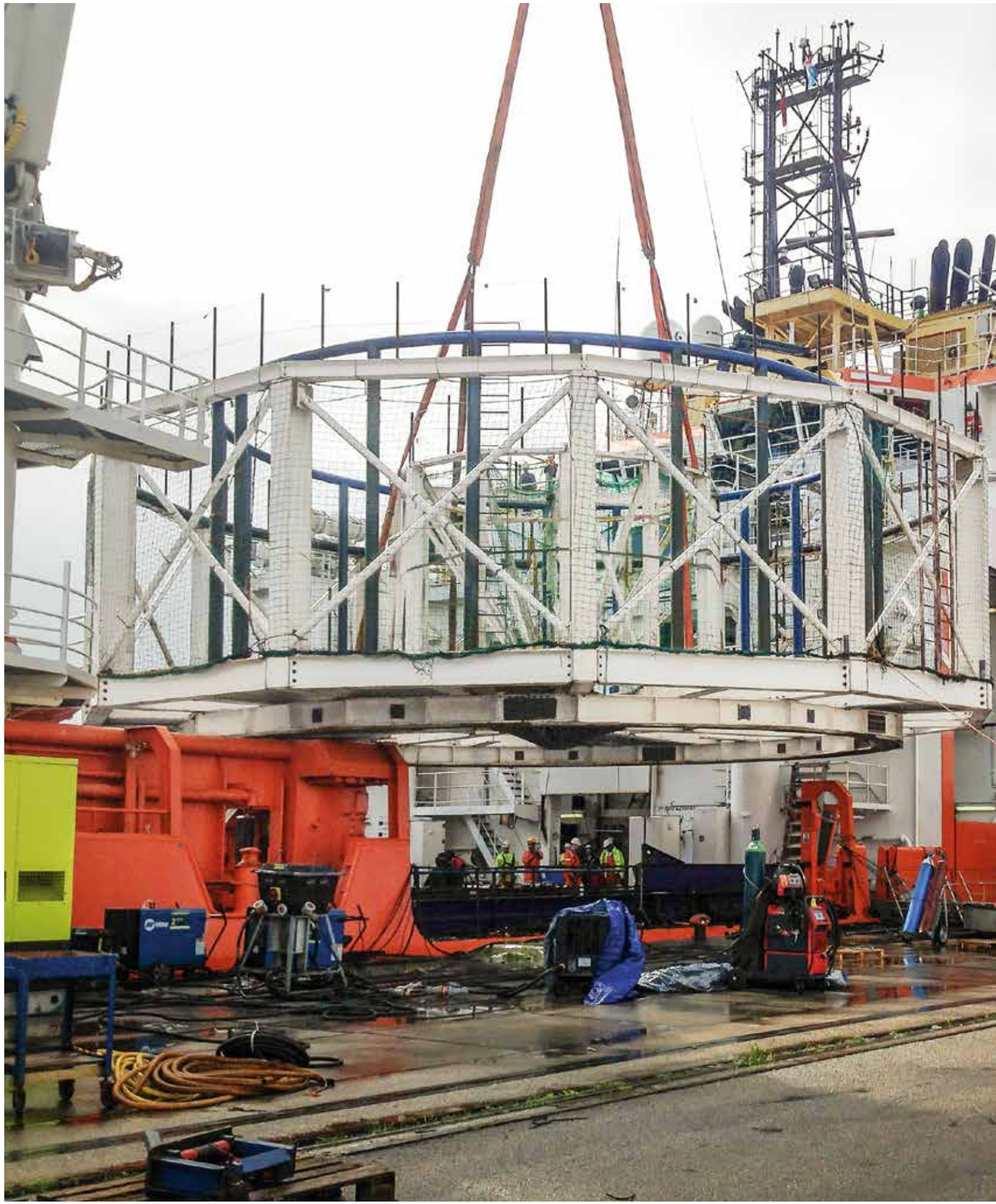




ANNUAL REPORT 2013



OCEANTEAM SHIPPING





CONTENT

5	Shareholders letter
7	Directors Report
23	Confirmation from the board of directors and CEO
25	Corporate Governance Policy
35	Financial Statements Group
99	Financial Statements Parent
124	Auditors Report
127	Company's Assets



SHAREHOLDERS LETTER

2013 was a year of consolidation and operational focus for Oceanteam Shipping ASA. In addition, new opportunities were identified and followed upon, which resulted in particular in a large back log for RentOcean and the establishment of DOT Shipping. This joint venture with Grupo Diavaz is to service the fast growing Mexican market. The Company started and completed several important initiatives. Based on the new growth strategy we strengthened our backlog and operational efficiency and also laid the foundation for sustainable growth going forward.



Shareholders letter

- 7** Directors Report
- 23** Confirmation from the board of directors and CEO
- 25** Corporate Governance Policy
- 35** Financial Statements Group
- 99** Financial Statements Parent
- 124** Auditors Report
- 127** Company's Assets

From early 2013 we have re-focused the Company, improved both the balance sheet and our operations significantly and at the same time opened up for new types of work. During the year we have established new initiatives and partnerships, with the focus on providing our clients with a more complete offering to form the basis for future growth. With a fiscally sound company structure, large deferred tax assets, a solid backlog and a healthy market throughout, we now turn our attention to growing and using the building blocks that have been put in place to deliver a more integrated services.

The year 2012 was in many ways a year of financial transformation in which the Company refinanced a total of USD 240 million in vessel and company debt. A USD 92.5 million unsecured bond placement towards the end of 2012 concluded the changes in the capital structure. As a result warrants could be exercised in early 2013, which further improved the Company's liquidity and debt maturity profile resulting in a solid financial platform from which to operate. The bond market has already recognized the solidity of the Company's financial strategy as this is currently trading at 107 above par.

The year 2013 has been a year of operational improvement and focus on building new business lines. The Next Step programme has hampered the financial performance of KCI somewhat but at the same time is preparing the Company to deal with future challenges, which is key to its future success.

The operational improvement and solid backlog within subsidiaries RentOcean, OceanWind, KCI as well as the Shipping division, are a confirmation of the success of the Company's strategy so far. We now have to start leveraging the Company's core competences throughout the value chain. The companies are expected to prosper in the coming years and we are confident that the four business lines and management teams will show better and improved financial and operational performance going forward once The Next Step is completed in the second half of 2014. It is the Board and Management's intention that 2014 will be the year that Oceanteam demonstrates its ability to initiate significant growth. For example, in late 2013 and early 2014 the Company spent significant resources to position the Company so that it can capture part of the expected strong growth of the Mexican market through a joint venture named DOT Shipping. This new company, owned by Grupo Diavaz and Oceanteam Shipping jointly was established in Q1 2014. We are confident that the revised strategy will work and that during 2014 we will see some significant contracts being awarded.

We see an unprecedented number of opportunities going forward and the key is now to focus clearly on them. The Company has received the trust of clients and commitment from its teams, board and shareholders. I am confident that during 2014 and 2015 we will succeed with executing our exciting plans and will be able to better support our clients.

In the annual report 2013 there are changes in the presentation compared to what was presented in fourth quarter report due to IFRS 10. For first quarter 2014, CSV Southern Ocean will be reported as fully consolidated as presented in fourth quarter 2013 report. The other CSV vessels, Bourbon Oceanteam 101, North Ocean 102 and Pipe Lay Vessel North Ocean 105 will be reported after the equity method. For further details, please review the full quarterly and annual report for the Company.

Yours faithfully,

Haico Halbesma
Chief Executive Officer
Oceanteam Shipping ASA



DIRECTORS REPORT 2013

5	Shareholders letter
	Directors Report
23	Confirmation from the board of directors and CEO
25	Corporate Governance Policy
35	Financial Statements Group
99	Financial Statements Parent
124	Auditors Report
127	Company's Assets

ABOUT OCEANTEAM SHIPPING

Oceanteam Shipping is an offshore shipping company. Oceanteam's business is the owning, chartering and managing of deep water offshore construction service vessels, pipe lay vessels and, fast support vessels.

In addition, Oceanteam Shipping provides complementary engineering services consisting of both engineering & design Services and equipment rental to support our clients.

With our in-house experience and expertise we ensure that our clients find the most effective solution for their projects. We can provide integrated services and a pro-active assistance, both operational and technical, of every aspect on the projects we manage.

For more information about the Company:
www.oceanteam.no

The Company ticker on the Oslo Stock Exchange is "OTS" (www.ose.no).

COMPANY OVERVIEW

Oceanteam Shipping was incorporated on the 5th October 2005 in Bergen, Norway.

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

The "CSV Bourbon Oceanteam 101" of the North Ocean 100 series was delivered late 2007 as the first of its multiple vessel building programme. The "CSV North Ocean 102" was delivered in December 2008 followed by new vessel deliveries each following year until 2012. All construction support vessel have been on long term charters since their delivery and continue to perform against a healthy back log with top tier clients as a result of their strong operational performance.

In addition to the large construction support vessels the Company has build up a strategic engineering presence and a large pool of installation equipment. The Company has built up strategic operational and financial assets, know and, management to support an aggressive growth strategy going forward.

This strategic change to the supplying of integrated services which include vessels, equipment services and key engineering & design capabilities has reduced the operational risks of the Company significantly and has led to increased profits.

Today Oceanteam Shipping operates, in addition to its extensive engineering & design services, three large construction support vessels, two fast support vessels and one ridged pipe laying vessel and a large pool of flexible product installation and burial equipment, carousels and tensioners.

In addition the Company has strategic joint ventures, such as the new company DOT Shipping in Mexico, which gives it a unique position and solid basis for growth.

Due to its efficient tax restructuring the Company has a deferred tax asset of NOK 1 017 million for Norwegian companies and EUR 39 million for foreign entities, which is treated as one of the strategic assets of the Company for the years to come.

Oceanteam Shipping has offices in Amsterdam, Velsen and Schiedam in the Netherlands, in Monaco and in Ciudad Del Carmen in Mexico. The corporate headquarters are in Bergen, Norway.

OCEANTEAM SHIPPING HAS THE FOLLOWING BUSINESS LINES: SHIPPING, ENGINEERING & DESIGN SERVICES AND EQUIPMENT SHIPPING

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

Oceanteam Shipping is continuing to develop projects and designs for future, larger and more advanced North Ocean Series vessels. The next generation, North Ocean 300 series, is fully developed and ready for implementation.

Oceanteam Shipping's clients expect a high degree of co-operation, engineering, crew and owner support at the various stages of their projects. The combination of modern assets and engineering capabilities allows the



Company to provide innovative and intelligent solutions from which the Company expects to expand going forward.

In addition to the existing fleet the Company recently closed a joint venture with Grupo Diavaz, named DOT Shipping, to provide vertical integration fleet solutions for the Mexican market. Through this joint venture Oceanteam will grow its fleet and ship management operations.

