oceanteam Shipping's mission is to provide state of the art construction support vessels that enables its customers to perform their operations in the most efficient manner. Oceanteam Shipping has developed the CSV North Ocean series based on the operational experience of its own, customers and the technical knowledge of its partners. The strategy of the Company is to create value for its shareholders by continuing the building program of the North Ocean series which has lead to the development of the new North Ocean 300 series. This design and project is ready to be executed subject to finance.

The short-term goals of the Company include a refinancing of the company.

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

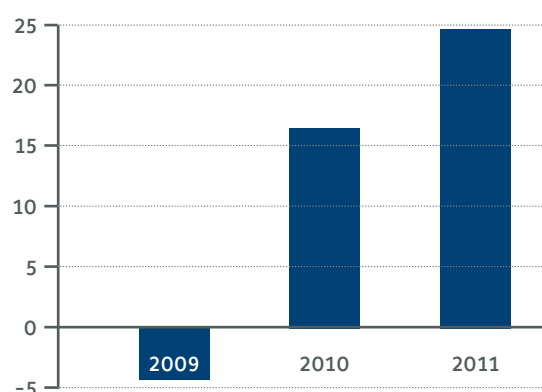
The ambition is to be the first choice in engineering service and execution management for economical and technical challenging projects for offshore Oil & Gas and Offshore Renewable.

ANALYTICAL INFORMATION 2011

USD MILLION	2011	Q4	Q3	Q2	Q1
Total operating revenues	61,2	15,5	16,7	16,3	12,7
Operating costs	(24,6)	(6,3)	(6,1)	(6,6)	(5,6)
General & administration	(11,8)	(2,8)	(3,3)	(3,1)	(2,6)
EBITDA	24,8	6,4	7,3	6,7	4,4

KEY FINANCIAL FIGURES CONTINUING OPERATIONS (USD MILLION)

EBITDA DEVELOPMENT YEARLY – HISTORICAL



MAIN EVENTS – 2011

RESTRUCTURING

Oceanteam Shipping completed its operational restructuring in 2011. The company has completed the consolidation of its business and has brought the organization in line with its new focus.

In 2012 efforts continue to be made to harmonize covenants in the different loan agreements and to refinance both the CSV vessels and the bond loan as part of the refinancing plan.

The refinancing process could be affected by the conditions in the financial markets. As part of the restructuring the tax losses within the Group will be settled with future profits where possible.

OPERATIONS

SHIPPING

"CSV Bourbon Oceanteam 101" has been operational from March throughout the year. In the first quarter 2011 the vessel has installed and upgraded two cranes to enable her to operate at 3.000 meters water depth. The charter was extended with BP Angola/ Oceaneering with 3 years firm in 2011 and 2x1 year options with the new charter starting from 1st February 2012.

CSV North Ocean 102 was on charter with McDermott International and has successfully worked in the Middle East during the year.

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

Lay Vessel North Ocean 105 has been built during 2011 and the company received delivery of the vessels on the 20th April 2012. The vessel has started a 5 year charter with McDermott and will operate on a worldwide basis as a pipe layer.

Oceanteam Shipping Mexico SA de CV operates two fast support vessels: “FSV Tiburon” and “FSV Mantaraya” were operational in Venezuela in 2011.

ENGINEERING

KCI Engineering and Services along with the Oceanteam fleet and the Oil & Gas and Offshore Renewable sector have performed well during the year.

KCI Engineering has successfully supported Oceanteam Shipping with engineering services in regards to the new design of the North Ocean series.

Cable lay barge Oceanteam Installer has been sold during the fourth quarter due to an early release of the purchase option by Boyden & Doynen. Prior to the execution of the option, the barge has been on a bare boat contract.

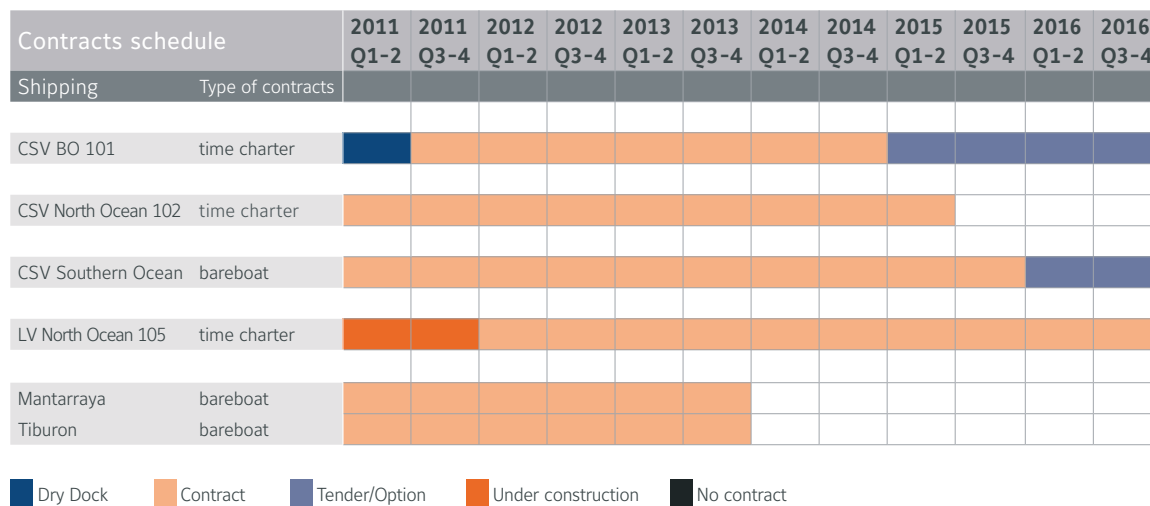
Oceanteam Shipping’s pool of flexible installation equipment is rented out its equipment to various parties within the subsea power cable installation market.

New investments of the patented OTS turn table series has started in 2011. The carousels are designed for flexibility and quick mobilization on standard modern PSV/CSV type vessels with a minimum of 5T per m2 deck capacity. The modular system is delivered to the site in 40ft containers and can be mobilized without under deck reinforcement requirements. The company has taken delivery of the first carousel in April 2012.

BUSINESS AREAS

The portfolio of Oceanteam Shipping’s activities comprises of time charters and bare boat contracts of construction support vessels and FSV’s, engineering services and the rental of various cable lay and burial equipment.

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





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

SHIPPING

OFFSHORE CONSTRUCTION SUPPORT VESSELS

Oceanteam Shipping's diverse skill base and DP 2 construction support vessel designs enable the company to service the Offshore Oil & Gas, the Offshore Renewable industries and interconnector market on a global scale.

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

Oceanteam Shipping has during 2011 further developed the design for the North Ocean vessel and the company has commenced detailed engineering on new North Ocean series designs. The capitalized amount related to this design is USD 259 000.

Oil majors and larger offshore construction companies alike benefit from Oceanteam Shipping's ability to support field developments and maintenance with its further optimized assets.

FAST SUPPORT VESSELS

Oceanteam Shipping's two Fast Support Vessels of the Axebow design have the ability to accommodate 75 people and light cargo. Both vessels were operational in Venezuela for 2011 on bare boat contracts.

ENGINEERING EQUIPMENT POOL

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

Oceanteam Shipping ASA has invested in its new OTS 1250

ton capacity modular carousel systems, is mobilized for a contractor in The Netherlands in April 2012. The carousel is internally developed, and uniquely flexible and efficient design that enables the carousel to be shipped in standard containers, rather than a vessel transporting a carousel in one piece. The carousel will be on contract for a minimum of 200 days onboard Solstad Offshore ASA's CSV Normand Flower for an Offshore Renewables Operations contractor named Visser & Smit Marine Contractors in the Southern North Sea.

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

ENGINEERING SERVICES

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

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

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

In 2011 Oceanteam Shipping experienced a significantly growth in the demand for engineering services. The company grew from approximate 120 people to 155 people.

MARKET OUTLOOK

Since the slowdown in 2009 the different markets have improved during 2011. Increased oil prices will further strengthen the market and the Company expects this will increase the demand for Oceanteam Shipping's services.

As a consequence of the divergence between the oil and

gas demand and the production predicted for the future, the oil and gas prices are forecasted to increase further. Exploration and production activities are likely to increase, as will the demand for large construction support vessels. In certain regions, in particular Latin-America, Australia/Asia and West-Africa, exploration and production activities are growing strongly. Areas where Oceanteam has a strong presence and established customer relationships.

In Western-Europe many offshore wind parks have been delayed due to funding and supply chain problems. During 2011 and for the future, the company expects the demand to increase for the renewable energy related services. This will lead to an increased demand for construction support vessels and cable lay and burial equipment in the next years where the company can strengthen its position.

QUALITY, HEALTH, SAFETY AND ENVIRONMENT

THE WORKING ENVIRONMENT AND THE EMPLOYEES

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

The number of employees ending 2011 is 175 plus Marine Crew which is a significant increase from 2010 with 140 employees plus Marine Crew.

EQUAL OPPORTUNITY

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

DISCRIMINATION

The discrimination Act's objective is to promote gender equality, ensure equal opportunities and rights, and to prevent discrimination due to ethnicity, national origin,

decent, skin color, language, religion and faith. The Group is working actively, determined and systematically to encourage the act's purpose within our business. Included in the activities are recruiting, salary and working conditions, promotion, development, opportunities and protection against harassment.

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

INTEGRATED MANAGEMENT SYSTEM

Management of QHSE is strategic to the Oceanteam Shipping group leading to its backbone Integrated Management System (IMS) which has been fully DNV certified.

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

Potentially a spill of the vessel diesel fuel and lubrication oils can cause undesired pollution damage. Oceanteam Shipping is not aware of any particular adverse effects of its operations on the environment in 2011 except for the inevitable effects related to the operations that Oceanteam Shipping undertakes. The Company's ambitions are to be amongst the best companies in the industry regarding environmental performance. Oceanteam Shipping's deep-water base in Dundee is ISO 14001: 2004 certified.

The quality of Oceanteam Shipping's service, the health and safety of its personnel and those affected by the Company's activities and the desire to minimize harm to the environment continues to be a prime objective.

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

In 2012, emphasis will remain on working safely and increasing the safety awareness both onshore and offshore, and caring for the environment. Oceanteam Shipping has engaged 4C Offshore Ltd. in Norwich to assist in its QHSE management. The Company is ISO 9001:2008, ISO 14001:2004 and QHSAS 18001:2007 certified by DNV which also has been renewed in 2012.

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 to 2013 and the Group's long term strategic financial forecasts.

The Company is exposed for currency risk between US dollars and Norwegian Kroner connecting to the NOK 400 million unsecured bond loan and its effect on equity covenants. Approximate two thirds of the revenue in the Group is US Dollars while one third is in EUR. The dividend stream up to the parent company Oceanteam Shipping ASA will be in different currencies compared to the bond costs on the balance sheet of the parent company.

The Company assumes its ability to refinance the bond loan within 19th June 2014 and its vessel loans when the balloon instalments are effective.

The revaluation premium of USD 83,2 million which is the difference between the historical costs and the fair market values which have increased during the year due to the increased demand in the market.

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

ACCOUNTING PRINCIPLES

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

COMMENTS RELATED TO THE FINANCIAL STATEMENTS

The Company's financial figures for 2009 were strongly impacted by the disputes and losses of the contracting business, project delays and by effects from the operational and financial restructuring of the Company. During 2010 the management stabilized the company by increasing the order backlog and starting new partnerships. Ending 2011 the operational restructuring of the company was completed. The CSV vessel broker valuations did increase during 2011 compared to the lowest values around Q3 2009.

OPERATIONS

The revenue for the Group has increased to USD 61.2 million in 2011 from USD 46.9 million in 2010 which gives an increase of 30 percent. The increase has been caused by the increased activities in the Engineering division and also the full operation for the CSV Southern Ocean for the year. This combination with a relative decrease in operational expenses and other general administrative costs have given an increase in EBITDA of 45 percent. EBITDA of USD 24.8 million in 2011 has increased from the USD 17 million in 2010.

The financial costs consists of the interest on the various vessels loans and also an accrual related to the step up call premium for the unsecured bond loan. The foreign exchange results are affected by the fluctuations in the currencies EUR and NOK against the USD reporting currency.

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

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

The positive trend for the Group has given a profit for the year 2011 with USD 2.6 million compared to USD 209.000 for 2010. The board and the management are satisfied with the positive development of the company.

INVESTMENTS

For the year 2011 the Group shows investments total of USD 13,7 million and disposals of USD 10.5 million, which is the balance of investments in "CSV Bourbon Oceanteam 101" crane upgrades in the first quarter of 2011 and the sale of the CLB Oceanteam Installer in the third quarter of 2011.

The Group's liquidity reserve as of the 31 December 2011 amounted to USD 11.6 million, of which approx. EUR 1.4 million and USD 1 million was restricted or pledged as collateral under various guarantee arrangements. During 2011 EUR 2.5 million of pledged cash has been released.

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

BOND LOAN RESTRUCTURING

The nominal bond loan of NOK 400 million was restructured in 2009 according to an agreed restructuring plan with the bondholders. The restructured bond loan has 4 step ups of call premiums with the first increase applicable from 19th June 2011. In accordance to the balance sheet date the accrued call premium was NOK 41.8 million. The interest is NIBOR plus the margin of 3.75% where the margin will increase 100 basis points per anniversary from December 2010. On balance sheet date the margin was 5.75% plus NIBOR.

The time line to call the bond loan is before 19th June 2014 and the connected warrants scenarios are described below:

The first scenario, 148,986,069 warrants were issued to bondholders (Warrants I) which is activated when the company calls the bond loan. Each warrant gives the right to subscribe for one share for NOK 0.10. The Warrants I will create NOK 14,986,000 in new equity. As of today, OTS has 150,788,393 shares. The exercise of Warrants I will thus

result in an almost doubling of the number of shares in the company to approx. 300 million shares.

The second scenario, if the bond loan is not called by June 2014, this activates Warrants II consisting of 295,996,677 warrants, where 1 warrant can be equal to 1 share. The owners of Warrants II must exercise them in the period June 30th to July 14th 2014, and pay NOK 0.10 for each new share. The 295,996,677 new shares will give the company NOK 29.599,000 in new equity.

Hence, the overall structure of the bond loan gives the company such strong incentives for refinancing that if the loan is not refinanced by June 30th 2014, it will be because of uncertainty regarding continued operations.

OTS may at any time be called to pay part or all of the loan. The company works actively to refinance as soon as possible, both to eliminate the Warrants II scenario which the company perceives is putting a damper on the stock price, and because the structure of the current bond loan prevents using equity to finance future growth.

FINANCING AND CAPITAL STRUCTURE

The shares at Oslo Stock Exchange are priced at NOK 0.50 per 12th April 2012 which gives a market valuation of the company of NOK 75,4 million taking into account the shares volume of 150 million shares. The booked equity is significantly above the company's share markets value. The view of the company is that the booked value is a better reflection than the real values.

The company is working on changing the capital structure and such to exercise the warrants type I of 149 million warrants. The subscription price is NOK 0.10 for each warrant, but releasing the warrant I will in the company's view unlock the real values in the company which should be also reflected in the share prices.