ENGINEERING & DESIGN SERVICES

The engineering & design Services division, named KCI, employs over 150 staff and services approximately 60 clients both in the oil & gas and offshore renewable markets. Besides facility design, field design, pipelines and subsea structures and installation procedures the Company has the experience and expertise to design complex structures like stingers, lifting arrangements and to execute equipment division, named RentOcean, has built up and invested significantly in 2013 to grow its pool of equipment. This has enabled it to enter the oil & gas market in addition to the offshore renewables market. RENTOCEAN delivers an integrated service for installation, transport and storage of flexibles. This includes flexible pipeline, umbilicals and power cables. The services include equipment, operators, engineering & procurement.

All Oceanteam business lines work according to the same standards and are fully DNV certified for ISO 9001, ISO 14001 and OHSAS 18001.

MISSION, STRATEGY & GOALS

Oceanteam Shipping's mission is to provide state of the art construction and IRM support vessels that enable its clients to perform their operations in the most efficient manner. Oceanteam Shipping develops vessel and equipment series based on its operational experience and technical knowledge. The strategy of the Company is to create value for its shareholders by continuing to invest in and to develop assets that are relevant to and appropriate for its clients in the offshore oil & gas and offshore renewable markets.

Oceanteam continues to invest and to grow significantly its ability to provide complex offshore support solutions

through integrated seamless engineering know-how, special purpose support equipment and vessels.

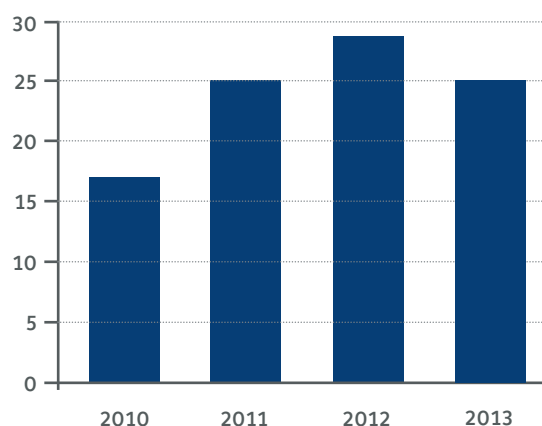
Our ambition is to be the first choice in engineering service and execution management for economically and technically challenging projects in the oil & gas and offshore renewable energy sector.

ANALYTICAL INFORMATION 2013

USD MILLION	2013	Q4	Q3	Q2	Q1
Total operating revenues	62,6	15,4	15,6	15,2	16,5
Operating costs	(19,3)	(4,7)	(4,5)	(4,6)	(5,5)
General & administration	(18,4)	(6,1)	(3,9)	(4,6)	(3,8)
EBITDA percentage	25,0	4,6	7,2	6,0	7,3

KEY FINANCIAL FIGURES (USD MILLION)

EBITDA DEVELOPMENT YEARLY – HISTORICAL



MAIN EVENTS – 2013

CHARTER RENEWAL

In November 2013 the Company extended the bareboat charter with Fugro TS Marine Australia for the CSV Southern Ocean for three years, from the end of 2015 to the end of 2018 with additional options.

RentOcean equipment rental services, through a significant USD 10 million investment programme in 2013 and with it an extension of the scope of its services, has made the transformation from short term seasonal contracts to a more stable model having a healthy mix of long, medium and short term contracts in both the oil & gas and offshore renewables sectors. The first two major oil & gas contracts have been awarded for the supply of equipment and support services to clients in South Korea and Brazil.

As a result the back log of RentOcean has grown already to approximately USD 19 million for 2014 and 2015.

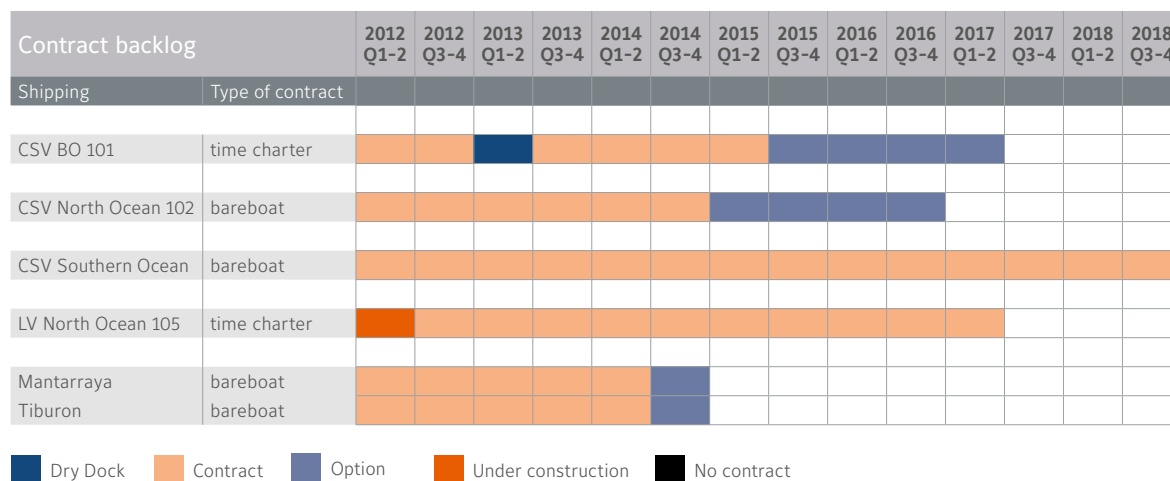
The full back log for the shipping segment in secured contracts is a firm USD 139 million with an additional USD 83 million in options for extensions.

REFINANCING

Following the refinancing of a bond loan in 2012 and subsequent exercise of "Warrants I", a share capital increase in Oceanteam Shipping ASA was registered in the Norwegian Registry of Business Enterprises on 24th January 2013. The share capital is NOK 14.796.629,50 divided into 29.593.259 shares, each with a nominal value of NOK 0.50.

Following the refinancing, the Company has a strong balance sheet and is as a result exploring new and attractive opportunities growth.

The booked equity per year end 2013 is 37 %.



OPERATIONS - 2013

SHIPPING

CSV Bourbon Oceanteam 101 has been fully operational the whole year except for a scheduled 5 year dry docking which commenced in May and was completed in the second quarter. The charter with BP Angola/ Oceaneering started on 1 February 2012 for 3 years firm with 2x1 year options for extension.

CSV North Ocean 102 has been on charter with J.Ray McDermott S. A. for the full year. The vessel has successfully worked off the coast of Australia during the year and completed its first 5 year dry dock in the fourth quarter of 2013. The dry docking included an upgrade with the installation of a lay tower and replacement of a crane. All upgrades were at the charterer's expense.

The bare boat charter runs to 1 August 2015, with an additional 2x1 year option for extension until 1 August 2017. McDermott has an option to purchase the vessel which is exercisable in the second half of 2014. If McDermott is not in a position to exercise the purchase option, it is transferred to Oceanteam which then has the option to buy out McDermott instead.

CSV Southern Ocean has been operational from October 2010 with Fugro-TS Marine Australia. In November 2013 the parties agreed to a further extension of the bareboat charter until the end of 2018 with options for extension. The vessel has been working in Australia and the Far East. For the fourth quarter of 2013 CSV Southern Ocean has been in Singapore on a stand by rate and commenced project work again in February 2014.

Oceanteam took delivery of Lay Vessel North Ocean 105 on the 20 of April 2012 and the vessel has since then been on a 5 year charter with McDermott International and operates on a worldwide basis as a pipe layer. For 2013 the vessel has been mainly operating in the Far East.

Oceanteam Mexico SA de CV operates two fast support vessels "Tiburón" and "Mantaraya." Both vessels have been fully operational in Venezuela during 2013 on bare boat contracts with Inversiones Setin 2010 CA and will remain on these until mid 2014. Inversiones has options for extension.

ENGINEERING SERVICES

In line with the Company's revised strategy and strong focus on growth going forward, Oceanteam initiated a company-wide programme named "The Next Step" to enhance its capabilities, to accommodate future growth and to work throughout the Company with the same high standards of project management and cost control so improve the level of service and quality delivered to our clients. During October 2013 Oceanteam started of "The Next Step" improvement programme in KCI by significantly strengthening the Company's management team, operations and organisation structure. Significant resources have been allocated to this programme. In February 2014 Oceanteam acquired the remaining 30 % of the shares in the Company. In addition Oceanteam has supported the improvement programme with a convertible loan facility. KCI has been working on various contracts for multiple clients in both the oil & gas and offshore renewables market.

The Company has had an average of 150 engineers who have been working on projects such as the following:

- Assistance in field development plan for oil & gas operator on the Dutch onshore sector.
- Concept design J-Lay tower off-shore pipe line contractor.
- Concept development of a deck-layout for a cable laying vessel.
- Basic design of foundation jackets for a sub-station on the English sector of the North Sea.
- Concept and feasibility studies for WSB platform (UK).
- Detailed engineering for the relocation of an off-shore multi-purpose platform in the Dutch sector of the North Sea.
- Detailed design and fabrication assistance for a pile gripper.
- Detailed design for hydraulic piping for top-side lifting systems.
- Design for a process upgrade of an offshore topside production platform on the Dutch Sector of the North Sea.
- Detailed design and stress analysis of piping systems for a FPSO
- Basic and detailed design of a giant observation wheel in Dubai.

RENTOCEAN

Oceanteam's fast growing equipment division RentOcean rents out carousels, reels, subsea ploughs, tensioning equipment and supporting staff to numerous clients worldwide. RentOcean's services are used for installation, transport and storage operations.

In 2012 a strategic decision was taken to move all equipment from Dundee to Velsen in the Netherlands and to grow the pool significantly based on company proprietary equipment designs. During the year RentOcean extended the scope of its services with additional qualified personnel, engineering and (de)mobilisation services at its Velsen deep-water base.

The levels of secured work and backlog have been steadily increasing throughout 2013 leading to a backlog of approximately USD 19 million in early 2014.

Highlights for RentOcean in 2013 include:

- Delivery of a certified 4.000t modular carousel plus support equipment to LS Cable South Korea
- Delivery of an additional 2.000t/4.000t modular carousel
- Award of a long term contract to OceanWind, also based in the Netherlands to supply E.ON Climate & Renewables with port facilities, offloading and storage of cables
- Secured its first major oil & gas contracts for a/o Ceona

The proprietary modular carousel design has proven its quality in the market and its strength through its short mobilization and demobilization time together with flexible transportation. In the coming years, RentOcean is planning for significant growth and will continue its investment programme in relevant equipment and personnel.

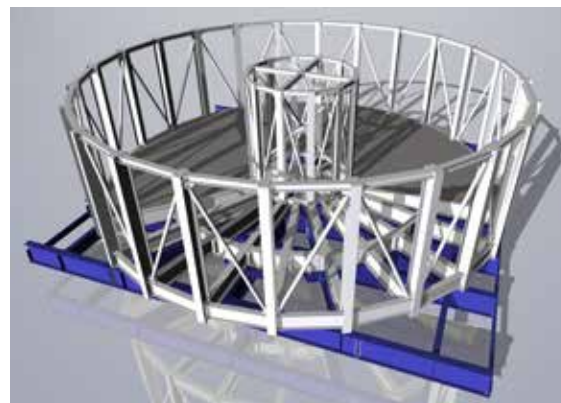
For 2014 the Company will focus on improved operational performance and growth based on secured backlog and, external financing to deliver the expected strategic benefit for the Company.