The first step in changing the capital structure has been achieved by refinancing the vessels "CSV Bourbon Oceanteam 101" and the CSV Southern Ocean. This will release liquidity for the parent company and the proceeds will be used to develop the company and refinance the bond loan in Oceanteam Shipping ASA.

During the last year the share price has been below NOK 1 and therefore the company needs to merge the issued shares. This will also lead to merge in 2012 warrants type I and II in the same ratio as the merged shares.

The company's view is that unlocking the warrant situation will increase future shares values and its liquidity. There are no restrictions in the company's articles of associations for trading the shares.

BALANCE SHEET

The effects of applying the revaluation model in 2011 amounted to USD 83.2 million, consisting of the vessels "CSV Bourbon Oceanteam Shipping 101" and "CSV North Ocean 102", "CSV Southern Ocean" and "Lay Vessel North Ocean 105" which was delivered 20th April 2012.

Total Assets at the years end amounted to USD 273.5 million, compared to USD 270.5 million in the prior year, reflecting the stabilizing through the improved results for the company during 2011.

Equity as a percentage of Total Assets was 41% as of 31 December 2011, compared to 38% as of 31 December 2010. Per 31 December 2011 the company complied with all its loan covenants and the company increased the equity compared to the 35% equity covenant in the bond loan agreement. The positive trend in the equity development also secures that the company to be compliant as it moves forward while protecting the company from currency variances between the Norwegian Kroner and the US Dollar.

CASH FLOW

Net cash flow from operating activities amounted to USD 6.9 million in 2011 compared to USD 3.6 million in 2010.

Net cash flow from investing activities was negative USD 3.5 million in 2011 against negative 17.8 million in the preceding year. The sale of some equipment has released a positive cash amount of USD 10.5 million.

Net cash flow from financing activities amounted to negative USD 4.2 million and is related to repayment of debt of total USD 13 million and the sale of unsecured bond assets of total USD 5.3 million, against the negative USD 11.2 million previous years related to the repayments of debt. Net

change in cash and equivalents were negative USD 1.9 million in 2011 compared to negative USD 21 million in 2010.

PARENT COMPANY

The parent company showed a profit of NOK 36.2 million for 2011. The positive result was attributable to dividends from joint venture companies of NOK 68.5 million. The parent company's share capital per end 2011 amounted to NOK 7.5 million with a total equity of NOK 217 million. Oceanteam Shipping ASA has had an internal merger concluded in the fourth quarter 2011 which simplifies the dividend stream up from the joint vessels companies and subsidiaries going forward.

RISK

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

During 2011 the company has decreased the risk with a restructured balance sheet and with the company's refocus on Shipping and Engineering. The operations have improved during the year which has resulted in an improvement of the company's financial results. Fluctuations in exchange rates between US dollars and Norwegian Kroner can however affect the minimum market equity covenants of 35 percent. For more information on risk it is referred to the notes to the consolidated financial statements: Note 3 Financial Risk Management.

MARKET RISK

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

The current situation with the Company's main assets, the construction support vessels is as follows. "CSV Bourbon Oceanteam 101" has a firm time charter contract ending February 2014 plus two year options. "CSV North Ocean 102" will be on charter with Eastern Marine Services (J. Ray McDermott) until mid 2015. "CSV Southern Ocean" will be on a three year bare boat contract with Fugro until the end of 2015. The "Lay Vessel North Ocean 105" commences a five year time charter contract on 20th April 2012.

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

OPERATIONAL RISK

Operational risks include time charter and bare boat contracts, service life and technical risk of vessels, the Company's limited operating history, risk for substantial responsibilities, the Company's ability to retain senior management and key personnel, risk for legal proceedings and contractual disputes, construction risk and employment risk for the vessels and equipment. By securing long term contracts for the main assets for the Group, the risk has decreased from previous years.

FINANCIAL RISK

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

The company is exposed to changes in interest rates as the bulk of its debt has floating rates. The LV North Ocean 105 building contract is fully financed in USD where the loan is hedged in EURO and 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.

Oceanteam Shipping's balance sheet is leveraged with approximate USD 146 million in noncurrent liabilities including its first year's instalments.

LIQUIDITY RISK

At the years end the working capital and cash balance of the company were stabilized. Oceanteam Shipping is working to secure and strengthen its liquidity position through a refinancing process. The parent company is depending on liquidity flows from Subsidiaries and the Joint Venture companies. In 2011 there is estimated a dividend of NOK 126 million to be paid out in 2012.

As of 31 December 2011 the Company has a few insurance issues exiting from the Renewable Power Contracting Business of which the main part has been settled in April 2012 where the company has had EUR 1.8 million received in liquidity.

Overdue outstanding receivables at the closing of the accounts for the 2011 financial year are approx. EUR 1 million. A provision of one third has been taken into account in 2011.

As of 31 December and at the closing of the accounts for the 2011 financial year the report for Oceanteam Shipping ASA complies with all its loan covenants. The refinancing process will continue to focus on harmonizing its loan covenants in 2012.

EVENTS AFTER THE BALANCE DATE

"CSV Bourbon Oceanteam 101" has formalized a 3 years firm contract with 2x1 years options with the Oceaneering for BP Angola. The CSV Southern Ocean has secured an extension of a 2 years bare boat until December 2015 with its current client Fugro – TSMarine in Australia. The LV North Ocean 105 has been delivered 20th April 2012 and she has started on a five year time charter contract.

Oceanteam Shipping ASA has taken delivery of its new OTS 1250t modular carousel systems on the 19th April 2012. The system has completed its trials and is mobilized for Visser & Smit Marine Contractors in The Netherlands for a minimum of 200 days onboard Solstad Offshore ASA's CSV Normand Flower for Offshore Renewables Operations in the Southern North Sea.

INFORMATION IN ACCORDANCE WITH THE SECURITIES TRADING ACT § 5-8A

With reference to the Accounting Act § 3-3a, paragraph fourteen, cf. the Securities Trading Act § 5-8a, the following is stated. There are no restrictions in the company's articles of association on the free trade of the company's shares. No employees have any rights to shares or share options. The company is not aware of any agreements between shareholders that restrict the ability to transfer or exercise voting rights for shares. No proposed takeover bid involving the company exist, and thus none of the company's contracts are affected by any such offer.

CORPORATE GOVERNANCE

The statement of Corporate Governance has been compiled as a separate document in the annual report, titled Corporate Governance Policy, and can be found on page 17 through 23. The document describes risk and internal control related to financial reporting

2011 RESULT AND EQUITY

The consolidated accounts show a profit of USD 2.6 million. The consolidated equity is USD 112.9 million. The equity ratio as a percentage of Total Assets is 41.3 % as of 31 December 2011. The equity in the parent company Oceanteam Shipping ASA is NOK 217.031.000 where NOK 7.539.000 is share capital.

DISTRIBUTABLE EQUITY

As of 31 December 2011 Oceanteam ASA has a distributable equity as decided by the Norwegian Public Limited Companies Act, of NOK 147.9 million. There are covenants in the loan agreements that put restrictions to distribute equity.

ALLOCATION OF NET INCOME

The board proposes the following allocation of the net result:

Parent company	Oceanteam Shipping ASA	NOK '000
Net profit/ (Loss)		36 209
Attributable to:		
Other equity		36 209
Total allocation:		36 209

Consolidated accounts:	Oceanteam Group	USD '000
Total comprehensive income		10 879
Attributable to:		
Other equity		2 411
Revaluation reserve		8 005
Non controlling interest		463
		10 879

Bergen/ Norway, 27. April 2012

The Board of Directors Oceanteam Shipping ASA



Hessel Halbesma
Chairman and Director



Ronald P. Moolenaar
Director



Catharina Petronella Johanna Pos
Director



Haico Halbesma
CEO

CONFIRMATION FROM THE BOARD OF DIRECTORS AND CEO

We confirm that, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2011 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial positions and profit or loss of the entity and the group taken as a whole. We also confirm that the Board of Directors' Report includes a true and fair review of the development and performance of the business and the position of the entity and the group, together with a description of the principal risks and uncertainties facing the entity and the group.

Bergen/ Norway, 27. April 2012

The Board of Directors Oceanteam Shipping ASA



Hessel Halbesma
Chairman and Director



Ronald P. Moolenaar
Director



Catharina Petronella Johanna Pos
Director



Haico Halbesma
CEO



NORTH OCEAN 102

CORPORATE GOVERNANCE POLICY

ADOPTED BY ITS BOARD OF DIRECTORS ON 30 OCTOBER 2006

REVISED VERSION ADOPTED ON 20 AUGUST 2009, 15 MARCH 2010, 16 DECEMBER 2010 AND 15 DECEMBER 2011.

5	Directors Report
	Corporate Governance Policy
25	Financial Statements Group
77	Financial Statements Parent
101	Auditors Report
105	Oceanteam Shipping Assets

1 INTRODUCTION

1.1 BACKGROUND

Oceanteam Shipping ASA ("Oceanteam" or the "Company") is established and registered in Norway and must comply with Norwegian law, including corporate and securities laws and regulations. The Company's aim is to comply with all applicable laws and regulations, as well as the Norwegian guidelines on Corporate Governance (Norsk anbefaling for eierstyring og selskapsledelse).

The Board of Directors adopted the first Corporate Governance Policy (the "Policy") on 30 October 2006 to reflect and underline the Company's commitment to good corporate governance. Following amendments to the Norwegian Code of Practice for Corporate Governance (the "Code") issued by the Norwegian Corporate Governance Board (NCGB) the Policy was revised on 20 August 2009, 15 March 2010, 16 December 2010 and 15 December 2011. The Policy is primarily based on the Code and purports to provide a complete summary of the Company's corporate governance and management. It is intended as a tool to maintain good relations and trust with the Company's different interest groups. In furtherance of this goal, the Board has also adopted a Code on Board and Management Proceedings, and an Insider Trading Policy. In accordance with the Code, The Policy (as from time to time revised and updated) is published within the Company's annual report.

1.2 PURPOSE

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

1.3 REGULATORY FRAMEWORK

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

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

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

1.4 MANAGEMENT OF THE COMPANY

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

2 THE BOARD OF DIRECTORS

2.1 ROLE

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

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

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

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

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

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

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

2.2 FINANCIAL CONTROL

2.2.1 SUPERVISION

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

the books and records of the Company. The Board shall ensure that the CEO reports monthly to the Board on the financial situation of the Company.

2.2.2 ADEQUATE CAPITALISATION

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

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

2.3 COMPOSITION

2.3.1 NUMBER OF DIRECTORS

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

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

2.3.2 INDEPENDENT DIRECTORS

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

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

- has been an employee of the Company in a senior position for the last five years

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

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

2.4 APPOINTMENT AND TERMINATION – NOMINATION AND REMUNERATION COMMITTEE

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

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

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

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

2.5 PROCEEDINGS

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

This code has been adopted by the Board on 30 october 2006.

2.6 ANNUAL EVALUATION

The Board will annually, in connection with the first board meeting in each calendar year, evaluate its performance in the previous year. The evaluation shall include its own performance, the performance of the sub-committees and the performance of the individual directors. In order for the evaluation to be effective, the Board shall set objectives, on both a collective and individual level, against which their performance can be measured. The results of the evaluation shall not be made available to the public, but to the Nomination and Remuneration Committee if appointed pursuant to section 2.4.

2.7 RISK MANAGEMENT AND INTERNAL CONTROL

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

3 REMUNERATION OF DIRECTORS AND MANAGEMENT

3.1 REMUNERATION OF DIRECTORS

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

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

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

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

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

3.2 REMUNERATION OF MANAGEMENT

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

Remuneration to the CEO shall be determined by the Board in meeting.

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

3.3 SEVERANCE PAYMENTS

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

4 DISCLOSURE AND TRANSPARENCY

4.1 GENERAL

The Company shall at all times provide its shareholders, Oslo Børs and the financial markets generally (through

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

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

4.2 COMMUNICATION WITH SHAREHOLDERS

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

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

5 FAIR TREATMENT OF SHAREHOLDERS

5.1 GENERAL

The Board shall take into account the interest of all the shareholders of the Company and treat all shareholders fairly. There is and will remain to be only one class of shares and all shares are and will remain freely transferable.

5.2 APPROVAL OF AGREEMENTS WITH SHAREHOLDERS AND OTHER RELATED PARTIES

All transactions that are not immaterial between the Company and a shareholder, a director or senior manager of the Company (or related parties to such persons) will

be subject to a valuation from an independent third party. If the consideration exceeds 5 % of the Company's share capital such transactions shall be approved by the shareholders in a general meeting, to the extent required by the NCA Section 3-8.

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

6 AUDIT

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

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

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

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

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

7 DIVIDEND POLICY

Oceanteam's objective is to yield a competitive return on invested capital to the shareholders through a combination of distribution of dividends and increase in share value. In evaluating the amount of dividend, the Board of Directors places emphasis on certainty, foreseeability and

stable development, the Company's dividend capacity, the requirements for sound and optimal equity capital as well as for adequate financial resources to enable future growth and investments, and the ambition to minimize the cost of capital.

The Company is currently in the process of restructuring its balance sheet and of reorganising its business activities and hence expects to distribute only limited if any dividends during the next few years.

8 SHAREHOLDER MEETINGS

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

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

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

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

- Posing the summons together with the agenda and all documents pertaining to each matter on the agenda on the Company's web-page not later than on the 21st day prior to the date of the meeting (except when otherwise decided by the general meeting, cf NCA section 5-11b) irrespective of whether or not the company also resolves to summon the meeting by way of other forms of communication mail, facsimile or other electronic means (e-mail), ref § 7 in the Company's articles of association.

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

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

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

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

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

9 CHANGE OF CONTROL, TAKEOVERS

9.1 GENERAL

The shares in Oceanteam are freely transferable, and the Company shall not establish any mechanisms that may hinder a takeover or deter takeover-bids, unless this has been resolved in a general meeting by a two-third majority (of votes cast and share capital represented). However, the Board may, in the case of a takeover-bid, take such actions that evidently are in the best interest of the shareholders, such as, inter alia, advising the shareholders in the assessment of the bid and, if appropriate, seeking to find a competing bidder ("white knight").

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

9.2 OVERVIEW OF NORWEGIAN STATUTORY PROVISIONS ON TAKEOVERS

9.2.1 VOLUNTARY OFFER

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

9.2.2 MANDATORY OFFER

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

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

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

9.2.3 COMPULSORY ACQUISITION ("SQUEEZE OUT")

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

Bergen, 15th December 2011

The Board of Directors of Oceanteam Shipping ASA



Hessel Halbesma
Chairman



Ronald P. Moolenaar
Director



Catharina Petronella Johanna Pos
Director



FINANCIAL STATEMENTS GROUP

5	Directors Report
17	Corporate Governance Policy
	Financial Statements Group
77	Financial Statements Parent
101	Auditors Report
105	Oceanteam Shipping Assets

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

GROUP	Notes	Figures in USD '000	
		2011	2010
Revenue		61 208	46 988
Total operating revenues	6	61 208	46 988
Operating costs	5	(24 651)	(21 797)
Personnel cost	7	(7 875)	(3 856)
Other administrative expense	8	(3 920)	(4 283)
Depreciation	9, 10	(14 742)	(11 577)
Reversal previous impairment	9, 10	2 098	
Total operating expenses		(49 090)	(41 513)
Operating profit (loss)		12 118	5 475
Financial income		525	2 206
Financial costs	11	(13 934)	(8 901)
Foreign exchange results (loss)	11	2 443	(2 385)
Net finance		(10 965)	(9 080)
Ordinary profit (loss) before taxes		1 153	(3 605)
Income tax	12	806	4 591
Net result from continuing operations		1 959	987
Net result from discontinued operations	6	670	(778)
Profit for the year		2 629	209
Other comprehensive income			
Changes in revaluation model	10	9 228	28 425
Other comprehensive income			401
Translation differences		245	(3 336)
Tax on comprehensive income		(1 223)	(1 913)
Other comprehensive income for the year, net of tax		8 250	23 577
Total comprehensive income for the year		10 879	23 786

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

GROUP		Figures in USD '000	
	Notes	2011	2010
Profit (Loss) attributable to:			
Owners of the company		2 166	(190)
Non-controlling interests		463	399
Profit (Loss) for the year		2 629	209
Total comprehensive income attributable to:			
Owners of the company		10 416	23 387
Non - controlling interests		463	399
Total comprehensive income for the year		10 879	23 786
Earnings per share (in USD)			
Basic earnings per share (in USD)	26	0,02	0,00
Diluted earnings per share (in USD)	26	0,01	0,00
Earnings per share - continuing operations			
Basic earnings per share (in USD)		0,01	0,01
Diluted earnings per share including warrants II (in USD)		0,00	0,00
Number of shares in the period		150 788	150 788
Number of shares in the period, diluted warrants I		299 774	299 774
Number of shares in the period, diluted warrants II		446 785	446 785

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

GROUP	Figures in USD '000		
	Note	31.12.2011	31.12.2010
Assets			
Deferred tax assets	4, 12	3 831	3 831
Customer relations and design	9	2 831	4 034
Goodwill	9	12 987	12 987
Intangible assets		19 649	20 852
Investment in associates	10	5 964	4 828
Vessels and equipment	10, 17	224 360	221 517
Tangible assets		230 324	226 345
Total non current assets		249 973	247 197
Trade receivables	13	7 258	6 299
Other receivables	13	4 536	3 525
Receivables		11 794	9 824
Cash and cash equivalents	14	11 638	13 501
Current assets		23 432	23 325
Total assets		273 405	270 523

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

GROUP	Figures in USD '000		
	Note	31.12.2011	31.12.2010
Equity and liabilities			
Share capital	16, 26	1 291	1 291
Other equity	16, 26	24 355	21 944
Non-controlling interest	16,26	4 065	3 602
Revaluation reserve	10	83 247	75 242
Total equity		112 958	102 078
Loans and borrowings		123 315	141 694
Total non-current liabilities	10,17	123 315	141 694
First year installments	10, 17	22 782	9 955
Trade payables	18	10 182	6 619
Tax payable	18	100	58
Public charges	18	176	922
Other current liabilities	18	3 892	9 195
Total current liabilities		37 132	26 749
Total liabilities		160 447	168 443
Total equity and liabilities		273 405	270 523

Bergen/ Norway, 27. April 2012

The Board of Directors Oceanteam Shipping ASA



Hessel Halbesma
Chairman and Director



Ronald P. Moolenaar
Director



Catharina Petronella Johanna Pos
Director



Haico Halbesma
CEO

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	2 166	(190)
Profit after taxes minority	463	399
Revaluation of assets	9 228	28 425
Tax on revaluation reserve	(1 223)	(1 913)
Translation differences	245	(3 336)
Equity in associates		(2 357)
Increases 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 and shareholder loans repaid before 19th June 2014:

Warrants II - become active when bond loan and shareholder loans are not repaid before 19th June 2014:

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated Statement of changes in equity Figures in USD '000

2011	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)
Increased 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	0	2 745	21 610	24 355	83 247	4 065	112 958
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2010	Share capital	Share premium	Translation reserve	Other Equity	Total other equity	Re-valuation reserve	Non controlling interests	Total equity
Equity at 31 December 2009	1 291	61 254	8 193	(41 620)	(33 427)	48 730	445	78 292
Profit and loss				(190)	(190)		399	209
Other comprehensive income								
Changes in revaluation model						28 425		28 425
Tax on revaluation reserve						(1 913)		(1 913)
Increased in non controlling interests							2 758	2 758
Equity in Associates			(2 357)		(2 357)			(2 357)
Translation differences			(3 336)		(3 336)			(3 336)
Total comprehensive income			(5 693)	(190)	(5 883)	26 512	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	2 500	(41 810)	(39 310)	75 242	3 602	102 078
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CONSOLIDATED STATEMENT OF CASH FLOW

GROUP	Figures in USD '000	
	2011	2010
Ordinary profit (loss) before taxes	1 153	(3 605)
Depreciation and amortization of tangible assets	14 742	11 577
Tax paid	137	(7)
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	(12 651)	(10 726)
Interest bank loans	10 871	8 319
Paid interest Bank Loans	(6 824)	(6 599)
Net cash flow from operating activities of discontinued operations *		(7 775)
Net cash flow from operating activities	6 923	3 603
Purchase of tangible assets	(13 961)	
Proceeds from sale of tangible assets	10 481	
Net cash flow from investing activities of continuing operations		(17 786)
Net cash flow from investing activities	(3 480)	(17 786)
Proceeds from Issuance of debts (4)	8 970	
Repayments of debts	(13 125)	(11 177)
Net cash flow from financing activities	(4 155)	(11 177)
Effect of changes to exchange rates on cash and cash equivalents	(1 151)	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 (14)	11 638	13 501

* restricted cash is EUR 1.35 million and USD 1 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. GENERAL INFORMATION

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

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

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

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

The company is listed at the Oslo Stock Exchange.

These group consolidated financial statements were authorized for issue by the Board of Directors on 27th April 2012, and are based on the assumptions of ongoing concern. The Group annual accounts consist of the parent company Oceanteam Shipping ASA with its subsidiaries, joint venture companies and associated companies.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

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

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

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

(A) NEW ACCOUNTING STANDARDS

At the date of approval of the consolidated financial statements the following new IFRSs and IFRICs were issued but not yet effective:

Amendments in IFRS 7 Financial Instruments – Disclosure

The amendments are related to disclosure requirements in relating to transfers of financial assets which the entity has a continuing involvement in and is intended to provide the users of the financial statement a better understanding of the risk exposure for the entity which is transferring the financial assets. The amendments are applicable for annual periods beginning on or after 1 July 2011. The Group expects to implement the amended IFRS 7 as of 1 January 2012.

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

IFRS 9 Financial Instruments

IFRS 9 will replace today's IAS 39. The project has been divided into several phases. The first phase regarding the classification and measurement rules has been issued by the IASB. According to IFRS 9 financial assets with basic loan features shall be measured at amortised cost, unless one choose to measure these assets at fair value. All other financial assets shall be measured at fair value. The classification and measurement of financial liabilities under IFRS 9 is a continuation from IAS 39, with the exception of financial liabilities designated at fair value through profit or loss (fair value option), where change in fair value relating to own credit risk shall be separated and shall be presented in other comprehensive income. IFRS 9 is effective for annual periods beginning on or after 1 January 2015, but the standard is not yet approved by the EU. Early implementation is permitted given that the EU approves the standard. The Group expects to apply IFRS 9 as of 1 January 2015.

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

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements which relates to the consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities. The content of the control definition has been changed compared to IAS 27. The criteria for whether entities should be consolidated in accordance with IFRS 10, is solely based on whether the investor controls the investee. An investor controls an investee if and only if the investor has all the following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. IFRS 10 is effective for annual periods beginning on or after 1 January 2013, but the standard is not yet approved by the EU. Early implementation is permitted given that the EU approves the standard. The Group expects to apply IFRS 10 as of 1 January 2013. The analyses of the potential impacts on the financial statements for the Group are at the date of finalisation of these financial statements not yet finalised, but the Group does not expect any material impacts.

IFRS 11 Joint Arrangements

This standard will replace IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. IFRS 11 is applicable for joint arrangements and provides guidance of accounting for two types of joint arrangements; joint operations and joint ventures. Joint ventures shall account for the investments by using the equity method according to IFRS 11. Joint operations shall be recognised in relation to its interest in a joint operation. Assets and liabilities that are wholly owned by one part alone shall be fully recognized. Revenue and expenses shall be recognized in relation to the party's interest. IFRS 11 is effective for annual periods beginning on or after 1 January 2013, but the standard is not yet approved by the EU. Early implementation is permitted given that the EU approves the standard. The Group expects to apply IFRS 11 as of 1 January 2013. The impact on the financial statements for the Group cannot be reasonably estimated as at the date of the finalization of these financial statements. The group is currently treating the investment in joint ventures by using the proportional consolidation method which will not be applicable in accordance with IFRS 11. Since 3 of the CSV Vessel will be accounted for in accordance with the equity method instead of the proportional method, the total of equity and liabilities is anticipated to change significantly. For the total comprehensive income, the group does not expect any material impact.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 is applicable for entities with interests in subsidiaries, joint arrangements and associates and unconsolidated structured entities. IFRS 12 replaces the disclosure requirements in IAS 27 Consolidated and Separate Financial Statements, IAS 28 Investments in Associates, and IAS 31 Interests in Joint Ventures. In addition, several new disclosure requirements are introduced. IFRS 12 is effective for annual periods beginning on or after 1 January 2013, but the standard is not yet approved by the EU. Early implementation is permitted given that the EU approves the standard. The Group expects to apply IFRS 12 as of 1 January 2013. The analyses of the potential impacts on the financial statements for the Group are at the date of finalisation of these financial statements not yet finalised, but the Group does not expect any material impacts.

IFRS 13 Fair Value Measurement

The standard sets out principles and guidance for measuring fair value of assets and liabilities when fair value is required or permitted by other standards. IFRS 13 is effective for annual periods beginning on or after 1 January 2013, but the standard is not yet approved by the EU. Early implementation is permitted given that the EU approves the standard. The Group expects to apply IFRS 13 as of 1 January 2013. The analyses of the potential impacts on the financial statements for the Group are at the date of finalisation of these financial statements not yet finalised, but the Group does not expect any material impacts.

Amendments to IAS 1 Presentation of Financial Statements

The amendments to IAS 1 require companies to group together items within OCI (Other Comprehensive Income) that may be reclassified to the profit or loss section of the income statement. The amendments are effective for annual periods beginning on or after 1 July 2012, but the standard is not yet approved by the EU. Early implementation is permitted given that the EU approves the standard. The Group expects to apply the amended standard as of 1 January 2013. The analyses of the potential impacts on the financial statements for the Group are at the date of finalisation of these financial statements not yet finalised, but the Group does not expect any material impacts.

Amendments to IAS 12 Income Taxes

The amendments intend to provide a practical solution to a problem relating to investment properties that arises in certain jurisdictions. As a result of the amendments deferred tax on investment property measured at fair value is required to be determined using the rebuttable presumption that the carrying amount of the underlying asset will be recovered through sale (rather than use). The presumption is rebutted if the investment property is depreciable and it is held within a business model whose objective is to consume substantially all of the economic benefits in the investment property over time, rather than through use. The amendments incorporate SIC 21 Income Taxes – Recovery of Revalued Non-Depreciable Assets into IAS 12. As a result IAS 12 will require that deferred tax arising from a non-depreciable asset measured using the revaluation model in IAS 16 Property, plant and equipment will always be determined on a sale basis. The amended IAS 12 is effective for annual periods beginning on or after 1 January 2012, but the standard is not yet approved by the EU. Early implementation is permitted given that the EU approves the amendments. The Group expects to implement the amended IAS 12 as of 1 January 2012. The analyses of the potential impacts on the financial statements for the Group are at the date of finalisation of these financial statements not yet finalised, but the Group does not expect any material impacts.

Amendments in IAS 27 (Revised) Separate Financial Statements

As a result of introducing IFRS 10, IFRS 11 and IFRS 12, amendments were made in IAS 27 to coordinate it with the new accounting standards. IFRS 10 Consolidated Financial Statements replaced the parts of IAS 27 that was related to consolidated financial statements. As such IAS 27, when effective, will only relate to separate financial statements and no longer be applicable for consolidated financial statements. The amendments are effective for annual periods beginning on

or after 1 January 2013, but the standard is not yet approved by the EU. Early implementation is permitted given that the EU approves the standard. The Group expects to apply the amended standard as of 1 January 2013. The analyses of the potential impacts on the financial statements for the Group are at the date of finalisation of these financial statements not yet finalised, but the Group does not expect any material impacts.

Amendments to IAS 28 (Revised) Investments in Associates and Joint Ventures

The scope of IAS 28 is now including investments in joint ventures. The standard prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amendments are effective for annual periods beginning on or after 1 January 2013, but the standard is not yet approved by the EU. Early implementation is permitted given that the EU approves the standard. The Group expects to apply the amended standard as of 1 January 2013. The analyses of the potential impacts on the financial statements for the Group are at the date of finalisation of these financial statements not yet finalised, but the Group does not expect any material impacts, other than the effects mentioned regarding implementation of IFRS 11 above.

Amendments to IAS 32 Financial Instruments – Presentation

IAS 32 has been amended to clarify the content in “currently has a legally enforceable right to set-off” and to clarify the application of the criteria for offsetting of settlement systems such as clearing house-systems that applies mechanisms for gross amounts that are not settled simultaneously. The amendments are applicable for annual periods beginning on or after 1 January 2014, but the standard is not yet approved by the EU. Early implementation is permitted given that the EU approves these amendments and the suggested amendments in IFRS 7 requiring disclosures of financial instruments that are offset. The Group expects to apply the amended standard as of 1 January 2014. The analyses of the potential impacts on the financial statements for the Group are at the date of finalisation of these financial statements not yet finalised, but the Group does not expect any material impacts.

(C) USE OF ESTIMATES AND JUDGMENTS

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

- Note 6 – Revenue recognition
- Note 9 – Intangible assets – goodwill, customer relations and impairment testing
- Note 10 – Tangible assets herewith component accounting, residual values and the revaluation model
- Note 12 – Deferred tax assets
- Note 18 – Provisions
- Note 20 – Business combinations
- Note 22 – Provisions

(D) COMPONENT ACCOUNTING

When an item of vessel, plant and equipment comprises individual components for which different depreciation methods or rates are appropriate, each component is depreciated separately. A separate component may be either

a physical component or a non – physical component that represents a major inspection or overhaul. An item of vessel, plant and equipment will be separated into parts (“components”) when those parts are significant in relation on the total cost of the item.

2.2 BASIS OF CONSOLIDATION

(A) SUBSIDIARIES

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

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

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

(B) JOINT VENTURES

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

(C) ACCOUNTING FOR ACQUISITIONS OF NON-CONTROLLING INTERESTS

IAS 8.28(f) From 1 January 2010 the Group has applied IAS 27 Consolidated and Separate Financial Statements (2008) in accounting for acquisitions of non-controlling interests. The change in accounting policy has been applied prospectively and has had no impact on earnings per share.

Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

(D) ASSOCIATES (EQUITY ACCOUNTED INVESTEEES)

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

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

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

The net profit (loss) from the associates Lay Vessel North Ocean 105 is included in the revenue (operating expenses) on a separate line. The vessel will be delivered in Q2 2012.