Through its joint venture company OceanWind the Company entered storage and transport contracts for RWE, Vattenfall and, EON. Recent awards for storage and transport through OceanWind include projects from Prysmian and McDermott.

BUSINESS AREAS

Oceanteam Shipping provides a portfolio of integrated services with a focus on developing a strong presence in certain niches and geographical areas. Key markets are the oil & gas and offshore renewables.

The shipping segment is based on long term contracts and the Company has a long track record of securing such contracts. The current back log is a firm USD 139 million and USD 83 million in options. The combination of the shipping business with KCI Engineering Design Services, RentOcean equipment solutions and its deferred tax assets provides the Company with strong cash flows to support its growth plans.



BUSINESS OVERVIEW



EQUIPMENT SERVICES

RENTOCEAN – EQUIPMENT POOL

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

RentOcean invested during 2013 USD 10 million in a new OTS design 2.000t and a 4.000t capacity modular carousel system. RentOcean plans to continue with its growth strategy in 2014. The carousels are internally designed with a uniquely flexible and efficient design that enables the equipment to be shipped in 40ft containers, rather than dedicated vessel transporting a carousel in one piece. The result of this new concept is that the equipment can be transported and mobilized to any port around the world in a very cost effective way. The Company is the owner of the intellectual property rights for the carousels.

RentOcean as part its investment programme extended its scope of services and has made the transformation from short term seasonal contracts to a more stable model having a healthy mix of long, medium and short term contracts. The first two major oil & gas contracts have been awarded for the supply of equipment and services to Korea and Brazil which is an addition to the historically strong offshore renewable market for the business.

The back-log of RentOcean is USD 19 million. The Company's strategy is to focus on the provision of "state of the art" equipment for the oil & gas and offshore renewable energy market. This strategy will provide the Company with excellent opportunities in the near future. The Company is experiencing strong interest for its equipment from leading global companies.

OCEANWIND

OceanWind, which started operations in 2012, facilitates the submarine cable & umbilical industry by offering its clients a full and integrated range of services comprising cable storage, cable handling, and cable transport. The business was established in the second half of 2012 as a joint venture between RentOcean and WIND BV. In 2013 the first cable storage contract for a period of 20 years was closed with EON.

The business idea of OceanWind is to create hubs for ship-to-ship cable/ pipe transfers and to provide short and long term storage with fast access to the North Sea.

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

DESIGN ENGINEERING SERVICES

KCI The Engineers in the Netherlands provides full engineering design and consultancy services to clients in the onshore and offshore oil & gas and renewable industries. In addition, KCI can provide services for complex structures both onshore and offshore.

In line with Oceanteam's revised strategy and strong focus on growth a programme was initiated named "The Next Step". This to enhance KCI's capabilities, accommodate future growth and to assure that throughout the Organisation we work with the same high standards of project management, cost control whereby at the same time we improve the level of service and quality delivered to our clients. In addition KCI supports the other divisions within the Company by providing integrated services.

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 has specialist expertise in the design of complete process hardware for both onshore, offshore and vessel applications.

KCI employs on average 150 engineers and has offices in Schiedam, The Netherlands and in Hamburg, Germany.

MARKET OUTLOOK

Stable oil prices have strengthened our markets and the Company expects, also as a result of its revised strategy and The Next Step programme, that this will increase the demand for the integrated services Oceanteam provides.

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

develop faster or slower and therefore the Company has chosen to focus on stable regions or to team up with strong local partners.

In Western Europe many offshore wind parks have been delayed due to funding or supply chain problems and cost overruns. During 2013 and for the years to come, the Company expects demand to increase for renewable energy related services but exact start dates remain uncertain. Overall the market is expected to grow. This will lead to an increased demand for support vessels and associated services. The focus of the industry is on cutting installation and maintenance costs and using flexible solutions, which Oceanteam believes it can provide.

Larger wind farms allow improved fixed cost allocation, but also increased project complexity and increased demand for engineering services.

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

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

In addition the Company allocated significant resources in 2013 on preparing the Company for growth. A significant step in 2014 has been the establishment of a joint venture with Grupo Diavaz in Mexico named DOT Shipping.

The Company is to provide, in this captive market, vertical integration fleet engineering solutions for the Mexican market. Through this joint venture Oceanteam operations will grow throughout the coming years.

QUALITY, HEALTH, SAFETY AND ENVIRONMENT

THE WORKING ENVIRONMENT AND THE EMPLOYEES

Leave of absence due to illness remained at a low level. The Company will continue to make efforts to keep absence as low as possible, retain levels of expertise and commitment among our personnel. No incidents or work related accidents resulting in significant personal injury occurred during the year 2013. While the working environment is considered to be good, efforts for further improvement are made on an ongoing basis. In 2013 the Company carried out an employee engagement survey in its engineering division in order to gauge the level of workplace satisfaction. The new management is addressing the concerns raised in the survey.

Report from HR department indicates average leave of absence to be 4.36 percent in 2013 compared to 3.62 percent in 2012.

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.

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, descent, skin colour, language, religion and faith. The Group is working actively and systematically to encourage the act's intention 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 physical conditions in such a manner that as many as possible can utilize the various functions. For new employees or new applicants with reduced functional ability, individual workplace arrangements will be made.

CORPORATE RESPONSIBILITY

Corporate responsibility at Oceanteam Shipping is a matter of making good and sustainable business decisions. The Company considers corporate responsibility a strategic benefit that adds value to the Company, its stakeholders and society. The efforts of the Company in corporate responsibility are to increase the positive effects and reduce potential negative consequences of its operations.

The Company's corporate social responsibility report is available on company's website www.oceanteam.no

INTEGRATED MANAGEMENT SYSTEM

Management of QHSE is a strategic focus area for the Oceanteam Shipping group. The Integrated Management System (IMS) has been fully DNV certified. The DNV certificate was renewed early 2014.

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

DNV conducted an audit in February 2014 and established compliance after which the certificates ISO 9001, ISO 14001 and OHSAS 18001 were renewed.

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

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

In 2013 a programme was initiated named "The Next Step" to which significant resources have been allocated. This is to enhance the Company's capabilities, accommodate future growth and to assure that throughout the Organisation Oceanteam starts working with the same high standards of project management and, cost control

whereby at the same time an improved level of service and quality is delivered to our clients

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 2014 to 2016 and the Group's long term strategic financial forecasts.

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

COMMENTS RELATED TO THE FINANCIAL STATEMENTS

The fair market values of three CSV vessels and one LV vessel are estimated by two external independent brokers to be USD 544 million on a 100 % basis ending 2013.

OPERATIONS

The revenue for the Group has decreased to USD 62.7 million in 2013 from USD 66.5 million in 2012 which gives a difference of 5.8 percent. The decrease has been caused by change from time charter to bareboat contract for the North Ocean 102 and lower activity in certain parts of the engineering segment due to the delayed start up of some projects.

The operational expenses have increased due to court proceedings with Sawicon AS and North Sea Shipping AS as a third party concerning rights to and the use of the North Ocean 100-series design. Gulating Court of Appeal upheld Oceanteam's appeal in March 2014. Gulating Court of Appeal released Oceanteam from the obligation to pay the legal costs incurred by Sawicon AS and North Sea Shipping AS in connection with the Bergen City Court case. The change in 2013 annual account compared to fourth quarter figures is USD 600.000 from the above court case. In first quarter 2014 the ruling from Gulating Court of Appeal will reverse the USD 600.000 expenses.

The administration costs have been on the same level as previous year, but the cost line is affected by the The Next Step Investment programme of KCI the engineers which has been partly recorded. Overall this has resulted in a decrease in the EBITDA to USD 25 million from USD 28.7 million. The EBITDA percentage ratio in 2013 is 39 percent compared to 43 percent in 2012.

The Company's senior bond loan denominated in USD has reduced the overall currency effects significantly. The foreign exchange results are affected by the fluctuations in the EURO and NOK against the USD reporting currency.

Oceanteam Shipping has significant approved deferred tax losses from the past, only a small part of which has been capitalized. The change in 2013 of the deferred tax assets is related to the placement of the "CSV North Ocean 102" outside the Norwegian tonnage tax regime. The tax effect on the revaluated amount is included in Tax under comprehensive income.

The Group's net result is a loss of USD 3.3 million compared to a loss of USD 11 million in the year 2012.

The net financial costs are mainly interest payments for the USD bond loan and bank interests for the 3 CSV vessels.

The board and the management are continuously working to improve the financial performance and see a positive development in order backlog and growth for the second half of 2014.

INVESTMENTS

For the year 2013 the Group shows total operational investments of USD 14 million. Investments have been allocated to RentOcean, KCI the engineers and a dry docking. The Group's liquidity reserve as of 31 December 2013 amounted to USD 20 million of which USD 500.000 is restricted or pledged as collateral under various loan and guarantee arrangements.

NEW SENIOR CALLABLE BOND ISSUE 2012/ 2017

The Company issued an unsecured bond loan in the amount of USD 92.5 million dated 24 October 2012. The net proceeds were used to refinance an old NOK bond loan.

USD 35 million will mature, with pro rata redemption, at interest payment date April 2015 at 100 percent par value. The remaining amount of USD 57.5 million will mature at the final maturity date of 24 October 2017.

SECURED BANK DEBT

The Company refinanced two CSV vessels in 2012, owned through a joint venture with Bourbon Offshore Norway AS.

INTEREST RATE AND FINANCIAL COVENANTS

The balance of secured bank debt is USD 81 million and the bond loan is USD 90.7 million at the end 2013. The bank debt has a 10 years tenor with quarterly repayments and a balloon at its fifth anniversary due in July 2017. The bond loan is divided into two instalments where USD 35 million is due April 2015 and USD 57.5 million is due October 2017. Per balance sheet date and reporting date the Company is in compliance with all it's covenants.

The key financial covenants of the bond are for the Company to maintain booked equity and market adjusted equity above the minimum of 35 percent and 25 percent. There is also a gearing ratio, being the ratio of net interest bearing debt divided by EBITDA, of 6.0 for the two first years and then decreasing to 5.5 and 5.0 on the second and the third anniversary until the maturity date in 2017.

The bond loan is callable from October 2015 with a call premium of 106 percent reducing to 103 percent after October 2016. Furthermore there are clauses which restrict dividends, change of control and to maintain the Company OSE listing.

CAPITAL STRUCTURE

Approximately two thirds of the revenue in the Group is USD (shipping segment) while one third is in EURO (engineering & equipment segment). The dividend stream up to the Parent Company Oceanteam Shipping ASA will be in

different currencies compared to the balance sheet of the Parent Company.

In fourth quarter 2012 Oceanteam Shipping ASA completed a successful placement of a USD 92.5 million senior bond to replace the NOK bond loan. The net proceeds were used to refinance the NOK bond loan. The early redemption triggered the exercise of up to 14.898.607 Warrants I of which 14.514.419 were exercised at a subscription price of one new share for NOK 1.00 per warrant. This resulted in NOK 14.514.419 in additional capital in 2012. The exercise of warrants type I in January 2013 has "cleaned-up" the capital structure of the Company with no outstanding warrants.

Following the refinancing, the Company has the balance sheet and liquidity necessary to exploit potential attractive opportunities in 2014 and forwards.

The revaluation premium of USD 98 million which is the difference between the historical costs and the fair market values has increased overall during the year due to the increased demand in the market in spite of the option value for CSV North Ocean 102 for which revaluation premium has decreased.

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

MARKET VALUES OF THE SHARES

The shares on the Oslo Stock Exchange were priced at NOK 4.10 on 10 April 2014 which gives a market valuation of the Company of NOK 121 million taking into account the share volume of 29.6 million shares. The booked equity is significantly above the Company's share market value. The view of the management and the board is that the book value is a better reflection of the fair market values in the Company and its potential. This can be seen in the positive development of the equity in the Parent Company Oceanteam Shipping ASA which has positive returns on its share investments. There are no restrictions in the Company's articles of associations for trading the shares.

During the year the Company purchased up to 10 percent of the outstanding share capital.

BALANCE SHEET

Oceanteam Shipping applies a revaluation model according to IAS 16 for the valuation of its construction support vessels in operation.

The effects of applying the revaluation model in 2013 amounted to USD 98 million, consisting of the vessels "CSV Bourbon Oceanteam Shipping 101" and "CSV North Ocean 102", "CSV Southern Ocean" and "Lay Vessel North Ocean 105".

Total assets at year end amounted to USD 291 million, compared to USD 301 million in the prior year. Equity as a percentage of total assets was 37 percent as of 31 December 2013, compared to 37 percent as of 31 December 2012.

At 31 December 2013 and for the reporting date the Company complied with all its loan covenants.

Oceanteam Shipping has a deferred tax asset of total USD 6.0 million. In addition to this the Group has received confirmation from the tax authorities of a deferred tax loss of NOK 1 017 million in October 2013 for Norwegian entities. The deferred tax losses for abroad operations is EUR 39 million.

CASH FLOW

Net cash flow from operating activities amounted to USD 13.5 million in 2013 compared to USD 9.2 million in 2012.

Net cash flow from investing activities was negative USD 14.2 million in 2013 against negative 6.3 million in the preceding year.

Net cash flow from financing activities amounted to negative USD 13.5 compared to positive USD 23.9 million in 2012 which was related to repayment of old debt of total USD 133.8 million and issuing of new debt of total USD 155.9 million. During the year the Company's purchase of own shares was up to 10% of the outstanding share capital.

Net change in cash and equivalents was negative with USD 11.8 million in 2013 compared to positive USD 23.2 million in 2012.

PARENT COMPANY

The Parent Company showed a profit of NOK 19.9 million for 2013. The positive result was attributable to dividends of NOK 145 million from joint venture companies. The Parent Company's share capital per year end 2013 amounted to NOK 20.6 million with a total equity of NOK 263.2 million.

RISK

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

The majority of the Company's revenues are from the shipping division which is in USD and is used to pay interest and debt which are issued in the same currency. For more detailed information on risk referred to the notes to the consolidated financial statements: Note 3 Financial Risk Management.

MARKET RISK

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

OPERATIONAL RISK

Operational risks include time charter and bare boat contracts, service life and technical risk of vessels, the Company's limited operating history, risk for substantial responsibilities, the Company's ability to retain senior management and key personnel, risk for legal proceedings and contractual disputes, construction risk

and employment risk for the vessels and equipment. By securing long term contracts for the main assets for the Group, the operational risk has decreased during the year.

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 built under the Spanish tax lease system.

The Lay Vessel North Ocean 105 will be under the Spanish tax lease structure until 28 February 2015.

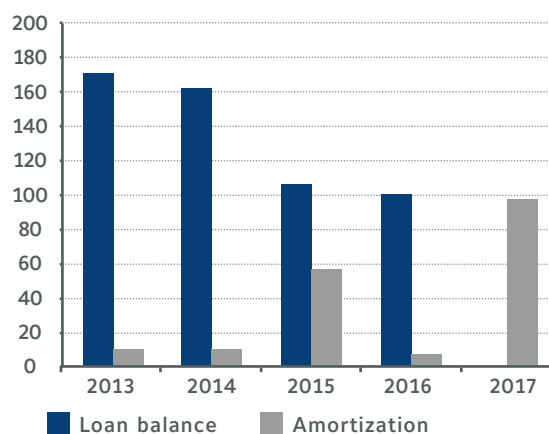
The Company has sales revenues and liabilities in foreign currencies and is exposed to currency risks. Two thirds of the revenue are in USD while the remaining is in EURO. Since the reporting currency is in USD the foreign exposure is for liabilities in the EURO and its fluctuations with USD.

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

Oceanteam Shipping's balance sheet is leveraged with USD 167 million in non-current liabilities including its first year's instalments.

DEBT MATURITY PROFILE

USD MILLION



LIQUIDITY RISK

At year end the working capital and liquidity position of the Company is satisfactory. The Group is working to support its growth in the RentOcean & KCI business by securing external equipment finance. The Parent Company depends on liquidity flows from subsidiaries and the joint venture companies that are owned with its joint venture partners. In 2013 there is an estimated amount of NOK 145 million to be paid up to Ocean team Shipping ASA in 2014.

As of 31 December 2013 the Company still had some legal cases pending but the probability of a positive outcome of the cases are high according to our legal advice. The Company sued Sawicon AS for the infringement of the Company's rights for the development of the North Ocean 100 series. Gulating Court of Appeal has invalidated Bergen City Court's previous verdict in favour of Sawicon AS. Gulating Court of Appeal released Oceanteam from the obligation to pay the legal costs incurred by Sawicon AS and North Sea Shipping AS in connection with the Bergen City Court case. The change in 2013 annual account compared to fourth quarter figures is USD 600.000 from

the above court case. In first quarter 2014 the ruling from Gulating Court of Appeal will reverse the USD 600.000 expenses. As a consequence of the ruling there no longer exists an applicable court decision regarding the rights to the North Ocean 100-series design and the case will have to be re opened in Bergen District Court. Oceanteam Shipping ASA is pleased that Gulating Court of Appeal has recognized Oceanteam's objections to the application of the procedural rules by Bergen City Court.

The court case against Sawicon and North Sea Shipping will continue in 2014 and all costs are recorded as they occur.

All outstanding trade receivables for the shipping segment of approximately USD 2.5 million were received in 2014. For the engineering segment, USD 3.7 million of outstanding trade receivables per year end of which USD 2.7 million has already been received in 2014.

SHAREHOLDER STRUCTURE AND LIMITATION

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

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

EVENTS AFTER THE BALANCE SHEET DATE

- Oceanteam Shipping took a 40 % interest in a joint venture with Grupo Diavaz named DOT Shipping. DOT Shipping will focus on providing high-end vessel solutions and integrated services for the Mexican market and is an important milestone in the Company growth plans.
- A positive ruling from Gulating Appeals Court invalidated a previous ruling against Oceanteam in an infringement case against Sawicon and North Sea Shipping regarding the rights to the North Ocean Series.

- OceanWind, a RentOcean joint venture company, has been awarded a 20 year contract with E.ON for cable storage & handling services.
- OceanWind, has been awarded a contract from Vattenfall for cable storage & handling services.
- OceanWind, has been awarded a contract from Prysmian for cable storage & handling services.
- RENTOCEAN has been awarded a contract for end client McDermott for equipment & transport services.
- RentOcean, equipment rental services, has been awarded a contract to supply Ceona with a 2000T certified modular carousel system and a newly designed loading tower with a built-in 15T tensioner for a one year project plus option for one additional year (1+1 year) in Brazil.
- Oceanteam Shipping has completed a buy out of some minority shareholders in KCI and owns the engineering company 100 percent.
- KCI the engineers, has been awarded a significant number of contracts for providing design engineering to oil & gas, offshore renewables and complex structure clients.
- The revised Shareholders Agreement enables Oceanteam Shipping ASA to take control over the vessel, CSV Southern Ocean.

2013 RESULT AND EQUITY

The consolidated accounts show a loss of USD 3.3 million. The consolidated equity is USD 108 million. The equity ratio as a percentage of Total Assets is 37 percent as of 31 December 2013. The equity in the Parent Company Oceanteam Shipping ASA is NOK 263 million where NOK 20.6 million is share capital.

DISTRIBUTABLE EQUITY

As of 31 December 2013 Oceanteam Shipping ASA has a distributable equity as decided by Norwegian Public limited Companies Act, of NOK 245 million. There are restrictions to distribute dividends in the bond loan agreements due to certain financial covenants.

ALLOCATION OF NET INCOME

The board proposes the following allocation of the net result:

Parent company	Oceanteam Shipping ASA	NOK '000
Net profit/ (Loss)		19 861

Attributable to:

Other equity	19 861
Total allocation:	19 861

Consolidated accounts	Oceanteam Group	USD '000
Total comprehensive income		(2 280)

Attributable to

Other equity	(4 657)
Revaluation reserve	2 363
Non controlling interest	14
Total allocation	(2 280)

Bergen/ Norway, 24 April 2014

The Board of Directors Oceanteam Shipping ASA



Hessel Halbesma
Chairman



Catharina Pos
Director



James Hill
Director



Haico Halbesma
Chief Executive Officer



CONFIRMATION FROM THE BOARD OF DIRECTORS AND CEO

5 Shareholders letter

7 Directors Report

**Confirmation from the board
of directors and CEO**

25 Corporate Governance Policy

35 Financial Statements Group

99 Financial Statements Parent

124 Auditors Report

127 Company's Assets

We confirm that, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2013 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, 24 April 2014

The Board of Directors Oceanteam Shipping ASA



Hessel Halbesma
Chairman



Catharina Pös
Director



James Hill
Director



Haico Halbesma
Chief Executive Officer



CORPORATE GOVERNANCE POLICY

ADOPTED BY ITS BOARD OF DIRECTORS ON 30 OCTOBER 2006

REVISED VERSION ADOPTED ON 20 AUGUST 2009, 15 MARCH 2010, 16 DECEMBER 2010,
15 DECEMBER 2011 AND 28 DECEMBER 2012

5	Shareholders letter
7	Directors Report
23	Confirmation from the board of directors and CEO
	Corporate Governance Policy
35	Financial Statements Group
99	Financial Statements Parent
124	Auditors Report
127	Company's Assets

1 INTRODUCTION

1.1 BACKGROUND

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

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

1.2 PURPOSE

This Policy includes 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 is expected from applicable legislation, and for 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 accordance with the "comply or explain" principle of the guidelines. The status of compliance in respect of each recommendation provided in the Code will also be set out in the Company's annual report in accordance with the requirements of section 3-3b of the Norwegian Accounting Act.