2.3 SEGMENT REPORTING

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

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

The operations of CSV Vessels and the operation from Engineering is reported as two segments from 2010. This is a change from previously reporting due to the additional focus on the engineering operations.

2.4 FOREIGN CURRENCY TRANSLATION**(A) FUNCTIONAL AND REPORTING CURRENCY**

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in USD, which are the company's functional and the Group's presentation currency in 2011.

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

(B) TRANSACTIONS AND BALANCES

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

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

(C) GROUP COMPANIES

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

- (a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (b) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).
- (c) All resulting exchange differences are recognised as a separate component of equity.

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

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

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

2.5 TANGIBLE ASSETS

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

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

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

REVALUATION MODEL:

- CSV vessels 25 years
- Revaluation surplus 25 years

COST MODEL:

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

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

COMPONENT ACCOUNTING

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

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

2.6 INTANGIBLE ASSETS

(A) GOODWILL

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

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

The Cash Generating Units for the Group are as follows:

- Each individually CSV/Lay Vessel vessels
- Each individually FSV vessels
- KCI Engineering
- Oceanteam Equipment pool

(B) OTHER INTANGIBLE ASSETS

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

(C) COMPUTER SOFTWARE

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

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

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

(D) AMORTIZATION

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

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

- customer relationships 3 years

2.7 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

2.8 RECEIVABLES

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

2.9 CASH AND CASH EQUIVALENTS

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

2.10 SHARE CAPITAL

Ordinary shares are classified as equity.

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

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

2.11 TRADE PAYABLES

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

2.12 BORROWINGS

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

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

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

2.13 TAX

(A) TAXES

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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

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

(B) SHIPPING ACTIVITIES

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

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available to offset the temporary differences. We recognize formerly

unrecognized deferred tax assets to the extent that it has become probable that we can utilize the deferred tax asset. Similarly, the Company will reduce its deferred tax assets to the extent that it can no longer utilize these.

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

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

2.14 EMPLOYEE BENEFITS

(A) PENSION OBLIGATIONS

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

2.15 PROVISIONS

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

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

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

2.16 REVENUE RECOGNITION

CONTINUING BUSINESS (IAS 17 AND IAS 18):

Oceanteam Shipping is an offshore services company and its operations is the chartering of Large Offshore Construction Support / Lay Vessels and Fast Support Vessels. In addition, Oceanteam Shipping provides rental services of installation and burial equipment and engineering design services.



SHIPPING REVENUES:

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

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

The mobilization of a vessel is the period for planning and preparation before the charter has commenced. The demobilization is the period when all the special equipments for a project is being taken off until the vessel is ready for a new project or charter. Mobilization (demobilization) fees are invoiced to the client and recognized over the mobilization (demobilization) period.

ENGINEERING REVENUES:

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

Income from the sale of capital equipment is recognised when delivery takes place and most significant of risk and return is transferred.

2.17 DIVIDEND DISTRIBUTION

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

NOTE 3. FINANCIAL RISK MANAGEMENT OVERVIEW

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

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

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

During 2011 the company has stabilised the balance sheet and further derisked the company. An internal merger was done to make the dividend stream from the joint venture companies flow more easily up to the parent company with less administration. Focus for the company has been standardisation in all its contractual work with their clients and where possible demand prepayment for the lease of the equipment.

CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The free liquidity is placed in bank accounts with banks of acceptable credit quality. The total theoretically credit risk is approx USD 23.4 million where USD 11.8 million is receivables and USD 11.6 million is bank deposits, see note 13 and 14. Oceanteam Shipping's client are primarily large companies with high credit ratings. The need for bank guarantee and prepayment are considered on individual basis.

TRADE AND OTHER RECEIVABLES

The exposure to credit risk is influenced mainly by the individual characteristics of each customer. In 2011 the 3 largest clients/ projects represented 91.7% of the Group's total trade receivables.

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

For the engineering business the credit risk is for Europe and split between 20 to 40 clients .

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

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

LIQUIDITY RISK

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

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

The Group has an overdraft facility of EUR 500.000.

The management is working to refinancing current bank debt and thereafter the existing Bond Loan to improve the capital structure of the company. If the bond loan is called 30 banking days before 19th June 2012, then warrants of 148.9 million will be active at a subscription price of NOK 0.10 which will give an equity effect of NOK 14.9 million. Bank loans for vessels CSV 101 and CSV 104 are in refinancing process.

FINANCIAL COVENANTS

According to a liquidity covenant in its loan agreements, the Group shall at all times have a minimum free liquidity of EUR 5 million and 5% of interest bearing debt. At the balance sheet date, the Group had a liquidity position of USD 11.6 million, of which approx. 2.3 USD million was restricted or pledged as collateral. The USD 9.3 million in free cash consisted of approx EUR 1.3 million, plus approx. USD 7.1 million and some NOK's and GBP's.

The liquidity position per 31st December 2011 is still tight which the management is working to improve during 2012. A refinance of both the vessels and the bond loan can improve the liquidity situation.

The investment for the Lay Vessel North Ocean 105 is fully financed according to building contract with the yard. Remaining funding will be required for project management and for the building interests.

Per 31 December 2011 Oceanteam Shipping is compliant with financial covenants for bank loans and bond loans, both on Group level and the individual company level.

MARKET RISK

The company has invested 25 percent in Lay Vessel North Ocean 105. The vessel has been delivered 20th April 2012 and has commenced a five year charter at delivery. This investment has risk connected to charterer, complex offshore operations and risk connecting to owners guarantees in case of the project needs more funding.

OPERATIONAL RISK

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

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

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

The current situation with the Company's main assets, the construction support vessels, is as follows. Currently a tender with BP Angola take place on the potential longer time charter for CSV Bourbon Oceanteam 101. "CSV North Ocean 102" will be on charter with J. Ray McDermott until mid 2015. "CSV Southern Ocean" (renamed from CSV Bourbon Oceanteam 104 is on contract to Fugro - TSmarine until ending 2013. The Lay Vessel North Ocean 105 has a five year contract with J. Ray McDermott at delivery of the yard.

FINANCIAL RISK

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

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

The company is exposed to changes in interest rates as the bulk of its debt has floating rates. The Lay Vessel North Ocean 105 has fixed interest and is hedged to USD to cover the building contract which is in EURO.

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

The revenue from the charter contracts with J. Ray McDermott are in US dollar.

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 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 and other items are all in EURO, USD and GBP.

		Exchange rates 1.1. 2011	Exchange rates 31.12. 2011
Exchange rates used in the annual report:	EUR/ USD	0,7496	0,7729
	NOK/ USD	0,1708	0,1669
EUR – European euro			
NOK – Norwegian kroner	USD/ NOK	5,8564	5,9927
USD – American dollars	USD/ EUR	1,3340	1,2939

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

	2011	2010
USD	9 054	10 514
EURO	1 874	303
NOK	(596)	(660)
Other currencies	1 461	(332)
	11 793	9 825

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

	2011	2010
USD	(61 705)	(69 242)
NOK	(87 247)	(73 185)
Other currencies	(11 495)	(26 015)
	(160 447)	(168 442)

USD exchange rate movements:

	31.12.11	Increase	Decrease
USD - American dollars/ EUR	1,2939	1,5000	1,1000
Effect on receivables	2 424	386	(363)
USD/ NOK	5,9927	6,5000	5,5000
Effect on liabilities	73 590	(5 743)	6 592
NOK 441 000			

The largest currency risk for Oceanteam Shipping is connected to movement in the NOK versus USD and the timing of the refinancing of the bond loan.

INTEREST RATE RISK

At 31 December 2011, if interest rates on NOK-denominated borrowings had been 100 basis points higher/lower with all other variables held constant, pre-tax profit for the year would have been USD 737.000 (2010: USD 691.000) lower/higher, as a result of higher/lower interest expense on floating rate borrowings.

At December 31 2011, if interest rates on USD -denominated borrowings had been 50 basis points higher/lower with all other variables held constant, pre-tax profit for the year would have been USD 393.000 (2010: 433.000) lower/higher, as a result of higher/lower interest expense on floating rate borrowings.

	2011	2010
	Carrying amount	Carrying amount
Cash balance	11 638	13 501
Secured bank loans	72 380	84 899
Unsecured loans	73 717	66 751
Total loans and borrowings	146 097	151 650
NIBOR/ LIBOR/ EURIBOR + margin	3 %	4 %
Total effect on interests with margin increase with 100 basis points	4 383	5 844
Positive (negative) effects	1 461	(1 461)

INTEREST RATE FLUCTUATIONS

An increase (decrease) in the interest level with 100 bp will give an effect of USD 1.5 million on the balance of loans and borrowings per 31 December 2011. From December 2011 the margin on the bond loan will increase with 100 bp. The interests rates are also linked to the development of NIBOR/ EURIBOR and LIBOR margins.

FAIR VALUE BOND LOAN

The fair value of trades of the bond loan was 93% of the nominal value at year end.

CAPITAL MANAGEMENT

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

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

- 25% book equity at all times;
- 35% value adjusted equity at all times;
- free liquidity of EUR 5 million and 5% of interest bearing debt;
- covenants in vessel owning companies

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

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

NOTE 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

4.1 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

(A) INCOME TAXES

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

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

(B) REVALUATION MODEL

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

CSV/LV assets under construction have a risk of variation orders which can increase the building costs.

(C) GOODWILL

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

NOTE 5. SEGMENT INFORMATION

2010	SHIPPING		ENGINEERING		TOTAL	
	2011	2010	2011	2010	2011	2010
External revenue	36 250	30 923	24 958	16 065	61 208	46 988
Inter segment revenue						
Operating costs	(10 188)	(11 004)	(14 463)	(10 793)	(24 651)	(21 797)
General & Administration	(5 832)	(3 237)	(5 963)	(4 902)	(11 795)	(8 139)
Depreciaton	(10 224)	(7 498)	(4 518)	(4 079)	(14 742)	(11 577)
Write off assets	(32)		2 130		2 098	
Reportable segment profit before income tax	9 974	9 184	2 144	(3 709)	12 118	5 475
Interest income	1 691	2 769	(1 165)	(563)	525	2 206
Interest cost	(13 964)	(8 637)	30	(264)	(13 934)	(8 901)
Foreign exchange result	921	(2 456)	1 522	71	2 443	(2 385)
Pre-tax profit	(1 346)	(4 465)	2 499	860	1 153	(3 605)
Investment in associates	5 988	4 828			5 988	4 828
Reportable segments assets	238 053	236 258	35 352	34 265	273 405	270 523
Capital Expenditure	11 558	44 419	2 144		13 702	44 419
Reportable segments liabilities	122 743	145 357	37 704	23 086	160 447	168 443

The Shipping segment consist of the three operating CSV vessels, one Lay Vessel under construction and the two FSV's. All the vessels are working outside Europe in 2011. Administration expenses in Oceanteam Shipping ASA are allocated to Shipping segment.

All engineering activities are in Europe.

Geographical segments		
Sales	2011	2010
Europe	24 958	26 860
Other	36 250	20 128
	61 208	46 988

NOTE 6. REVENUE

Revenue comprises:	2011	2010	Change in %
Shipping revenue	36 250	30 923	17 %
Engineering revenue	24 958	16 065	55 %
Total revenue	61 208	46 988	30 %

SHIPPING

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

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

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

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

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

Contracts schedule		2011 Q1-2	2011 Q3-4	2012 Q1-2	2012 Q3-4	2013 Q1-2	2013 Q3-4	2014 Q1-2	2014 Q3-4	2015 Q1-2	2015 Q3-4	2016 Q1-2	2016 Q3-4
Shipping	Type of contracts												
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
 Tender/Option
 Under construction
 No contract

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

USD Million	2011	2010
Less than one year:	58 807	30
Between one and five years:	147 463	101
More than five years:	8 438	3

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

ENGINEERING

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

The income from the engineering part of the Group and services is recognised when achieved. The sale of services from the engineering activities are recognized in accordance with IAS 18 and a percentage of completion when the outcome of the service contract can be measured reliably.

DISCONTINUED BUSINESS (IAS 11 AND IFRS 5):

The only transaction in 2011 under discontinuing business was a settlement for the OPU claim of USD 670.000 in the 4th quarter of 2011.

NOTE 7. PERSONNEL COST

USD'000	2011	2010
Personnel cost		
Salary	6 031	5 201
Pensions	119	169
Social security cost	139	130
Insurance	116	131
Directors fees	120	120
Contractors fees	1 709	412
Other Cost	37	34
Personnel cost allocated to projects, including assets	(395)	(2 342)
Total	7 875	3 856

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

2011 USD'000	Wages	Pension premiums	Other remuneration
Haico Halbesma (CEO)	355		286
Torbjørn Skulstad (CFO)	172	10	72
Board	123		1 108
Total	650	10	1 466

2010 USD'000	Wages in USD '000	Pension premiums	Other remuneration
Haico Halbesma (CEO)	280	94	
Ruud van der Steeg (CFO)	181		77
Board	586		
Total	1 047	94	77

Remuneration in NOK '000			
Name	Position	2011	2010
Mr. Hessel Halbesma	Chairman	3 804	2 007
Mr. Ronald Moolenaar	Director	2 250	1 377
Mrs. Catharina Petronella Johanna Pos	Director	1 664	200

There are no bonus agreements, options, or pensions plans for the CEO. Annual salary is EUR 282.000/ year. He has also waived his protection in relation dismissal. For this waiver twelve month salary is offered as compensation. From 2011 the CEO has entered a service agreement through his company Heer Holland B.V.

For the year 2011, the agreed fee for the chairman of the board is NOK 300.000 and NOK 200.000 for the other members of the board of directors . In addition, the agreed fee for the board committee is EUR 2.400 per day.

The management has an incentive scheme where the incentive is based on the yearly gross salary. The incentive cannot be more than the annual salary.

Oceanteam Shipping ASA has established a new office in Monaco.

NOTE 8. GENERAL ADMINISTRATION - AUDITORS FEE

	USD '000	
Specification of fee to our auditor KPMG	2011	2010
Statutory audit	259	236
Other assurance services	65	76
Tax advisory	17	24
Other	20	55
Total	341	390

In addition to the fee to KPMG, the group has paid fee to other audit firms.

NOTE 9. INTANGIBLE ASSETS

	USD '000			
2011	Goodwill	Customer relations	Design NO 307	Total
Historical cost 31 December 2010	12 987	4 400		17 387
Additions			259	259
Disposals				
Minority interests				
Conversion variances				
Historical cost 31 December 2011	12 987	4 400	259	17 646
Accumulated amortization		(365)		(365)
Amortization		(1 460)		(1 460)
Impairments/reversals				
Amortization		(1 825)		(1 825)
Accumulated impairments				
Impairments/ reversals				
Accumulated impairments				
Book value 31 December 2011	12 987	2 575	259	15 818
Amortization rates		3 years	Not yet depreciable	
Amortization method		Linear	Linear	

				USD '000
2010	Goodwill	Customer relations	Other intangibles assets	Total
Historical cost 31 December 2009	9 427			9 427
Additions	3 560	4 400		7 960
Disposals				
Minority interests				
Conversion variances				
Historical cost 31 December 2010	12 987	4 400		17 387
Accumulated amortization				
Amortization		(365)		(365)
Impairments/reversals				
Amortization		(365)		(365)
Accumulated impairments				
Impairments/ reversals				
Accumulated impairments				
Book value 31 December 2010	12 987	4 035		17 022
Amortization rates		3 years	Not yet depreciable	
Amortization method		Linear		

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

Oceanteam Shipping had two external valuations on the company which the goodwill asset has arisen from. Both the independent, third parties valuations shows added values which are higher than the goodwill amount of USD 9.4 million. In addition there is a cash flow model which calculates the estimated cash flow for a 5 years period.