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 at the General Meeting.

1.4 CORPORATE VALUES AND ETHICS

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

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

The Company holds certificates to the BS-EN- ISO 9001:2008, BS-OHSAS 18001:2007, and BS-EN-ISO 14001:2004 standards for quality, health & safety, and environment management.

The company continues its effort to maintain a high ethical standard. All employees are repeatedly reminded of the importance of ethics and a full set of guidelines is in the process of being completed.

2 THE BOARD OF DIRECTORS

2.1 ROLE

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

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

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

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

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

According to the Code (section 9) companies are recommended to appoint board committees composed of board members independent from the Company's executive personnel in order to help ensure a 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 properly prepared by one or more board members in cooperation with the management.

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 may from time to time be required by one or more Board Members.

2.2 FINANCIAL CONTROL

2.2.1 SUPERVISION

The Board shall ensure that it is updated on the financial situation of the Company and has a duty to ensure that the Company's operations, accounting and asset management are subject to satisfactory control. The Members of the Board have full and free access to its 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 in relation to the risks and the scope of the Company's operations at all times and whether it fulfils the minimum requirements established by law or regulation. The Board shall immediately take adequate measures should it become apparent at any time that the Company's capital or liquidity is less than adequate.

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

2.3 COMPOSITION

2.3.1 NUMBER OF DIRECTORS

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

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

2.3.2 INDEPENDENT DIRECTORS

The Company 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. Furthermore, 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. Currently two of the directors are independent of the Company's major shareholders as the independence criteria below sets out. 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, thereby deviating 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. When adopted, the Committee shall consist of three members, one of which one shall be a director of the Board and the remaining two shall be independent of the Company (i.e. not be a director or employee and otherwise fulfil the criteria of independence set out in 2.3.2 above). The members of the committee shall be elected by the shareholders in a general meeting and the General Meeting shall set out guidelines for the Committee.

The Committee (if and when appointed) shall make recommendations at 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 ensure, to the extent it is possible, 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.), that another board member will be appointed to chair the board meeting during the board's review of such matters, regardless of whether or not the chairman might be considered disqualified pursuant to § 6–27 of the NCA.

2.5 PROCEEDINGS

More detailed provisions on the role, the proceedings and confidentiality obligations of the Board of Directors and the CEO are set out in a separate document on Procedure for the Board of Directors and CEO adopted by the Board on 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 any sub-committees and the performance of the individual directors. In order for the evaluation to be effective, the Board shall set objectives, for 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 are appropriate in relation to the extent and nature of the Company's activities. Internal control and the systems shall encompass the Company's corporate values and guidelines for ethical and corporate social responsibility. The Board will carry out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements. In compliance with section 3-3b of the Norwegian Accounting Act, the Board will provide an account in the annual report of the main features of the Company's internal control and risk management systems as they relate to the Company's financial reporting.

3 REMUNERATION OF DIRECTORS AND MANAGEMENT

3.1 REMUNERATION OF DIRECTORS

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

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

The Directors, or companies to whom they are associated, shall not accept other appointments or engagements for the Company, without the Board's knowledge. In

such cases the terms of appointment, including any remuneration shall be approved of by the Board.

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

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

3.2 REMUNERATION OF MANAGEMENT

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

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

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

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

3.3 SEVERANCE PAYMENTS

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

4 DISCLOSURE AND TRANSPARENCY

4.1 GENERAL

The Company shall at all times provide its shareholders, the stock market (Oslo Stock Exchange) and the financial markets generally (through Oslo Stock Exchange' 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 transferrable. If and when applicable, the reason for any proposed deviation from the pre-emptive rights of shareholders to participate in new share capital increases will be explained and included in notifications to the market.

5.2 APPROVAL OF AGREEMENTS WITH SHAREHOLDERS AND OTHER RELATED PARTIES

All transactions that are not immaterial between the Company and a shareholder, a director or senior manager of the Company (or related parties to such persons) will be subject to a valuation from an independent third party. If the consideration exceeds 5 % 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 at the general meeting of 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 at the Annual General Meeting (the "AGM") of the auditor's fees specified in the 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

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

8 SHAREHOLDER MEETINGS

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

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

The Board of Directors may convene an extraordinary general meeting ("EGM") whenever it deems it appropriate or when otherwise such meetings are required by applicable laws or regulations. The Company's auditor and any shareholder or group of shareholder representing more than 5 % 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 of 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 of 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 in the Company's articles of association. Shareholders failing to notify the Company within the specified time limit may be denied entrance to the general meeting.
- Ensure that the shareholders' are adequately informed of 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"), always provided that the Board should not hinder or obstruct any take-over bids for the Company's activities or shares.

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

Bergen, amended April 2014

The Board of Directors of Oceanteam Shipping ASA



Hessel Halbesma
Chairman



Catharina Pös
Director



James Hill
Director

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 acquirer (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 acquirer will obtain title to the shares immediately.

CONTENTS ANNUAL ACCOUNTS

CONSOLIDATED FINANCIAL STATEMENTS

OCEANTEAM SHIPPING GROUP

Consolidated Income Statement And Total Comprehensive Income	35
Consolidated Statement of Financial Position	37
Consolidated Statement of Changes in Equity	39
Consolidated Cash Flow	41

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1	Corporate Information	42
2	Summary Of Significant Accounting Policies	42
3	Financial Risk Management	57
4	Critical Accounting Estimates And Judgements	61
5	Operating Segments	62
6	Revenue	63
7	Personnel Cost	66
8	General Administration – Auditors Fee	68
9	Financial Income And Financial Expenses	68
10	Intangible Assets	69
11	Tangible Assets And Investments In Associates	71
12	Tax	74
13	Receivables	76
14	Cash And Cash Equivalents	77
15	Investments In Companies	77
16	Share Capital And Shareholder Information	79
17	Loans And Borrowings	81
18	Other Current Liabilities	85
19	Related Parties	85
20	Contingent Liabilities	87
21	Contingent Assets	87
22	Guarantees	87
23	Events After The Balance Sheet Date	88
24	Earnings Per Share	88
25	Investments in Joint Venture Companies	90
26	Business Combinations	92
27	Fair Value Measurements	92
28	Classification financial assets and liabilities	96
29	Impact of application of IFRS 11 Joint Arrangements	96

FINANCIAL STATEMENTS PARENT

OCEANTEAM SHIPPING GROUP

Income Statement	99
Financial Position 31 December 2013	100
Cash Flow Statement	102

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1	Primary Accounting Principles	103
2	Profit on investment	106
3	Employees, board and auditor	107
4	Financial Income And Financial Expenses	109
5	Income Taxes	110
6	Deferred Tax	111
7	Assets	111
8	Investment In Subsidiaries, Joint Venture And Associates	113
9	Intercompany Balances With Group Companies And Associates	115
10	Receivables And Liabilities	116
11	Bank Deposits	117
12	Share Capital And Shareholder Information	119
13	Equity	119
14	Pensions	119
15	Material Transactions	119
16	Events After The Balance Sheet Date	120
17	Market Risk	120
18	Contingent Liabilities	121
19	Contingent Assets	121
20	Transactions With Related Parties	122
21	Transactions With Group Companies	123



FINANCIAL STATEMENTS GROUP

5	Shareholders letter
7	Directors Report
23	Confirmation from the board of directors and CEO
25	Corporate Governance Policy
30	Financial Statements Group
99	Financial Statements Parent
124	Auditors Report
127	Company's Assets

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

GROUP	Notes	Figures in USD '000	
		2013	2012
Revenue		60 090	64 269
Net income from associates	11	2 561	2 268
Total operating revenues	6	62 651	66 537
Operating costs	5	(19 268)	(23 384)
Personnel cost	7	(9 206)	(6 640)
Other administrative expense	8	(9 192)	(7 783)
Depreciation	10, 11	(13 532)	(14 331)
Write off	18	(327)	(16)
Total operating expenses	5	(51 525)	(52 154)
Results from operating activities		11 126	14 383
Financial income		91	439
Financial costs		(16 321)	(21 352)
Foreign exchange results (loss)		552	(124)
Net finance profit /(loss)	5, 11	(15 678)	(21 038)
Ordinary profit (loss) before taxes		(4 552)	(6 654)
Tax expense	12	1 268	(4 763)
Net result		(3 285)	(11 417)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

GROUP	Notes	Figures in USD '000	
		2013	2012
Other comprehensive income			
Changes in revaluation model	11	2 363	8 596
Other comprehensive income			
Treasury shares			
Decrease in non-controlling interests		(767)	
Tax on comprehensive income	12	604	4 342
Items that will not be reclassified to statement of income		2 200	
Foreign currency translation differences		(1 195)	(4 328)
Items that may be subsequently reclassified to statement of income		(1 195)	(4 328)
Other comprehensive income for the year, net of tax		1 005	8 610
Total comprehensive income for the year		(2 280)	(2 807)
Profit (Loss) attributable to:			
Owners of the Company		(3 299)	(11 954)
Non-controlling interests		14	537
Profit (Loss) for the year		(3 285)	(11 417)
Total comprehensive income attributable to:			
Owners of the Company		(2 294)	(2 769)
Non-controlling interests		14	(38)
Total comprehensive income for the year		(2 280)	(2 807)
Earnings per share (in USD)			
Basic earnings per share	24	(0,12)	(0,75)
Diluted earnings per share	24	(0,06)	(0,19)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

GROUP	Notes	Figures in USD '000	
		31.12.2013	31.12.2012
Assets			
Deferred tax assets	4, 12	6 000	3 831
Customer relations & Design	10	1 737	1 688
Goodwill	10	12 987	12 987
Intangible assets		20 724	18 506
Investments in joint ventures and associates	11	17 852	14 071
Vessels and equipment	11, 17, 27	220 109	219 010
Tangible assets		237 961	233 081
Asset held for sale	11	1 233	
Total non current assets		258 685	251 587
Trade receivables	13	6 315	7 658
Other receivables	13	4 777	7 321
Receivables		11 092	14 979
Cash and cash equivalents	14	19 945	34 846
Current assets		32 270	49 825
Total assets		290 954	301 412

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

GROUP	Figures in USD '000		
	Notes	31.12.2013	31.12.2012
Equity and liabilities			
Share capital	16, 24	2 595	1 291
Paid in – not registered	16, 24		1 304
Treasury shares	16, 23	(257)	(87)
Share premium	16, 23	1 304	1 304
Other equity	16, 24	3 454	8 044
Non-controlling interest	26	3 274	4 027
Revaluation reserve	11	97 944	96 185
Total equity		108 315	112 068
Loans and borrowings	17	157 421	166 484
Total non-current liabilities		157 421	166 484
First year instalments	17	9 701	11 427
Trade payables		6 072	5 326
Tax payable	12, 18	182	53
Public charges	18	266	180
Other current liabilities	18	8 997	5 874
Total current liabilities		25 218	22 860
Total liabilities		182 639	189 344
Total equity and liabilities		290 954	301 412