CASH FLOW-GENERATING UNITS

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

DETERMINATION OF RECOVERABLE AMOUNT

Value in use, is used to find the recoverable amount. The calculations are based on future cash flows where budgets and strategically goals for the period 2012-2016 are used. In the cash flow analysis a margin between 12.7% and 15.4% has been applied. Present value is calculated by using discounted cash flows where the weighed average cost of capital (WACC) is 8,4% before tax. WACC is based on a risk free rate of 1.9%, market share premium of 5% and Beta of 1.3.

SENSITIVITY ANALYSIS

Sensitivity analysis indicates that at reasonable changes in discount rate, no impairments will occur.

NOTE 10. TANGIBLE ASSETS AND INVESTMENT IN ASSOCIATES

2011	Participation in LV 105	Fast Support Vessels, Machinery & other	LV asset under con- struction	Construc- tion and support vessels (CSV)	Total
Historical cost 31 December 2010	4 828	37 851	0	137 589	180 268
Additions		2 144		11 558	13 702
Disposals		(6 853)		(3 628)	(10 481)
Historical cost 31 December 2011	4 828	33 142	0	145 519	183 489
Accumulated depreciation 31 December 2010		(9 378)		(11 050)	(20 428)
Depreciation		(3 661)		(6 394)	(10 055)
Disposals depreciation					
Accumulated depreciation 31 December 2011		(13 039)		(17 444)	(30 483)
Accumulated impairments 31 December 2010		(10 651)			(10 651)
Impairments/reversals		2 098			2 098
Accumulated impairments 31 December 2011		(8 553)			(8 553)
Carrying amount 31 Dec 2011 if CSV's were stated at historical cost	4 828	11 550	0	128 075	144 453
Revaluation reserve 31 December 2010				77 155	77 155
Net change in revaluation surplus	1 160			8 005	9 165
Revaluation reserve 31 December 2011	1 160			85 160	86 320
Carrying amount 31 December 2011	5 988	11 550	0	213 235	230 324
Depreciation premium values				(3 224)	(3 224)
Depreciation rates	25 years	3-15 years		5-25 years	
Depreciation method	linear	linear		linear	

2010	Participation in LV 105	Fast Support Vessels, Machinery & other	LV asset under con- struction	Construc- tion and support vessels (CSV)	Total
Historical cost 31 December 2009		42 734	38 147	97 498	178 380
Additions	4 828			40 091	44 919
Disposals		(4 883)	(38 147)		(43 030)
Historical cost 31 December 2010	4 828	37 851	0	137 589	180 268
Accumulated depreciation 31 December 2009		(6 366)		(7 409)	(13 775)
Depreciation		(3 012)		(3 641)	(6 653)
Disposals depreciation					
Accumulated depreciation 31 December 2010		(9 378)		(11 050)	(20 428)
Accumulated impairments 31 December 2010		(11 070)			(11 070)
Impairments/reversals		419			419
Accumulated impairments 31 December 2010		(10 651)			(10 651)
Historical Cost 31 December 2010	4 828	17 823	0	126 539	149 190
Revaluation reserve 31 December 2009			9 158	48 730	57 888
Net change in revaluation surplus			(9 158)	30 725	21 567
Revaluation reserve 31. December 2010				79 455	79 455
Carrying amount 31 December 2010	4 828	17 823	0	203 694	226 344
Depreciation premium values				(3 224)	(3 224)
Depreciation rates	25 years	3-15 years		5-25 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. Interest costs for bank loans are booked as borrowing costs in relevant period after completion of vessels. The Construction Support Vessel's (CSV's) & Lay Vessl and the Crew Boats are financed and held for security, see note 17 loans and borrowings.

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 a commercial dispute. Per 18th March 2011 the Group reached a settlement agreement. The reversal of the write down is based on the fact that the plough will start generating a cash flow and therefore must be presented with its correct value.

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 it cannot 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 / 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 vessel is being compared with the estimated brokers charter.
- The premium value of the vessel is depreciated linear over the useful life of the assets
- The cash flow from the charter is discounted with a WACC of 10 percent. 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" is 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 was revaluated.
- The option price for the CSV North Ocean 102 and LV North Ocean 105 are included in the cash flow connected to the vessel and the option can be called in Q4 2014 and Q2 2017. When the relevant option period commences, McDermott will have 180 days to call the option. If the option is not within the option period, the call option will go to Oceanteam Shipping. The call option price for the CSV 102 is USD 120 million at the initial transaction date 19th December 2009 depreciated over 20 years with adjustments for the working capital. On the LV 105 the option price is calculated in the same way where the depreciation starts at based on the building costs.

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

Oceanteam Shipping has the following investments in associates:

Entity	Country/ Industry	Owner- ship interest	Carrying amount 31.12.2011	Net profit (loss) 2011	Amortisation of excess values 2011	Carrying amount 31.12.2011	Fair value
North Ocean 105 AS	Norway/ Shipping	25 %	4 828	*	*	4 828	5 964
Total			4 828			4 828	5 964

Total assets and liabilities for associates in the Group:		2011	2010
Current assets		309	2 561
Non-current assets		23 441	5 628
Current liabilities		2 734	2 180
Non current liabilities		15 532	856
Income		*	*
Expenses		*	*

NOTE 11. NET FINANCE COST

USD'000	2011	2010
Interest income bank	360	146
Other financial income	165	2 060
Foreign exchange gain/loss	2 443	(2 385)
Interest expense	(12 664)	(8 483)
Other financial expense	(1 270)	(418)
Total	(10 965)	(9 080)

NOTE 12. TAX

	USD '000	
	2011	2010
Tax payable Norway		
Tax payable abroad	417	145
Changes in deferred tax Norway	(1 223)	(1 913)
Adjustments previous year		
Changes in deferred tax abroad		(2 823)
Income tax	(806)	(4 591)
Reconciliation of tax payable		
Tax payable in profit and loss account		
Credit deduction, international		
Tax, international	100	58
Corrections previous years		
Tax payable in balance sheet	100	58
Reconciliation of nominal and effective tax rate		
Profit before tax	1 153	(3 605)
Applicable 28% tax rate	323	(1 009)
Variance, actual and expected income tax expense	(1 129)	(3 582)
Explanation of why actual tax cost deviates from expected tax cost		
Tax effect from non-deductible costs		
Tax effect from non-taxable income		
Effect of foreign trade tax	95	
Effect of shipping company taxation	(1 223)	
Difference between foreign tax rate and Norwegian tax rate		
Changes utilization of tax loss carry forward		(3 582)
Variance compared to applicable tax rate	(1 129)	(3 582)

Income tax in other comprehensive income	2011 TAX			2010 TAX		
	Before tax	Tax (ex-pense) benefit	Net of tax	Before tax	Tax (ex-pense) benefit	Net of tax
Changes in revaluation model for non-tonnage tax companies	4 367	(1 223)	3 144	6 832	(1 913)	4 919
Other comprehensive income						
Translation differences	245		245	(3 286)		(3 286)
	4 612	(1 223)	3 389	3 546	(1 913)	1 633

DEFERRED TAX:

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

Basis for deferred tax	2011	2010
Other current balance sheet items		
Amount linked to current balance sheet items		
Deferred tax on equity transactions		
Deferred tax on revaluation model	(30 187)	(25 820)
Loss carried forward	178 949	146 652
Amount linked to long-term balance sheet items	148 762	120 832
Total basis for deferred tax assets	148 762	120 832
Total deferred tax (-) / tax assets		
- Deferred tax/ tax assets, companies taxed as shipping companies		
Deferred tax assets calculated	41 653	33 833

Calculation of deferred tax / tax asset

Deferred tax recognised in balance sheet		
Deferred tax asset recognised in balance sheet	3 831	3 831

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

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

Parent company Oceanteam Shipping ASA has suffered large tax losses from exiting the contracting business. The basis for potential deferred tax loss is estimated to amount to USD 144 million for the Norwegian entities and EUR 45 million for abroad operations. Confirmation from the tax authorities of a deferred tax loss of NOK 866 million has been received in October 2011. The deferred tax losses are not recognized in the balance sheet as there is uncertainty to what extent the losses can be offset against future profits.

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

NOTE 13. RECEIVABLES

	USD '000	
	2011	2010
Trade receivables at nominal value	7 648	6 290
Less: provision for impairment of trade receivables	390	(9)
Trade receivables net	7 258	6 299
Other current receivables	4 536	3 525
Receivables 31.12.	11 794	9 824
Movements on the group provision for impairment of trade receivables are as follows:		
At 1 January	(9)	41
Provision for receivables impairment	398	(50)
At 31 December	390	(9)

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

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

Trade receivable for 2011 of USD 7.2 million consist of USD 2.8 million and EUR 3.3 million. Other receivables consist of EUR 1.4 million and USD 2.6 million. All outstanding trade receivables for Shipping Segment of approximate USD 2.8 million is received in 2012. For Engineering Segment, EUR 2.3 million of outstanding trade receivables at year end are received in 2012.

However, there is EUR 1.0 million in receivable which is disputed by a client for 2011. A provision is booked for doubtful receivables which is sufficient at the information at date.

NOTE 14. CASH AND CASH EQUIVALENTS

	2011	2010
Cash	11 638	13 501
Cash and cash equivalents 31.12.	11 638	13 501
Of which is restricted deposits*	2 818	5 094
Unused overdraft facilities 31.12.	647	667

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

The cash on the group is restricted for USD 2.8 million which gives USD in free cash of total in USD 9.3 million, consisting of EUR 0.65 million, NOK 2.1 million, USD 8.2 million and some GBP.

NOTE 15. INVESTMENTS IN COMPANIES

Overview subsidiaries:	Head Office		Equity interest	Voting share
Subsidiary companies:				
Oceanteam II BV	Amsterdam, Netherlands		100 %	100 %
IMERA NV	Amsterdam, Netherlands	*	100 %	100 %
Oceanteam Equipment Base 2 Ltd	Amsterdam, Netherlands	**	100 %	100 %
Oceanteam Shipping GmbH	Amsterdam, Netherlands	*	100 %	100 %
Oceanteam Shipping BV	Amsterdam, Netherlands	*	100 %	100 %
Oceanteam Equipment Base Ltd	Amsterdam, Netherlands	**	100 %	100 %
Oceanteam GmbH	Amsterdam, Netherlands	**	100 %	100 %
Oceanteam Power & Umbilical GmbH	Amsterdam, Netherlands	***	100 %	100 %
Oceanteam Mexico BV	Amsterdam, Netherlands	*	100 %	100 %
Oceanteam Mexico SA de CV	Mexico	**	49 %	90 %
Oceanteam Energy Holding NV	Amsterdam, Netherlands		100 %	100 %
DEP BV	Schiedam, Netherlands	*	100 %	100 %
KCI Holding BV	Schiedam, Netherlands	**	100 %	100 %
KCI BV	Schiedam, Netherlands	***	70 %	70 %
Oceanteam Shipping Monaco SAM	Monaco, France		100 %	100 %

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

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

Consolidated financial statements for Oceanteam Shipping and for Parent company Oceanteam Shipping ASA are available at www.oceanteam.no

USD '000

Joint venture companies, see note 26:**CSV vessels - three CSV vessels in operation
(CSV 101, CSV 102 and CSV 104)****CSV Bourbon Oceanteam 101:**

Oceanteam Bourbon 101 AS	Bergen, Norway	50 %	50 %
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CSV North Ocean 102:

North Ocean II KS	Bergen, Norway	50 %	50 %
North Ocean II AS	Bergen, Norway	50 %	50 %

CSV Southern Ocean:

Oceanteam Bourbon 4 AS	Bergen, Norway	50 %	50 %
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Associates:**Lay Vessel North Ocean 105:**

North Ocean 105 AS	Bergen, Norway	25 %	25 %
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Associates are all entities over which the group has significant influence but is not in control shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost.

The delivery of the LV 105 is expected in 2nd Quarter 2012.

DISCONTINUED OPERATIONS:

The only transaction in 2011 under discontinuing business was a settlement of a claim of USD 670.00 in the 4th quarter of 2011.

NOTE 16. SHARE CAPITAL AND SHAREHOLDER INFORMATION

Share capital: At 31.12.2011, Oceanteam Shipping ASA has a share capital of NOK 7,539,419,-, distributed on 150,788,393 A shares. There are also two kind of warrants issued: I of 148,986,069 and II of 295,996,977.

Shareholders	Notes	Number of shares	Prc. of total
SIX SIS AG	1,2	50 090 875	33,2 %
NORTH SEA SHIPPING HOLDING AS		6 590 433	4,4 %
MP PENSJON PK		4 973 529	3,3 %
KALFARET AS		4 479 470	3,0 %
EUROCLEAR BANK S.A./N.V. ('BA')		4 450 638	3,0 %
THE ROYAL BANK OF SCOTLAND N.V.		3 735 576	2,5 %
TOLLEFSEN		3 618 840	2,4 %
SPAREBANKEN ØST		3 502 102	2,3 %
VARNER-GRUPPEN AS		3 502 102	2,3 %
BANQUE DE LUXEMBURG S.A		2 393 103	1,6 %
SPENCER CAPITAL AS		2 222 244	1,5 %
BOREA NOTERTE I AS		2 216 000	1,5 %
BOREA NOTERTE III AS		2 012 934	1,3 %
OMLAND		1 164 131	0,8 %
KORNDORFFER BEHEER		1 002 000	0,7 %
ODIN OFFSHORE		1 001 000	0,7 %
NORDNET BANK AB		1 000 000	0,7 %
BOREA NOTERTE II AS		868 400	0,6 %
CREDIT SUISSE SECURITIES		835 946	0,6 %
MJELDE, ARVID BJARNE		817 157	0,5 %
Subtotal 20 largest		100 476 480	66,6 %
Others		50 311 913	33,4 %
Total		150 788 393	100,0 %
Board:			
Hessel Halbesma (SIX SIS AG)	1	42 261 128	28,0 %
Ronald P. Moolenaar (SIX SIS AG)	2	7 829 097	5,2 %
Total for Board		50 090 225	33,2 %
Management			
Haico Halbesma, CEO	1	43 867	0,03 %
Torbjørn Skulstad, CFO	3	280 200	0,19 %
Total of shares owned by executive employees		324 067	0,21 %
Related parties			
Norha Invest AS	1	602 000	0,40 %
Tor Arend Halbesma		500 000	0,33 %
Total shares owned by related parties		1 102 000	0,73 %
Total shares controlled by Halbesma familiy		43 406 995	28,79 %

1. Norha Invest AS are controlled by the Halbesma family. Haico Halbesma is CEO and Hessel Halbesma is Chairman of Oceanteam Shipping ASA. Haico Halbesma also owns 43 867 shares privately.
 Tor Arend Halbesma is son a of Hessel Halbesma. In addition the Halbesma family controls 91 million warrants I.
 2. Ronald Moolenaar is a director in the board of Oceanteam Shipping ASA
 3. Torbjørn Skulstad is the CFO of Oceanteam Shipping ASA.
 For more information, please refer to related party transaction in note 19.

NOTE 17. LOANS AND BORROWINGS

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

	0 to 1 year	1 to 2 years	2 to 5 years	over 5 years	Total
At 31 December 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

At 31 December 2010					
Bank/bond borrowings incl. Interest	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 (EUR)	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	9 955
Total long-term debt			123 315	141 694

* the bond loan has two types of warrants depending on if the bond loan is re-financed or not before 19th June 2014.
 See note 26 for further details.

The CSV vessels and the FSV vessels are collateral for the loans. Latest valuation conclude that real value of the secured CSV vessels and the two FSV boats are significantly higher then the loan amount per 31 December 2011.

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

Fair value for Bond Loan is 93% of nominal value pr 31.12.2011.

TOTAL BANK FACILITIES

As per 31 December 2011 the total interest bearing debt of the company is USD 72.4 million in addition to the NOK 400 million bond loan. The company had free cash of approximate USD 10 million and an overdraft facility of EUR 500.000. The equity ratio was 41,3% per balance sheet date.

SENIOR UNSECURED BOND LOAN – NOK 400 MILLION

In 2010 the company purchased 7.5% of the nominal bond loan of NOK 400 million equal to NOK 30 million. This resulted in a net gain of approximately NOK 10 million. In 2011 the part of bond loan owned by the company was sold with a loss of approximately NOK 5 million.

Loan covenants for the Group include:

- Book equity ratio of minimum 25%
- Market value adjusted equity of minimum 35%

In addition to the mentioned write down of the nominal value of the Bond Loan, the following amendments to the terms of the loan were made:

- Maturity date stretched to 18 June 2014
- The interest margin (3.75% margin to NIBOR) increased by 100 bps per year from December 2010
- The margin is 5.75% plus NIBOR per 31 December 2011
- Nominal value increased to NOK 440 million if not repaid within 18 June 2012
- Nominal value increased to NOK 484 million if not repaid within 18 June 2013
- The Bond Loan is callable with the following call prices

NOK 423,035,043 through 18 June 2011

NOK 457,587,608 through 18 June 2012

NOK 497,587,608 through 18 June 2013

NOK 541,587,608 through 18 June 2014

NORDEA BANK NORGE ASA – EUR 45,000,000 – CSV 101

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

Oceanteam Bourbon 101 AS (borrower) has entered into a senior secured term loan and guarantee facility agreement dated 14 November 2007 and supplemented on 30 October 2008, 25 May 2009, 30 June 2009, 27 November, 25 February 2010, 4 June 2010 and 3 December 2010 with Nordea Bank Norge ASA and Sparebanken Rogaland as banks and with Nordea Bank Norge ASA as agent for a total amount of EUR 45 million. The loan was converted to USD in June 2010 and the balance of the loan per 31 December 2011 is USD 33.05 million. The interest rate of the loan is LIBOR + 2.50 % p.a. The senior secured term loan will be repaid in quarterly instalments of USD 1.6 million from June 2011 until final instalment of USD 26 million in December 2012.

Key loan covenants for the borrower include:

- Free cash of EUR 500,000, increased to EUR 1,000,000 when only 6 months of charter remain
- Vessel Value / Loan balance, minimum 125%

Other key loan covenants include:

- Value adjusted equity in excess of NOK 300 million and 35% of total value adjusted assets (Group)
- Free cash of EUR 5 million and 5% of interest bearing debt as from 1 January 2010 (Group)
- Remain listed on Oslo Stock Exchange (Company)

SPAREBANK 1 SMN/ BNBANK ASA – USD 59,758,600 – CSV 102

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

North Ocean II KS (borrower) and Oceanteam Shipping ASA (as guarantor) have entered into a credit and guarantee facility agreement in the amount of USD 59,758,600 dated 20 July 2006 and amended 19 January 2009 with BNBANK ASA as bank and agent. The loan is divided in two tranches; first tranche consisting of USD 52 million with an interest of LIBOR +2.75% p.a. and the second tranche consisting of USD 8 million with an interest of LIBOR +3.25% p.a. The balance of the loan per 31 December 2011 is USD 43.3 million. The loan will be repaid in quarterly instalments of USD 1.5 million until final instalment of USD 31 million in January 2014.

Key loan covenants for the borrower include:

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

First year installments are deducted from short term liabilities according to NGAAP.

Other key loan covenants include:

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

SPAREBANK 1 SMN/ BNBANK ASA – USD 59,599,660 – CSV SOUTHERN OCEAN

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

Oceanteam Bourbon 4 AS (borrower) has entered into a credit and guarantee facility agreement in the amount of USD 59.6 million with BNBANK ASA and Glitnir Banki HF as lenders and BNBANK ASA as facility agent. The loan was converted to USD in Q4 2011. The balance of the loan per 31 December 2011 is USD 59,6 million. The current interest is LIBOR + 3,00 %. After conversion, the loan will be repaid in 18 quarterly instalments of USD 1.1 million and a balloon of USD 41 million expected in Q2 2016.

The terms and conditions of this loan have been renegotiated with the banks as a consequence of Glitner Banki HF entering into receivership in 2009 and SpareBank 1 SMN/ BNBANK ASA taking over Glitner Banki HF's share in the credit agreement.

Key loan covenants for the borrower include:

- Market value adjusted equity of 20%
- Positive working capital

First year installments are deducted from short term liabilities according to NGAAP.

Other key loan covenants include:

- Free cash of EUR 5 million (Group)
- Market value adjusted equity (Oceanteam Shipping ASA) of 30%
- Market value adjusted equity (Bourbon Offshore Norway AS) of 25%

OTHER LOANS

The two Fast Support Vessels have been financed with two loans from Amstel Lease. Per 31 December 2011 the total balance of the loan was USD 2.36 million. Each loan is repaid through 90 monthly instalments of USD 50,672.79 with last instalment in January 2014. The applicable interest rate is 7.175 %.

Metalships & Docks SAU have agreed to a seller's credit to North Ocean II KS, connected to the variation orders for CSV North Ocean 102 and for the CSV Southern Ocean (renamed from CSV Bourbon Oceanteam 104). The loans are wholly reimbursed by 2011.

Repayment structure of the bond loan of 400 MNOK:

	IRR (values)	Interest	Balance	000 NOK Quarterly
	(400 000)		(400 000)	
* < 18 June 2011	25 186	(28 558)	(428 558)	(7 139)
* < 18 June 2012	338 745	(14 539)	(443 097)	(3 635)
* < 18 June 2013	101 427	(15 033)	(458 129)	(3 758)
* < 18 June 2014	36 200	(15 543)	(473 672)	(3 886)
IRR	7,14 %	(73 672)		
Call premium monthly	(2 380)			

The internal rate of return (7,14%) is used in the accounts to account for the expected call premium on the new bond loan.

Pr year end 2011 Oceanteam Shipping have accrued NOK 41.8 million in expected call premium. This is presented as a long-term debt in the financial accounts. A new estimate will be calculated if the accrual seems insufficient.

NOTE 18. OTHER CURRENT LIABILITIES

USD'000		
	2011	2010
Public charges	176	922
Provisions	(75)	4 196
Other	3 393	4 182
Holiday and wages due	74	71
Incurred interest costs	500	746
Tax payable	100	58
Other current liabilities	4 168	10 175

Incurred interest costs are for the bond loan in NOK and for the other loans in the relevant currencies. The amount of provisions is based on the Company's best estimates of the exposure and on legal opinions. Other liabilities are related to accrued interests on loans and other liabilities to the joint venture partners. All balance is in USD and NOK. The NOK amount is approximate NOK 28 million.

NOTE 19. RELATED PARTIES**OCEANTEAM HOLDING B.V.**

Oceanteam Holding B.V. is controlled by chairman Hessel Halbesma and Haico Halbesma. Oceanteam Holding BV owns warrants of 79.1 million.

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

TOHA INVEST BV:

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

CHALLENGER MANAGEMENT SERVICES S.A.M:

Ronald Moolenaar, director since December 2009, has an agreement to invoice EUR 300 per hour through his personal company Challenger Management Services S.A.M.

HEER HOLLAND BV

This company is controlled by CEO Haico Halbesma, who has a service agreement with Oceanteam Shipping ASA.

FEASTWOOD HOLDING LTD

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

CENZO

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

Transactions with related parties:

USD'000	Income/recharge exp.		Cost		
Company	2011	2010	2011	2010	Type of transaction
Cenzo BV			(261)		Board Committee
Toha Invest BV			(207)	(283)	Amstel Lease guarantee
Oceanteam Holding BV	750	12		96	Board Committee
Feastwood Holding Ltd	24		(158)		Board Committee
Heer Holland BV			(430)		Management Services
Challenger Management Services S.A.M	1	1	(351)	(205)	Board Committee
Bourbon Offshore Norway AS	186		(161)	(111)	Joint Venture Interests
J. Ray McDermott	4		(30)		Accounting services

	Customer balance		Vendor balance	
Intercompany balances	2011	2010	2011	2010
Cenzo BV				
Toha Invest BV		91	0	56
Oceanteam Holding BV			(124)	(21)
Feastwood Holding Ltd			(100)	
Heer Holland BV			(32)	
Challenger Management Services S.A.M		1	(98)	27
Bourbon Offshore Norway AS			(7 293)	(2 706)
J. Ray McDermott				

NOTE 20. BUSINESS COMBINATIONS

ACQUISITION OF KCI ENGINEERING

On 2nd April 2010 Oceanteam Shipping ASA acquired additional 20 percent of the shares and voting interests of KCI Engineering. As a result, the Group's equity interest in KCI Engineering increased from 50 percent to 70 percent.

NOTE 21. CONTINGENT LIABILITIES

The company has one claim of EUR 325.000 which the company has provided a bank guarantee of the same amount as the claim. The company's legal advice is that the company has a strong case and therefore no accrual has been made in the annual accounts.

NOTE 22. CONTINGENT ASSETS

The company has a dispute of EUR 1 million in receivables where a provision of EUR 250.000 has made in the accounts for doubtful receivables.

In addition the company has some insurance claims.

The mentioned contingent assets are not booked in the financial accounts.

NOTE 23. GUARANTEES

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

NOTE 24. EVENTS AFTER THE REPORTING PERIOD

Bond Loan in Parent Company is under refinancing process.

CSV Bourbon Oceanteam 101 has formalized a three year contract with a 2x1 year option with Oceaneering and end client BP Angola. This contract was secured end December 2011.

CSV Sourther Ocean (renamed from CSV Bourbon Oceanteam 104) has extended the bareboat contract with Fugro-TSMarine with two years firm ending 2015.

Lay Vessel North Ocean 105 build is progressing as planned with expected completion for owners in Q2 2012. The vessel has been delivered 20 April 2012 and commenced a five year charter with Eastern Marine Services.

An investment program in the equipment division has started early 2012 with the order of a new innovative 1250te Flexible installation Carousel. The carousel was successfully delivered in April 2012 and has commenced a 200 days firm contract plan options.

NOTE 25. EARNINGS PER SHARE

The numerator and denominators used in the accompanying calculation of earnings per share above were calculated in the manner shown below. The scenario with warrants I will happen if the nominal bond loan will be repaid before 19th June 2014. If the bond loan is not repaid before 19th June 2014 the Warrants II will be applicable. Please also refer to note 17 for repayment of bond loan.

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

The warrants I is 148,986,069 with a subscription price equal to 0.10 NOK. The total number of shares will then increase to 299,774,462 and it will bring in gross cash to the company of NOK 14.9 million.

The warrants II is 295,996,677 with a subscription price equal to 0.10 NOK. The total number of shares will then increase to 446,785,070 and it will bring in gross cash to the company of NOK 29.6 million.

	2011	2010		Warrants I:	Warrants II:
Net Profit (USD '000)	1 406	209	Net Profit (USD '000)	1 406	1 406
Shares per 1 January	150 788	150 788	Shares per 1 January	150 788	150 788
Transactions			Transactions		
Shares 31 December	150 788	150 788	Shares 31 December	150 788	150 788
Weighted average of shares during the year	150 788	150 788	Weighted average of shares during the year	150 788	150 788
			Warrants issued	148 968	295 997
			Weighted shares and warrants	299 756	446 785
Earnings per share (USD)	0,01	0,00	Earnings per share (USD) including warrants	0,005	0,003

NOTE 26. JOINT VENTURE

	CSV vessel	Head Office	The company's total equity	Equity interest	Voting share
CSV vessels - operating					
Construction and Support			NOK million		
Vessels					
Oceanteam Bourbon 101 AS	CSV Oceanteam Bourbon 101	Bergen, Norway	60,0	50 %	50 %
North Ocean II KS	CSV North Ocean 102	Bergen, Norway	359,6	50 %	50 %
North Ocean II AS	CSV North Ocean 102	Bergen, Norway	17,7	50 %	50 %
Oceanteam Bourbon 4 AS	CSV Southern Ocean	Bergen, Norway	115,4	50 %	50 %
Total assets and liabilities for joint venture companies in the Group accounts:			2011	2010	
			USD	USD	
Current assets			16 722	11 111	
Non - current assets			132 121	203 694	
Current liabilities			33 092	12 268	
Non current liabilities			60 364	81 367	
Income			33 840	29 359	
Expenses			9 366	10 042	



FINANCIAL STATEMENTS PARENT

5	Directors Report
17	Corporate Governance Policy
25	Financial Statements Group
77	Financial Statements Parent
101	Auditors Report
105	Oceanteam Shipping Assets

INCOME STATEMENT BY NATURE OF EXPENSE

01.01 2011 - 31.12 2011

PARENT				
Amount in NOK '000		Notes	2011	2010
REVENUE				
Revenue	2			66
Revenue				66
OPERATING EXPENSES				
Payroll expenses	3,14		13 249	10 458
Depreciation	7		282	200
Write off equipment				
Other operating expenses	3, 16		10 714	7 176
Total operating expenses			24 245	17 834
OPERATING PROFIT/ (LOSS)			(24 245)	(17 768)
FINANCIAL INCOME AND EXPENSE				
Profit on investment in subsidiaries	2,4		68 500	
Interest from group companies	4			
Other interest received	4			
Foreign exchange result	4			
Reverse write off of financial assets	4,18		36 189	41 951
Other financial expenses	4			
Net financial income/expenses	4		(44 234)	(22 423)
Net finance			60 455	19 528
PROFIT/ (LOSS) BEFORE INCOME TAX			36 209	1 760
Tax on ordinary income	5			
NET PROFIT/ (LOSS)			36 209	1 760
Attributable to:				
Other equity	13		36 209	1 760
Total			36 209	1 760