Bergen/ Norway, 24 April 2014

The Board of Directors Oceanteam Shipping ASA



Hessel Halbesma
Chairman



Catharina Pös
Director



James Hill
Director



Haico Halbesma
Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GROUP	Figures in USD '000	
	2013	2012
Equity at period opening balance (Number of shares: 29.593.259)	112 068	112 958
Profit after taxes majority	(3 299)	(11 954)
Profit after taxes minority	14	537
Revaluation of assets	2 363	8 596
Tax on revaluation reserve	604	4 342
Translation differences	(1 195)	(4 328)
Other comprehensive income		
Decrease in non controlling interests	(767)	
Share issue		
Equity issue		2 608
Purchase of own shares	(1 472)	(691)
Equity at period end (Number of shares: 29.593.259)	108 315	112 068

Subscription rights issued:

14.5 millions warrant type I were registered 24 January 2013. Ref Note 16 for further information.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated Statement of changes in equity								Figures in USD '000	
	Share capital	Treasury shares	Share premium	Translation reserve	Other equity	Total other equity	Re-valuation reserve	Non controlling interests	Total equity
Equity per 31 December 2012	2 595	(87)	1 304	(1 008)	9 052	8 044	96 185	4 027	112 068
Profit and loss					(3 299)	(3 299)		14	(3 285)
Decrease in non-controlling interests								(767)	(767)
Other comprehensive income									
Changes in revaluation model							2 363		2 363
Tax on revaluation reserve							604		604
Translation differences				(1 195)		(1 195)			(1 195)
Total comprehensive income				(1 195)	(3 299)	(4 494)	2 967	(753)	(2 280)
Issue of ordinary shares									
Change in treasury shares		(170)			(1 302)	(1 302)			(1 472)
Equity per 31 December 2013	2 595	(257)	1 304	(2 203)	4 451	2 247	99 152	3 274	108 315
	Share capital	Treasury shares	Share premium	Translation reserve	Other Equity	Total other equity	Re-valuation reserve	Non controlling interests	Total equity
Equity per 31 December 2011	1 291			2 745	21 610	24 355	83 247	4 065	112 958
Profit and loss					(11 954)	(11 954)		537	(11 417)
Other comprehensive income									
Changes in revaluation model							8 596		8 596
Tax on revaluation reserve							4 342		4 342
Translation differences				(3 753)		(3 753)		(575)	(4 328)
Total comprehensive income				(3 753)	(11 954)	(15 707)	12 938	(38)	(2 807)
Issue of ordinary shares	1 304		1 304						
Change in treasury shares		(87)			(604)	(604)			(691)
Equity per 31 December 2012	2 595	(87)	1 304	(1 008)	9 052	8 044	96 185	4 027	112 068

CONSOLIDATED CASH FLOW STATEMENT

GROUP	Figures in USD '000		
	Notes	2013	2012
Profit (loss) for the year		(4 552)	(6 654)
Depreciation and amortization of tangible assets		13 532	14 331
Tax paid		(508)	(421)
Write off		(327)	16
Net income from associates		(2 561)	(2 268)
Change in trade receivables		1 343	(400)
Change in other receivables		2 544	(2 784)
Change in trade payables		746	(4 856)
Change in other accruals		3 338	(3 472)
Items classified as financing activities			14 961
Items classified as investing activities			500
Interest expense without cash effect			237
Net cash flow from operating activities		13 555	9 190
Net cash flow from investing activities of continuing operations		(14 350)	(6 348)
Proceeds from sale of tangible assets		68	68
Net cash flow from investing activities		(14 282)	(6 348)
Issuance of debts			155 868
Repayments of debts		(12 062)	(133 842)
Equity issue			2 608
Purchase of own shares		(1 472)	(691)
Net cash flow from financing activities		(13 534)	23 943
Effect of changes to exchange rates on cash and cash equivalents		(640)	(3 577)
Net change in cash and equivalents		(14 901)	23 208
Cash and equivalents at start of period		34 846	11 638
Cash and equivalents at end of period	14	19 945	34 846

* restricted cash is USD 500.000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. CORPORATE INFORMATION

Oceanteam Shipping is an offshore shipping company. Oceanteam's business is the owning, chartering and managing of deep water offshore construction service vessels, – pipe lay Vessels and, fast support vessels.

In addition, Oceanteam Shipping provides complementary engineering services consisting of both engineering & design Services and equipment rental to support our clients.

With our in-house experience and expertise we ensure that our clients find the most effective solution for their projects. We can provide integrated services and a pro-active assistance, both operational and technical, in every aspect of the projects we manage.

Oceanteam Shipping has offices in Amsterdam, Velsen and Schiedam in the Netherlands, in Monaco and in Ciudad Del Carmen in Mexico. The corporate headquarters are in Bergen, Norway. 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 and has the ticker code "OTS".

The consolidated financial statements were authorized for issue by the Board of Directors on 24 April 2014 and are based on the assumptions of going concern. The Group annual accounts consist of the Parent Company Oceanteam Shipping ASA with its subsidiaries, joint venture companies and associated companies.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

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

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

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

IFRSS EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER 1 JANUARY 2013

Relevant standards and interpretations are issued and effective. The Group have adopted these standards where applicable.

IAS 1 PRESENTATION OF FINANCIAL STATEMENTS

The amendments to IAS 1 change the Grouping of items presented in other comprehensive income (OCI). Items that could be reclassified to profit or loss at a future point in time (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans).

The amendment affects presentation only and has no impact on the Group's financial position or performance.

IAS 12 INCOME TAXES

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

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

IAS 19 EMPLOYEE BENEFITS

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

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

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

IAS 32 FINANCIAL INSTRUMENTS – PRESENTATION

These amendments in IAS 32 clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous.

The amendments do not have material impact on the Group.



IFRS 7 FINANCIAL INSTRUMENTS – DISCLOSURE

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

These amendments do not impact the Group's financial position or performance.

IFRS 13 FAIR VALUE MEASUREMENT

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted.

These amendments do not impact the Group's financial position or performance but will make a material impact in the Groups disclosures

IAS 32 FINANCIAL INSTRUMENTS – PRESENTATION

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

The analysis 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 EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER 1 JANUARY 2014

IFRS 10 CONSOLIDATED FINANCIAL STATEMENTS, IAS 27 SEPARATE FINANCIAL STATEMENTS

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

IFRS 10 by itself will not have a significant impact. The Group will fully consolidate Oceanteam Bourbon 4 AS from 1 January 2014 due to changes in shareholder agreement and hence enabling Oceanteam Shipping ASA to gain control over the Company.

IFRS 11 JOINT ARRANGEMENTS

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

Add IFRS 11 will have significant impact for total assets, total revenue and equity ratio. Please refer to Note 29 for further clarification.

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 2014.

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

IAS 28 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

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

The scope of IAS 28 is now including investments in joint ventures. The standard prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amendments are effective for annual periods beginning on or after 1 January 2014 but early application is permitted.

The Group does not expect any material impacts, other than the effects mentioned regarding implementation of IFRS 11 above.

IFRS AND IFRICS ISSUED BUT NOT YET EFFECTIVE

IFRS 9 FINANCIAL INSTRUMENTS

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, hedge accounting and impairment of financial assets will be addressed.

The endorsement has been postponed and the Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

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

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

The disclosure requirements are extended.

The amendments have been endorsed by EU 20 November 2013 and become effective for annual periods beginning on or after 1 January 2014. Earlier application is not permitted.

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

USE OF ESTIMATES AND JUDGEMENTS

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 on going 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 are included in the following notes:

- Note 10 – Intangible assets – goodwill, customer relations and impairment testing.
- Note 11 – Tangible assets here with component accounting, residual values and the revaluation model
Revaluation models are developed by external advisors and continuously assessed on a quarterly basis.
- Note 12 – Deferred tax assets
Deferred tax asset in balance sheet are based on realistic forecasts of the relevant company where future profit is realistic in order to net out deferred tax asset.
- Note 21 – Contingent asset
Estimates are based on legal advisors opinion and analysis.
- Note 22 – Contingent liabilities
Estimates are based on legal advisors opinion and analysis.

(D) COMPONENT ACCOUNTING

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

2.2 BASIS OF CONSOLIDATION

(A) SUBSIDIARIES

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's

share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement (see Note 2.6).

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

(B) JOINT VENTURES

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

(C) ASSOCIATES (EQUITY ACCOUNTED INVESTEEES)

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20 percent 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 CSV North Ocean 105 is included in the revenue (operating expenses) on a separate line. The vessel was delivered in Q2 2012.

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

2.3 SEGMENT REPORTING

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

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

The operations of CSV vessels, Design and Engineering and Equipment services are reported in three segments.

2.4 FOREIGN CURRENCY TRANSLATION

(A) FUNCTIONAL AND REPORTING CURRENCY

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in USD, which is the Group's presentation currency in 2013.

(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.

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'.

(C) GROUP COMPANIES

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

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

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity.

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

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

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

2.5 TANGIBLE ASSETS

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

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

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

REVALUATION MODEL:

- CSV vessels 25 years
- Revaluation surplus 25 years

More information about revaluation model in Note 10.

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.

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 Unit for the Group which goodwill is related to is KCI BV.

(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.

Deferred tax assets, customer relations and development/design of vessels are included under other tangible assets.

(C) COMPUTER SOFTWARE

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

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

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

(D) AMORTIZATION

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

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

- customer relationships 3 years

2.7 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

2.8 RECEIVABLES

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

2.9 CASH AND CASH EQUIVALENTS

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

2.10 SHARE CAPITAL

Ordinary shares are classified as equity.

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

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

2.11 TRADE PAYABLES

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

2.12 BORROWINGS

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

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

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

2.13 TAX

(A) TAXES

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

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

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

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

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

(B) SHIPPING ACTIVITIES

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

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available to offset the temporary differences. We recognize formerly unrecognized deferred tax assets to the extent that it has become probable that we can utilize the deferred tax asset. Similarly, the Company will reduce its deferred tax assets to the extent that it can no longer utilize these.

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

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

2.14 EMPLOYEE BENEFITS

(A) PENSION OBLIGATIONS

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

2.15 PROVISIONS

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

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

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

2.16 REVENUE RECOGNITION

CONTINUING BUSINESS (IAS 17 AND IAS 18):

Oceanteam Shipping is an offshore services company and its operations is the chartering of Large Offshore Construction Support Vessels and Fast Support Vessels. In addition, Oceanteam Shipping provides rental services of installation and burial equipment and sales of engineering 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 out off-hire insurance to cover major operational interruptions such as repairing collision damage or other serious unforeseen repair work.

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

ENGINEERING REVENUES:

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

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

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.