ASSETS

31.12

PARENT			
Amount in NOK '000	Note	2011	2010
NON CURRENT ASSETS			
Intangible assets			
Research and development	7	1 412	
Total intangible assets		1 412	
Tangible assets			
Office equipment	7	865	915
Total tangible assets		865	915
Financial assets			
Investments in subsidiaries	8	348 336	468 083
Loans to group companies	9, 10	297 226	189 142
Investments in associates	8	21 692	
Total financial assets		667 254	657 225
Total non current assets		669 531	658 140
Receivables			
Trade receivables			
Other receivables		13 510	4 911
Total receivables		13 510	4 911
Cash and cash equivalents			
Cash and cash equivalents	11	8 386	7 793
Total current assets		21 896	12 704
TOTAL ASSETS		691 427	670 844

EQUITY AND LIABILITIES

31.12

PARENT			
Amount in NOK '000	Note	2011	2010
EQUITY			
Owners equity			
Share capital	12,13	7 539	7 539
Share premium reserve	13		103 053
Total owners equity		7 539	110 592
Accumulated profits			
Other equity		209 492	1 760
Total accumulated profits		209 492	1 760
Total equity	13	217 031	112 352
LIABILITIES			
Other non-current liabilities			
Bond loan	10	441 766	390 920
Other non-current liabilities	9, 10	23 231	137 917
Total other non current liabilities		464 997	528 837
Current liabilities			
Accounts payable		7 128	6 458
Public duties payable		461	922
Other current liabilities		1 809	22 274
Total current liabilities		9 398	29 654
Total Liabilities		474 395	558 491
TOTAL EQUITY AND LIABILITIES		691 427	670 844

Bergen, 27. April 2012

The board of Directors Oceanteam Shipping ASA


Hessel Halbesma
Chairman and Director



Ronald P. Moolenaar
Director



Catharina Petronella Johanna Pos
Director



Haico Halbesma
CEO

CASH FLOW STATEMENT

01.01 - 31.12

PARENT		
Amount in NOK '000	2011	2010
Cash flow from operating activities		
Profit/ (loss) before income taxes	95 684	1 760
Profit/ (loss) of sale of assets		
Depreciation	282	200
Other non cash items		
Change in accounts receivables	(1 506)	
Change in accounts payable	670	(11 823)
Items classified as investment/financing activities		30 326
Change in other accruals	(156 828)	(115 441)
Net cash flow from operating activities	(61 698)	(94 978)
Cash flow from investing activities		
Pay-out from purchase of fixed assets	(1 645)	(775)
Investments in subsidiaries and associates	(7 519)	
Pay-out from investments in subsidiaries		
Net cash flow from investing activities	(9 164)	(775)
Cash flow from financing activities		
Pay-in from new loans raised	30 000	
Issuance of debt	20 846	
Pay-in non current liabilities		(30 000)
Pay-in from merged equity		
Reverse write off of financial assets	50 846	(30 000)
Net change in cash and cash equivalents	(20 016)	(125 753)
Cash acquire in merger	20 609	133 546
Cash and cash equivalents at 01.01	7 793	
Cash and cash equivalents at 31.12	8 386	7 793

The cash flow statement is based on the merged opening balance 01/01/2011.
Corresponding figures has not been changed.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

PRIMARY ACCOUNTING PRINCIPLES

The financial statements, which have been presented in compliance with the Norwegian Companies Act, the Norwegian Accounting Act and Norwegian generally accepted accounting principles in effect as of 31 December 2011, consist of the profit and loss account, balance sheet, cash flow statement and notes to the accounts.

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

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

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

REVENUE RECOGNITION

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

COST RECOGNITION/ MATCHING

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

OTHER INCOME (COSTS)

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

USE OF ESTIMATES

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

PENSIONS

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

DEPRECIATION

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

INCOME TAX

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

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

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

BALANCE SHEET CLASSIFICATION

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

Current assets are valued at the lower of cost and fair value. Short term liabilities are recognized at nominal value.

Fixed assets are valued at cost, less depreciation and impairment losses. Long term liabilities are recognized at nominal value.

FIXED ASSETS

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

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

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

SUBSIDIARIES AND INVESTMENT IN JOINT VENTURES

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

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

ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

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

RESTRUCTURING OF THE BALANCE SHEET – THE DEBT CONVERSION

The Company's bond loan and shareholder's loans were restructured during 2009. The reducing of the nominal value and the outstanding interest against conversion into shares in the Company. The debt restructuring was followed by a rights issue in which existing shareholders had the opportunity to increase their diluted share in the Company. In these operations the number of shares in the company increased from 15.2 million to 150.8 million and warrants were issued to the parties supporting the financial restructuring of the Company. There are two scenarios for the issued warrants categorized in warrants I and warrants two. Warrants I of 148,986,069 will be effective if the bond loan is refinanced before 19th June 2014, and warrants II will be effective if not the refinancing of the bond loans happens. Warrants II are a total number of 295,996,677.

The costs of the restructuring are deducted from the capital increase. The debt conversion is booked to equity less expenses. The bond loan is booked at the restructured nominal value of 400 MNOK and in addition the accruals for the expected call premiums.

CASH FLOW STATEMENT

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

CURRENCY

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

EVENTS AFTER THE BALANCE SHEET DATE

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

NOTE 2. REVENUE

NOK '000		
	2011	2010
By business area		
Profit on shares	68 500	
Offshore Renewables		66
Total	68 500	66
Geographical distribution		
Europe	68 500	66
Total	68 500	66

The company has been through a merger process and profit on shares is from subsidiaries.

NOTE 3. EMPLOYEES, BOARD AND AUDITOR

NOK '000		
	2011	2010
Employee benefits expense		
Salaries Norway	3 578	4 379
Social security	528	540
Pension costs	113	190
Other benefits	183	213
Payroll expenses invoiced from other group companies	8 848	5 136
Total	13 249	10 458

Oceanteam Shipping ASA had 6,00 in average number of employee years during 2011

NOK '000	
Management remuneration 2011	CEO
Contractor fee	2 402

The CEO (Haico Halbesma) is invoicing through a Dutch company named Heer Holland B.V

Board Name	Position	Directors fee	Committee fee
		NOK '000	NOK'000
Mr Hessel Halbesma	Chairman	300	3 504
Mr Ronald Moolenaar	Director	200	2 050
Mrs Catharina Petronella Johanna Pos	Director	200	1 464

There are no bonus agreements, options, or pensions plans for the CEO. Annual salary is EUR 282.000-. He has also waived his protection in relation dismissal. For this waiver twelve month salary is offered as compensation. For the year 2011, the agreed fee for the chairman of the board is NOK 300 000 and NOK 200 000 for the other directors of the board. In addition, the agreed fee for committee work is EUR 2 400 per day.

The management has an incentive scheme where the incentive is based on the yearly gross salary. The incentive cannot be more than the annual salary.

Oceanteam Shipping ASA has established a new office in Monaco. In addition the Group has a sublease contract for offices in Monaco with Challenger Management Services SAM, owned by director Ronald Moolenaar. The rent and service charges for these offices amounts to EUR 76,560 per year.

AUDITOR

Auditor's fee consists of the following:

NOK '000		
	2011	2010
Statutory audit	1 355	1 253
Other assurance services	361	359
Tax advisory	85	129
Other	115	269
Total	1 916	2 009

VAT is not included in the auditor's fee.

NOTE 4. FINANCE INCOME AND COSTS

NOK'000		
	2011	2010
Finance income		
Write-off investments		
Income investment in subsidiaries	68 500	5 209
Interest income from group companies	10 873	
Other interest income	831	12 799
Other financial income (agio)	57 112	207 104
Total finance income	137 316	225 112
Finance costs		
Reversing write-down investment in subsidiaries	36 189	41 951
Write-down loans to subsidiaries		0
Other interest expenses	(51 585)	(38 764)
Other financial expenses	(6 912)	(389)
Other financial cost (disagio)	(54 553)	(208 382)
Total finance costs	(76 861)	(205 584)
Result financial items	60 455	19 528

NOTE 5. INCOME TAXES

NOK '000	2011	2010
Income tax expense		
Tax payable		
Changes in deferred tax		
Write-down of deferred tax asset		
Deferred tax from equity transactions		
Total income tax expense		
Tax base calculation		
Profit before income tax	36 209	1 760
Permanent differences	(13 517)	(28 864)
Changes in temporary differences	(169 971)	(100 492)
Tax base	(147 279)	(127 596)
Temporary differences:		
Fixed assets	(14 415)	(21 822)
Non-current receivables		(152 858)
Non current assets		
Current assets		
Profit and Loss account	3 134	3 917
Taxable income from Subsidiaries		
Effect foreign exchange on long-term liabilities		10 200
Other temporary differences		(20 689)
Total	(11 281)	(181 252)
Loss carry forward	(990 601)	(843 323)
Total	(1 001 882)	(1 024 575)
Temporary differences not included in base for calculating deferred tax	(979 320)	(1 024 575)
Deferred tax liability (asset)		
Effective tax rate	2011	2010
Expected income taxes at statutory		
tax rate 28%	10 139	493
Permanent differences (28%)	(3 785)	(8 082)
Deferred tax from equity transactions		
Change in temp. differences not recognised	(6 354)	7 589
Deferred tax from share of loss in subs.		
Income tax expense	0	0
Effective tax rate in %	0,0 %	0,0 %

NOTE 6. DEFERRED TAX ASSETS

Deferred tax assets is not recognized in the balance sheet as there are uncertainty according to use as it depends on income from subsidiaries and income for subsidiaries depends on interest income and changes in foreign exchange.

NOTE 7. ASSETS

NOK '000	2011	2010
Intangible assets		
Design NO 207		
Acquisition cost at 01.01.		
Additions	1 412	
Disposals		
Book value 31.12.	1 412	
Tangible assets		
Participation in CSV 105		
Acquisition cost at 01.01.		
Additions	21 692	
Disposals		
Book value 31.12.	21 692	
Property, plant and equipment. Movables, fixtures a.o.		
Acquisition cost at 01.01.	2 342	1 566
Additions	233	776
Disposals		
Acquisition cost 31.12.	2 575	2 342
Accumulated amortisation at 31.12.	(1 709)	(1 427)
Accumulated impairments 31.12.		
Reversed impairments 31.12.		
Net carrying value at 31.12.	866	915
Depreciation for the year	(282)	(200)
Impairments for the year		
The useful economic life is estimated to be:	3-5 years	3-5 years

NOTE 8. INVESTMENT IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

NOK '000					
		Acquired	Location	Ownership share	Voting share
Oceanteam Bourbon 101 AS		2006	Bergen	50 %	50 %
North Ocean II KS		2006	Bergen	50 %	100 %
North Ocean II AS		2006	Bergen	50 %	100 %
Oceanteam Bourbon 4 AS		2006	Bergen	50 %	50 %
North Ocean 105 AS		2010	Bergen	25 %	25 %
North Ocean 207 AS		2011	Bergen	100 %	100 %
Oceanteam Shipping BV	*	2011	Amsterdam	100 %	100 %
Oceanteam II BV		2007	Amsterdam	100 %	100 %
Oceanteam Mexico B.V	*	2008	Amsterdam	100 %	100 %
Oceanteam Mexico S.A de C.V	*	2008	Ciudad del Carmen	90 %	49 %
Oceanteam Energy Holding NV		2008	Schiedam	100 %	100 %
DEP B.V.	*	2008	Schiedam	100 %	100 %
KCI Holding B.V.	*	2008	Schiedam	100 %	100 %
KCI B.V	*	2008	Schiedam	70 %	70 %
Oceanteam Shipping GmbH	*	2007	Amsterdam	100 %	100 %
Oceanteam Shipping Monaco		2011	Monaco	100 %	100 %

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

Oceanteam Shipping 102 and 105 AS, Oceanteam Shipping 101 and 104 AS and Oceanteam Shipping ASA has been through an internal merger process in 2011 where business fully continues in Oceanteam Shipping AS. For more information please refer to note 18

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

NOK '000

Investments valued at cost (company accounts)

Company name	Share capital	Number of shares	Book Value	Equity	Net profit 2011
	NOK		NOK	NOK	NOK
Oceanteam Bourbon 101 AS	2 613	2 610	30 472	60 079	39 390
Oceanteam Bourbon 4 AS	114 805	100	57 403	115 346	47 129
North Ocean II KS	177 730	177 730	80 050	359 563	54 663
North Ocean II AS	17 863	17 863 000	8 932	17 717	(23)
North Ocean 105 AS	119	100	100	119	0
North Ocean 207 AS	100	100	110	(17)	(122)
Abroad companies in EUR 1 000	EUR		NOK	EUR	EUR
Oceanteam II BV	18	18 000	81 050	(3 066)	1 703
Imera NV	45	450 045	0	(52)	(36)
Oceanteam Energy Holding NV	45	45 000	89 055	9 171	49
Oceanteam Shipping Monaco SAM	150	1 500	1 164	(67)	(217)
Sum			348 335	5 986	1 499

NOTE 9. INTERCOMPANY BALANCES WITH GROUP COMPANIES AND ASSOCIATES

NOK '000		
	2011	2010
Intercompany balances		
Oceanteam Bourbon 101 AS	77 336	994
Oceanteam Shipping 101 and 104 AS	0	41 175
North Ocean II AS	(7)	(7)
North Ocean II KS	12 247	(568)
Oceanteam Bourbon 4 AS	60 138	32 685
Oceanteam Shipping GmbH	16 582	45 830
Oceanteam II BV	21 025	35 176
Oceanteam Shipping 102 and 105 AS	0	(134 028)
CONAT, Mexico	51 342	30 679
IMERA	321	102
KCI Holding	0	2 192
Oceanteam Mexico BV	432	309
Oceanteam Energy Holding NV	(8 197)	(1 999)
Oceanteam Equipment Base Ltd	605	(17)
OEH NV to DEP Beheer	0	(1 298)
North Ocean 207 AS	1 625	
Oceanteam Shipping Monaco SAM	425	
Oceanteam Shipping BV	55 149	
Sum	289 022	51 225

Oceanteam Shipping 101 and 104 AS, Oceanteam Shipping 102 and 105 AS, Oceanteam Shipping ASA have been through an internal merging process in 2011. The business continues in Oceanteam Shipping ASA.

NOTE 10. LIABILITIES AND RECEIVABLES

NOK '000	2011	2010
Receivables/ liabilities due in more than one year		
Loans to group companies	297 226	189 142
Long term liabilities due in more than one year		
Bond Loan - nominal value	(400 000)	(370 000)
Bond Loan - expected call premium accrued	(41 766)	(20 920)
Other long term liabilities		
Liabilities to group companies	(8 062)	(137 917)
Total	(449 970)	(528 837)

In 2010 and 2011 Oceanteam Shipping ASA have reversed several write-offs due to settlements.

The Bond Loan has financial covenants which limit ability to incur new indebtedness, no dividend can be paid and booked equity and market adjusted equity ratio must be minimum 25% and respectively 35%.

In July 2009 a restructuring of the Bond Loan and other unsecured loans was implemented, converting 52.5% of the outstanding loan amounts and interest into 87.5% of the Company equity. 106.1 million shares were issued in the debt restructuring against a conversion rate of NOK 4.85 per share. In September 2009 Oceanteam further improved its equity base by a rights issue placement of 29.5 million shares against a price of NOK 1.85 per share. Almost the full amount of the rights issue has been taken up by the providers of shareholder loans who made use of the possibility to convert their shareholder loan positions into equity.

In addition to the mention writedown of the nominal value of the Bond loan, the following amendments to the terms of the loan were made:

- Maturity date to be stretched to 18 June 2014
- The interest margin (to NIBOR) to be increased by 100 bsp per year from December 2010
- Nominal value to be increased to NOK 440 million if not repaid within 18 June 2012
- Nominal value to be increased to NOK 484 million if not repaid within 18 June 2013
- The Bond Loan is callable with the following call prices
 - NOK 423,035,043 through 18 June 2011
 - NOK 457,587,608 through 18 June 2012
 - NOK 497,587,608 through 18 June 2013
 - NOK 541,035,043 through 18 June 2014

NOTE 11. BANK DEPOSITS

Tax deducted from employees, deposited in a separate bank account NOK 239.905,-. Oceanteam Shipping ASA deposit bank guarantee to subsidiaries amount EUR 350.000.

NOTE 12. SHARE CAPITAL AND SHAREHOLDER INFORMATION**SHARE CAPITAL**

At 31.12.2011, Oceanteam Shipping ASA has a share capital of NOK 7,539,418,-, distributed on 150,788,393 A shares. There are also two kind of warrants issued: I of 148,986,069 and II of 295,996,977. Both the warrants have a subscription price of NOK 0.10.

SHAREHOLDER OVERVIEW

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

Shareholders		Number of shares	Equity interest
SIX SIS AG	1,2	50 090 875	33,2 %
NORTH SEA SHIPPING HOLDING AS		6 590 433	4,4 %
MP PENSJON PK		4 973 529	3,3 %
THE ROYAL BANK OF SCOTLAND N.V.		4 479 470	3,0 %
KALFARET AS		4 450 638	3,0 %
JPMORGAN CHASE BANK		3 735 576	2,5 %
TOLLEFSEN		3 618 840	2,4 %
VARNER-GRUPPEN AS		3 502 102	2,3 %
SPAREBANKEN ØST		3 502 102	2,3 %
SONGA SHIPPING & TRADING LTD		2 393 103	1,6 %
BOREA NOTERTE I AS		2 222 244	1,5 %
KORNDORFFER BEHEER		2 216 000	1,5 %
BOREA NOTERTE III AS		2 012 934	1,3 %
EUROCLEAR BANK S.A./N.V. ('BA')		1 164 131	0,8 %
MJELDE		1 002 000	0,7 %
ROLLAND		1 001 000	0,7 %
RØDSET		1 000 000	0,7 %
OLSBORG		868 400	0,6 %
BOREA KREDITT AS		835 946	0,6 %
CREDIT SUISSE SECURITIES		817 157	0,5 %
Subtotal 20 largest		100 476 480	66,6 %
Others		50 311 913	33,4 %
Total		150 788 393	100,0 %
Board:			
Hessel Halbesma (SIX SIS AG)	1	42 261 128	28,0 %
Ronald P. Moolenaar (SIX SIS AG)	2	7 829 097	5,2 %
Total for Board		50 090 225	33,2 %
Management			
Haico Halbesma, CEO	1	43 867	0,03 %
Torbjørn Skulstad, CFO	3	280 200	0,19 %
Total of shares owned by executive employees		324 067	0,21 %

Shareholders	Number of shares	Equity interest
Related parties:		
Norha Invest AS	1 602 000	0,40 %
Tor Arend Halbesma	500 000	0,33 %
Total shares owned by related parties	1 102 000	0,73 %
Total shares controlled by Halbesma familiy	43 406 995	28,79 %

1. Norha Invest AS are controlled by the Halbesma family. Haico Halbesma is CEO and Hessel Halbesma is Chairman of Oceanteam Shipping ASA. Haico Halbesma also owns 43 867 shares privately. In addition the Halbesma family controls 91 million warrants. Tor Arend Halbesma is a son of Hessel Halbesma.

2. Ronald Moolenaar is a director in the board of Oceanteam Shipping ASA

3. Torbjørn Skulstad is CFO of Oceanteam Shipping ASA.

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

NOTE 13. EQUITY

NOK '000	Share capital	Premium fund	Accumulated profit	Sum
Equity 31.12.10	7 539	103 053	1 760	112 352
Write down of shares				
Capital Increase				
Internal Merger process			68 470	68 470
Reducing funds to cover earlier losses				
Reclassifying funds		(103 053)	103 053	
Net profit for the year			36 209	36 209
Equity 31.12.11	7 539		209 492	217 031

Diluted shares - warrants I or warrants II

	Number of shares
Share capital before restructuring:	15 227 891
EGM 14. July - restructuring part I:	106 109 886
Rights issue 24 September 2009	29 450 616
Total number of shares per 30th September 2009:	150 788 393

Total number of shares is still 150 788 393 by the end of 2010.

Warrants I - when bond loan and shareholder loans repaid before 19th June 2014:	Number of warrants I
Warrants I - Providers MNOK 90 bridge loan	60 634 221
Warrants I - Participants Rights Issue	88 351 848
Total number of warrants II per 30th September	148 986 069

Warrants II - when bond loan and shareholder loans are not repaid before 19th June 2014:	Number of warrants II
Warrants II - bond holders	260 512 504
Warrants II - Providers share holders loans	35 484 173
Total number of warrants II per 30th September	295 996 677

NOTE 14. PENSIONS

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

NOTE 15. MATERIAL TRANSACTIONS

In October 2011, we have settled 2 claims with the outcome of payment EUR 2.2 million and receivable of EUR 0.5 million.

NOTE 16. EVENTS AFTER THE BALANCE SHEET DATE

Bond Loan in Parent Company is under refinancing process.

New committed termsheets have been received due to refinancing and will bring in liquidity into Oceanteam Shipping.

CSV Bourbon Oceanteam Bourbon 101 has formalized a three year contract with a 2x1 year option with Oceaneering and end client BP Angola. This contract is secured in December 2011.

CSV Sourther Ocean (renamed from Bourbon Oceanteam 104) has extended the bareboat contract with Fugro-TSMarine with two years firm ending 2015.

Lay Vessel North Ocean 105 has been delivered 20 April 2012 and commenced a five year charter with Eastern Marine Services.

An investment program in the equipment division has started early 2012 with the order of a new innovative 1250te Flexible Installation Carousel. The carousel was successfully delivered in April 2012 and has commenced a 200 days firm contract.

NOTE 17. MARKET RISK

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

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

Other group receivables will be depending on performance of the actual operations in the subsidiary, joint venture or associate.

The market risk is currency risk reflected on the intercompany loans since these loans are in NOK. The intercompany loans has a fixed interest of 7 prc. The bond loan has quarterly roll over on the interest which is NIBOR plus a margin. By December 2010 the margin has increased with 100 bp from 375 bp to 475 bp, ref the restructured bond loan in note 10.

NOTE 18. IMPARIMENT OF FIXED ASSETS AND REVERSALS OF IMPARIMENT

In 2009 the company recognized impairments of shares in subsidiary Oceanteam Shipping 103 AS by TNOK 28,886, loan to subsidiary Oceanteam TPC AS by TNOK 13,065 and loan to subsidiary Oceanteam II BV by TNOK 39,920. In 2010 and 2011 restructuring took place, and the subsidiary will be capable of repaying the loan to Oceanteam Shipping ASA.

Under NRS (F) Nedskrivning av anleggsmidler (Norwegian Accounting Standard on Impairment of Fixed Assets), a unit for impairment evaluation must be determined. In 2009 the unit was the separate subsidiaries. After the merger it must be argued that the unit of judgment of impairment has changed and now is the merged company. The standard also governs a reversal of earlier impairment performed, if the basis for impairment no longer is considered relevant.

Due to this restructuring the write down of 50 % loan to Oceanteam II BV has been reversed in 2011, since the company is able to repay the loan, and the impairment no longer is considered as relevant. The reversals gave rise to a financial income of TNOK 36 189 in 2011.

NOTE 19. CONTINGENT LIABILITIES

The company has one claim of EUR 325.000 which the company has provided a bank guarantee for the same amount as the claim. The company's legal advice is that the company has a strong case and therefore no accrual has been made in the annual accounts.

The mentioned liabilities are not booked in the financial accounts.

NOTE 20. MERGER

In 2011 there was a merger between Oceanteam Shipping ASA, Oceanteam Shipping 101 and 104 AS and Oceanteam Shipping 120 and 105 AS. Oceanteam Shipping ASA as the acquiring company and remaining as transferring companies. The merger is a part of a restructuring process which is implemented for the simplification and optimisation of the company- and decision structure.

The merger was completed for accounting purposes with effect from 1 January 2011. All transactions, costs and income related to the assets, rights and liabilities which are transferred to Oceanteam Shipping ASA shall be allocated to Oceanteam Shipping ASA from that point in time.

The merger will for accounting purposes be completed at continuity.

Corresponding figures have not been changed.

NOTE 21. TRANSACTIONS WITH RELATED PARTIES

Company	Income/recharge exp.		Cost		NOK '000
	2011	2010	2011	2010	Type of transaction
Cenzo BV			(1 464)		Board Committee
Toha Invest BV			(1 159)	(1 587)	Amstel Lease guarantee
Oceanteam Holding BV	4 205	67		536	Board Committee
Feastwood Holding Ltd	132		(886)		Board Committee
Heer Holland BV			(2 414)		Management Services
Challenger Management Services S.A.M	7	4	(1 968)	(1 147)	Board Committee

Intercompany balances	Customer balance		Vendor balance	
	2011	2010	2011	2010
Cenzo BV				
Toha Invest BV		512	0	311
Oceanteam Holding BV			(697)	(119)
Feastwood Holding Ltd			(559)	
Heer Holland BV			(182)	
Challenger Management Services S.A.M		4	(549)	153

NOTE 22. TRANSACTIONS WITH GROUP COMPANIES

NOK '000	Income	Cost
	2011	2011
Oceanteam Shipping ASA to Imera NV	15	
Oceanteam Shipping ASA to OEH NV		(372)
Oceanteam Shipping ASA to KCI Holding		
Oceanteam Shipping ASA to Oceanteam II BV	4 410	
Oceanteam Shipping ASA to Oceanteam Mexico BV	22	(408)
Oceanteam Shipping ASA to Mexico SA de CV (Conat)	1 099	
Oceanteam Shipping ASA to OS GmbH	2 364	
Oceanteam Shipping ASA to OT Equipment Base Ltd	426	(1)
Oceanteam Shipping ASA to OB 101 AS	241	
Oceanteam Shipping ASA to NO II KS		(5)
Oceanteam Shipping ASA to NO II AS	23	(0)
Oceanteam Shipping ASA to OS 102 AS		(9 682)
Oceanteam Shipping ASA to OB 4 AS	1 850	
Oceanteam Shipping ASA to NO 207 AS	169	

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



015

102

NORTH OCEAN 102

AUDITORS REPORT



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To the Annual Shareholders' Meeting of Oceanteam Shipping ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Oceanteam Shipping ASA, which comprise the financial statements of the parent company Oceanteam Shipping ASA and the consolidated financial statements of Oceanteam Shipping ASA and its subsidiaries. The parent company's financial statements comprise the balance sheet as at 31 December 2011, the income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2011, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the parent company financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and for the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Offices in:

Oslø	Hørrer	Sandefjord
Alta	Haugesund	Sandnessjøen
Årstad	Kristiansund	Stavanger
Bergen	Larvik	Stord
Bodø	Mo i Rana	Tromsø
Elverum	Molde	Trondheim
Finnsnes	Narvik	Tønsberg
Grimstad	Ræres	Ålesund

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Statss autoriserte revisorer - medlemmer av Den norske Revisorforening

5	Directors Report
17	Corporate Governance Policy
25	Financial Statements Group
77	Financial Statements Parent
101	Auditors Report
105	Oceanteam Shipping Assets



Independent auditor's report
Oceanteam Shipping ASA

Opinion on the separate financial statements

In our opinion, the parent company's financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Oceanteam Shipping ASA as at 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Oceanteam Shipping ASA and its subsidiaries as at 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and Report on corporate governance

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and Report on corporate governance concerning the financial statements, and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Accounting Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Bergen, 27 April 2012

KPMG AS

Knut Olav Karlsen

State Authorised Accountant



OCEANTEAM SHIPPING ASSETS

- 5 Directors Report
- 17 Corporate Governance Policy
- 25 Financial Statements Group
- 77 Financial Statements Parent
- 101 Auditors Report
- 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 Offshore Norway. The ship is 122,5 meters at length with a 27 meter beam. Its excellent seafaring capabilities, one 150 tonnes and one 100tonnes fully heave compensated cranes, moon pool, 2000m2 free deck space and 120 accommodation enables CSV Bourbon Oceanteam 101 to be utilised for field support, construction, installation and IRM support.

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



CSV NORTH OCEAN 102

This DP2 Construction Support Vessel was delivered in Q4 2008. The vessel has been working for ABB High Voltage AB since its delivery and been mobilised with a 7000 tonnes, 2 x 120 tonnes tensioners flexible product installation spread. CSV North Ocean 102 is equipped with one 100 ton heave compensated 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.

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

VESSELS



CSV SOUTHERN OCEAN

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

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.

General Description

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



FSV MANTARAYA / FSV TIBURON

This 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.

EQUIPMENT



OCEANJET 900

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

Performance

Thrusters, fwd/aft/lateral:	1500 kg thrust each
Vertical:	1500 kg thrust each
Jetting system:	Variable 250–690m ³ /h, 6–13 bar
Adjustable trench depth:	0.5 m – 2.0 m
Maximum:	kPa 70 kPa

Weights and Dimensions

Vehicle dimensions:	5000 x 4190 x 2970 mm
Vehicle weight in air:	13000 kg
A' Frame Transportation	
Dimensions:	12000 x 2986 x 3500 mm
A' Frame Operational	
Dimensions:	12000 x 2986 x 8640 mm
A' Frame weight:	35 tonnes
A' Frame incl. winch etc:	42 tonnes
Operational SWL:	20 tonnes



OCEANPLOUGH 01

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

General Description

Plough (on deck)	
Dimensions (LxBxH):	15 m x 6.5 m x 7m
Weight in air:	45 tonnes
Control Cabin	
Dimensions:	6 m x 2.54 m x 2.74 m
Weight:	12 tonnes
Umbilical Winch	
Dimensions:	3.5 m x 2.7 m x 3.1 m
Weight in air:	20 tonnes
HPU	
Dimensions:	1.9 m x 2.4 m x 2.6 m
Weight in air:	5 tonnes

EQUIPMENT



MODULAR 1250 TON CAROUSEL

The Oceanteam 1250te Basket Carousel system comprises basket, Spider frame base, Gooseneck tower and 20ft Containerised HPU. The basket is rotated by means of 4 sets of single pair wheels gripping the outer rim of the basket. The basket can be raised or lowered via jacking cylinders on the spider frame under-rollers. During vessel transit, the drive wheels will be dis-engaged, and the basket lowered to the storage position, meaning the basket will be resting on the spider frame base. Rotational speed is varied by means of proportional hydraulic valves on the HPU. The Gooseneck at the top of the tower has the ability to slew approximately 30deg by means of a manually operated hydraulic ram, this function enables the product to be coiled more easily when loading. Similarly assisting the product, to exit the basket during lay operations. In addition, the modular 1250te carousel systems are fully mountable and can be transported easily in parts by road or vessel in 40FT containers which will have a positive impact on clients mobilization cost and time.



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