2.18 FINANCIAL AND OPERATING LEASING

(I) THE GROUP AS A LESSEE

FINANCE LEASES

Finance leases are leases under which the Group assumes most of the risk and return associated with the ownership of the asset. At the inception of the lease, finance leases are recognised at the lower of their fair value and the present value of the minimum lease payments, minus accumulated depreciation and impairment losses. When calculating the lease's present value, the implicit interest cost in the lease is used if it is possible to calculate this. If this cannot be calculated, the Company's marginal borrowing rate is used. Direct costs linked to establishing the lease are included in the asset's cost price.

The same depreciation period as for the Company's other depreciable assets is used. If it is not reasonably certain that the Company will assume ownership when the term of the lease expires, the asset is depreciated over the term of the lease or the asset's economic life, whichever is the shorter.

OPERATING LEASES

Leases for which most of the risk and return associated with the ownership of the asset have not been transferred to the Group are classified as operating leases. Lease payments are classified as operating costs and recognised in the statement of comprehensive income in a straight line during the contract period.

(II) THE GROUP AS A LESSOR

FINANCE LEASES

The Group presents assets it has leased to others as receivables equal to the net investment in the leases. The Group's financial income is determined such that a constant rate of return is achieved on outstanding receivables during the contract period. Direct costs incurred in connection with establishing the lease are included in the receivable.

OPERATING LEASES

The Group presents assets it has leased to others as non-current assets in the balance sheet. The rental income is recognised as revenue on a straight line basis over the term of the lease. Direct costs incurred in establishing the operating lease are included in the leased asset's carrying amount and are expensed over the term of the lease on the same basis as the rental income.

2.19 FINANCIAL INSTRUMENTS

In accordance with IAS 39, Financial instruments: Recognition and measurement, financial instruments within the scope of IAS 39 are classified in the following categories: at fair value with changes in value through profit or loss, held to maturity, loans and receivables, available for sale and other liabilities.

Financial instruments that are primarily held with the objective of selling them or buying them back in the short term, financial instruments that form part of a portfolio of identified instruments which are managed together and where there are clear traces of short-term gain realisation, or derivatives that are not designated as hedging instruments are classified as held for trading purposes. These instruments form part of the category of financial instruments recognised at their fair value with changes in value through profit or loss, together with financial instruments which qualify for, and have been designated as, instruments recognised at their fair value with changes in value through profit or loss. Financial guarantee contracts are measured according to IAS 37 or IAS 18, whichever produces the higher amount, unless the contracts qualify for and have been designated as instruments at fair value with changes in value through profit or loss.

Financial assets with fixed or determinable cash flows and a specific redemption date which the Group intends and is able to keep until maturity are classified as investments held to maturity, with the exception of those instruments which the Company designates as being at fair value with changes in value through profit or loss or available for sale or which meet the criteria for forming part of the loans and receivables category.

Financial assets with fixed or determinable cash flows that are not quoted in an active market are classified as loans and receivables, with the exception of instruments that the Group has designated as being at fair value with changes in value through profit or loss or available for sale.

Financial liabilities that do not form part of the held for trading purposes category and which have not been designated as being at fair value with changes in value through profit or loss are classified as other liabilities.

Financial instruments that are held to maturity are included in fixed asset investments unless the redemption date is less than 12 months after the end of the reporting period. Financial instruments in the held for trading purposes group are classified as current assets. Financial instruments that are available for sale are presented as current assets if the management has decided to sell the instrument within the 12-month period following the end of the reporting period.

Investments that are held to maturity, loans and receivables and other liabilities are recognised at their amortised cost. Financial instruments that are classified as available for sale and held for trading purposes are recognised at their fair value, as observed in the market at the end of the reporting period, without deducting costs linked to a sale.

The gain or loss resulting from changes in the fair value of financial investments that are classified as available for sale is recognised directly in equity until the investment is sold. When the investment is sold, the accumulated gain or loss on the financial instrument that has previously been recognised in equity is reversed and the gain or loss is recognised in the statement of comprehensive income.

Changes in the fair value of financial instruments classified as held for trading purposes or designated as being at fair value with changes in value through profit or loss are recognised in the statement of comprehensive income and presented as a financial income/expense.

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

The gain or loss resulting from changes in the fair value of financial investments that are classified as available for sale is recognised directly in equity until the investment is sold. When the investment is sold, the accumulated gain or loss on the financial instrument that has previously been recognised in equity is reversed and the gain or loss is recognised in the statement of comprehensive income.

Changes in the fair value of financial instruments classified as held for trading purposes or designated as being at fair value with changes in value through profit or loss are recognised in the statement of comprehensive income and presented as a financial income/expense.

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transaction; reference to the current fair value of other instruments that is substantially the same; discounted cash flow analysis or other valuation models.

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.

In fourth quarter 2012 Oceanteam Shipping ASA has completed a successful placement of USD 92.5 million senior bond to replace the NOK bond loan. The net proceeds were used to refinance the NOK bond loan. The early redemption triggered the exercise of up to 14.898.607 Warrants I of which 14.514.419 was exercised at a subscription price of one new share for NOK 1.00 per warrant. This has resulted in NOK 14.514.419 in additional capital in 2012. The exercise of warrants type I in January 2013 has "cleaned" up the capital structure of the Company with no outstanding warrants.

Following the refinancing, the Company has the balance sheet and liquidity necessary to exploit potential attractive opportunities in 2014 and forwards.

North Ocean 102 was also refinanced at the end of 2012 with McDermott International Inc as credit facility with the balloon payment to SMN sparebank in January 2014 of USD 31.3 million.

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 25.0 million where USD 12.8 millions is receivables and USD 19.9 million is bank deposits, see Note 13 and 14. Oceanteam Shipping's client are primarily large companies with high credit rating. The need for bank guarantee and preinvoicing are considered on individual basis.

TRADE AND OTHER RECEIVABLES

The exposure to credit risk is influenced mainly by the individual characteristics of each customer. In 2013 KCI BV represented 91 percent of the Group's total trade receivables at balance date. Geographically, there is credit risks to Africa (BP Angola), America (McDermott International) and Australia (fugro – tsmarine) for the CSV assets. For the FSV assets the geographically risk is for Mexico and for Venezuela.

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

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

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

LIQUIDITY RISK

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

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

The Group has an overdraft facility of EUR 500.000.

FINANCIAL COVENANTS

According to a liquidity covenant in its loan agreements, the Group shall at all times have a minimum free liquidity of USD 5 million. At the balance sheet date, the Group had a liquidity position of USD 19.9 million, of which approx. USD 0.5 million was restricted or pledged as collateral. The USD 19.4 million in free cash consisted of approx. EUR 1.8 million, in approx. USD 14.1 million, NOK 4.1 million and some GBP and MXN.

The financial covenants are monitored at all time in order to be compliant with the financial covenants.

Per 31 December 2013 Oceanteam Shipping is compliant with all financial covenants for bank loans and bond loans, both on Group level and the individual company level.

For more detailed information, please refer to Note 17 – loans and borrowings.

MARKET RISK

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

OPERATIONAL RISK

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

The current situation with the Company's main assets, the construction support vessels, is as follows. Currently "CSV Bourbon Oceanteam 101" is on time charter with BP Angola until 28 February 2015 with a 2 x 1 year option. "CSV North Ocean 102" will be on charter with J. Ray McDermott until mid 2015, "CSV Southern Ocean" (renamed from CSV Bourbon Oceanteam 104) is on contract to fugro – tsmarine until ending 2018. The CSV North Ocean 105 has a five year contract with J. Ray McDermott until 30 June 2017.

FINANCIAL RISK

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

The Company has sales revenues and liabilities in foreign currencies and is exposed to currency risks. This risk is particularly relevant for the liabilities in the USD and EURO.

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

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

CURRENCY RISK

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

The major currency risk for the Group have until mid Q4 2012 been the nominal bond loan of NOK 400 mill and the call premium and the timing of the refinancing of the bond loan. In Q4 2012 Oceanteam Shipping ASA has completed a USD 92.5 million issue where the net proceeds were used to refinance the current bond loan. After this refinancing process, the currency risk have decreased significantly. The total loan amount in USD is 90.7 million per 31 December 2013 and accrued call premium is USD 555.758. Incurred interest costs are from now on in USD for all loans. Provisions and other items are all in EURO, USD and GBP.

		Exchange rates 31.12.2013	Exchange rates 31.12.2012
Exchange rates used in the annual report:	EUR/USD	0,7258	0,7583
	USD/NOK	0,1644	0,1796
EUR – European euro	NOK/EUR	8,3825	7,3410
NOK – Norwegian kroner	NOK/USD	6,0837	5,5664
USD – American dollar	USD/EUR	1,3779	1,3188

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

	2013	2012
USD	4 683	6 606
EUR	6 061	8 288
NOK		
Other currencies	348	86
Total receivables in USD	11 092	14 979

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

	2013	2012
USD	(163 145)	(177 718)
NOK	(1 924)	(1 611)
EUR	(17 347)	(9 815)
Other currencies	(223)	(200)
Total liabilities in USD	(182 639)	(189 344)

USD exchange rate movements:

	31.12.13	Increase	Decrease
USD/EUR	1,3188	1,5000	1,1000
Effect on receivables in EUR	10 930	1 502	(1 813)
USD/EUR	1,3188	1,5000	1,1000
Effect on liabilities in EUR	(12 944)	(1 778)	2 148

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

INTEREST RATE RISK

	2013	2012
	Carrying amount	Carrying amount
Cash balance	19 945	34 846
Secured bank loans	79 037	88 726
Unsecured loans	2 026	4 398
Bond loan	90 674	90 198
Total loans and borrowings	171 737	183 322
LIBOR + margin	3 %	4 %
Total effect on interests with margin increase of 100 basis points	5 152	6 869
Positive (negative) effects	1 717	(1 717)

INTEREST RATE FLUCTUATIONS

An increase (decrease) in the interest level with 100 bp will give an effect of USD 1.7 million on the balance of loans and borrowings per 31 December 2013. The interests rates are also linked to the development of LIBOR margins.

FAIR VALUE BOND LOAN

The fair value of trades of the bond loan has been around 107 percent of the nominal value.

CAPITAL MANAGEMENT

The Board's policy is to improve the capital base so as to maintain investor, creditor and market confidence and to 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:

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

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

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

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

NOTE 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(A) INCOME TAXES

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

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

(B) REVALUATION MODEL

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

More information about revaluation model can be found under Note 11.

(C) GOODWILL

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

NOTE 5. OPERATING SEGMENTS

In 2012 the Group reports two segments, shipping and engineering. The current segments which are described as below are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the Group's CEO (the chief operating decision maker) reviews internal management reports on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

	SHIPPING		ENGINEERING		TOTAL	
	2013	2012	2013	2012	2013	2012
External revenue	35 711	39 105	26 940	27 432	62 651	66 537
Operating costs	(3 947)	(8 150)	(15 321)	(15 234)	(19 268)	(23 384)
General & Administration	(6 857)	(5 911)	(11 541)	(8 512)	(18 398)	(14 423)
Depreciaton	(10 023)	(10 817)	(3 510)	(3 515)	(13 532)	(14 332)
Write off assets	90		(417)	(16)	(327)	(16)
Reportable segment profit before income tax	14 974	14 227	(3 437)	155	11 126	14 382
EBITDA	24 907	25 044	78	4 618	24 985	29 662
Interest income	442	545	(351)	(106)	91	439
Interest cost	(16 325)	(21 339)	4	(12)	(16 321)	(21 351)
Foreign exchange result	375	(100)	177	(24)	552	(124)
Pre-tax profit	67	(6 667)	(3 608)	13	(3 541)	(6 654)
Income Tax	(720)	(4 345)	1 988	(418)	1 268	(4 763)
Reportable segments assets	247 272	264 135	43 682	37 277	290 954	301 412
Reportable segments liabilities	(164 067)	(180 331)	(18 572)	(9 013)	(182 639)	(189 344)
Capital Expenditure	4 008	1 464	8 521	5 862	12 529	7 326
Investment in associates	17 852	14 071			17 852	14 071

The Shipping segment consist of three operating CSV vessels, one Pipelay vessel delivered 20 April 2012 and the two FSV boats. All the vessels are working outside Europe in 2013. The three CSV vessels are consolidated according to proportional method while the pipelay are consolidated according to equity method. The two FSV vessels are fully consolidated. Administration expenses in Oceanteam Shipping ASA are allocated to Shipping segment since material resources from Oceanteam Shipping ASA are allocated to Shipping segment. The engineering segment consist of

engineering services from KCI BV and equipment business consists of equipment rental from RentOcean, an equipment department organized under Oceanteam Shipping BV.

All engineering and equipment activities are in Europe.

Net operating income is included in revenue of shipping, further there are no intersegment transactions.

Geographical segments			
Sales	2013	2012	Change in %
Europe	28 388	27 382	4 %
Asia	21 678	24 925	(13 %)
Afrika	10 750	12 458	(14 %)
South America	1 835	1 771	4 %
	62 651	66 537	6 %

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

NOTE 6. REVENUE

Revenue comprises:	2013	2012	Change in %
Shipping revenue	35 711	39 106	(9) %
Engineering revenue	22 170	23 164	(4) %
Equipment revenue	4 770	4 268	12 %
Total revenue	62 651	66 537	(6) %

Significant customers	Vessel	Segment	2013	2012
Oceaneering/BP Angola	CSV Bourbon Oceanteam 101	Shipping	10 750	12 034
McDermott International Inc	CSV North Ocean 102	Shipping	9 082	12 689
Fugro TS Marine Australia	CSV Southern Ocean	Shipping	10 035	10 296
Total revenue			29 867	35 019

SHIPPING

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

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

Lease income from the lease of vessels are 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.

Contract backlog		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	2017 Q1-2	2017 Q3-4	2018 Q1-2	2018 Q3-4
Shipping	Type of contract														
CSV BO 101	time charter														
CSV North Ocean 102	bareboat														
CSV Southern Ocean	bareboat														
LV North Ocean 105	time charter														
Mantarraya	bareboat														
Tiburón	bareboat														

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

Contract backlog		2013 Q1-2	2013 Q3-4	2014 Q1-2	2014 Q3-4	2015 Q1-2	2015 Q3-4	2016 Q1-2	2016 Q3-4
Equipment key assets									
HD Plough/60T A-Frame									
MD3 Plough									
Tensioner 1									
Tensioner 2									
Tensioner 3									
Tensioner 4									
Tensioner 5									
Carousel 750te									
Carousel 1.250te									
Carousel 2.000te									
Carousel 4.000te									

■ Contract
 ■ Option

Construction and Support Vessels contract schedule:

- CSV 101: Oceaneering/BP Angola until 1 March 2015 (+2 x 1 year option)
- CSV 102: changed from Time charter to Bareboat charter from 1 October 2012. McDermott firm until 1 August 2015 (+2 x 1 year option)
- CSV 104: Fugro TSMarine Australia until 31 December 2018
- LV 105: McDermott until 30 June 2017 (delivered April 2012)
- FSV Mantarraya: Inversiones until 30 June 2014
- FSV Tiburon: Inversiones until 30 June 2014
- Engineering- & equipment: the level of secured work / tenders out are satisfactory for the coming season
- RentOcean: increased back-log during 2013 and early 2014

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

USD'000	2013	2012
Less than one year	61 633	58 593
Between one and five years	116 058	93 670
More than five years		
Total	177 691	152 263

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

* LV 105 is not included.



DESIGN ENGINEERING SERVICES

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

RENTOCEAN

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

NOTE 7. PERSONNEL COST

USD'000	2013	2012
Personnel cost		
Salary	6 640	6 036
Pensions	124	157
Social security cost	845	610
Insurance	68	71
Directors fees	307	134
Contractors fees	1 119	912
Other Cost	103	(17)
Personnel cost allocated to projects		(1 263)
Total	9 206	6 640
Average number of full time employees	167	182



Total expenses for wages, pension premiums and other remuneration to the CEO, other group executives and board members of Oceanteam Shipping ASA.

2013 USD'000	Position	Board fees	Wages	Pension premiums	Other remuneration	Total
Haico Halbesma	CEO		440		432	872
Torbjørn Skulstad	CFO		126	10	296	433
Hessel Halbesma	Chairman	50			489	539
Mrs Catharina Pos	Director	34			93	126
Mr James Hill	Director	34			75	109
Total	807	118	566	10	1 384	2 079

2012 USD'000	Position	Board fees	Wages	Pension premiums	Other remuneration	Total
Haico Halbesma	CEO		435		213	649
Torbjørn Skulstad	CFO		250	10	77	337
Hessel Halbesma	Chairman	52			1 042	1 094
Mrs Catharina Pos	Director	35			41	76
Mr Ronald Moolenaar	Director	35			116	151
Total	807	122	685	10	1 489	2 306

Guidelines for determination of salary and other remuneration to the CEO and senior employees of Oceanteam Shipping ASA.

The guiding principle of Oceanteam's senior management salary policy is to offer senior employees terms of employment that are competitive in relation to salary, benefits in kind, bonus and pension scheme, taken together. The Company shall offer a salary level that is comparable with corresponding companies and activities, and taken into account of the Company's need to have well qualified personnel at all levels. The determination of salary and other remuneration to senior employees at any given times shall be in accordance with the above guiding principle. Senior employees shall only receive remuneration in addition to basic salary in the form of a bonus. The amount of any bonus to the CEO shall be set by the Board. There is a bonus/incentive scheme for the CEO. There are no options, or pensions agreement with the CEO. The CEO has also waived his protection in relation dismissal. For this waiver twelve month salary is offered as compensation.

For the year 2013, the agreed fee for the chairman of the board is NOK 300.000 and NOK 200.000 for the other members of the board. In addition, the agreed fee for the board committee is EUR 2.400 per day. As of 16 November 2012, Mr Ronald Moolenaar has resigned from the board of directors. Mr. James Hill was elected and registered as Director to replace Mr Ronald Moolenaar on the extraordinary general meeting held 16 January 2013. Meanwhile, Mr James Hill acted as an observer to the Board of Directors.

The management has an incentive scheme where the incentive is connected to “HR SMART” objectives and appraisals and is based on the yearly gross salary. The incentive can either be paid out in shares or in cash. If payment should be in shares, share prices will be calculated at market value.

The management of the Company has not received any share-based payment in 2013.

There has not been given loans, advance payments and security by the Company or other companies in the Group to the individual senior executives and the individual members of the board of directors, audit committee and other elected corporate bodies.

There has neither been given remuneration, pensions plans or other benefits to members of the audit committee or other elected corporate bodies.

NOTE 8. GENERAL ADMINISTRATION – AUDITORS FEE

	USD '000	
Specification of auditor fee	2013	2012
Statutory audit	500	358
Other assurance services	90	137
Tax advisory	111	139
Other	88	184
Total	789	818

NOTE 9. FINANCIAL INCOME AND FINANCIAL EXPENSES

	USD '000	
	2013	2012
Interest income bank	29	9
Other financial income	61	430
Foreign exchange gain/loss	552	(124)
Interest expense	(15 576)	(11 665)
Call premium	(476)	(8 423)
Other financial expense	(269)	(1 263)
Total	(15 678)	(21 038)

NOTE 10. INTANGIBLE ASSETS

	USD '000				
2013	Deferred tax	Goodwill	Customer relations	OTS Designs	Total
Historical cost 31 December 2012	3 831	12 987	4 400	577	21 795
Additions	2 169			1 160	3 329
Disposals					
Historical cost 31 December 2013	6 000	12 987	4 400	1 737	25 124
Accumulated amortization			(3 288)		(3 288)
Amortization			(1 112)		(1 112)
Impairments/reversals					
Amortization			(4 400)		(4 400)
Accumulated impairments					
Impairments/ reversals					
Accumulated impairments					
Book value 31 December 2013	6 000	12 987		1 737	20 724
Amortization rates	Not amortized	Not amortized	3 years	Not yet amortized	
Amortization method			Linear		

	USD '000				
2012	Deferred tax	Goodwill	Customer relations	OTS Designs	Total
Historical cost 31 December 2011	3 831	12 987	4 400	259	21 477
Additions				318	318
Disposals					
Historical cost 31 December 2012	3 831	12 987	4 400	577	21 795
Accumulated amortization			(1 825)		(1 825)
Amortization			(1 463)		(1 463)
Impairments/reversals					
Amortization			(3 288)		(3 288)
Accumulated impairments					
Impairments/ reversals					
Accumulated impairments					
Book value 31 December 2012	3 831	12 987	1 112	577	18 506

Goodwill is only related to the engineering segment.

Amortization rates	Not depreciable	Not depreciable	3 years	Not yet depreciable
Amortization method			Linear	

ACQUISITION OF KCI ENGINEERING

On 20 February 2014, Oceanteam Shipping ASA purchases the remaining 30 % shares of Korndörffer Contracting International (KCI) BV and became 100 % strategic owner after purchase.

IMPAIRMENT TESTING OF GOODWILL

For the purposes of impairment testing, goodwill is allocated to the Group's cash generating unit 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.

There is a cash flow model which calculates the estimated cash flow for a four years period. The assumptions are: a four year cash flow, a growth rate of 2–5 percent both in revenue and costs. The cash flow is discounted with the WACC of 9,3 %.

IMPAIRMENT TEST OF OTS DESIGNS

OTS designs have been tested for impairment by measuring the recoverable amount at fair value less cost to sell. No indicator for impairment has been identified.

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 2014-2017 are used. In the cash flow analysis a margin between 12 % and 16 % has been applied. Present value is calculated by using discounted cash flows where the weighted average cost of capital (WACC) is 9,3 % before tax. WACC is based on a risk free rate of 1.5 %, market share premium of 6 % and Beta of 1.3.

SENSITIVITY ANALYSIS

Headroom is the difference between calculated value in use and carrying amount. Negative headroom indicates that goodwill is impaired. Per 31 December 2013, impairment test for goodwill gives a headroom of EUR 18.177 and indicates that no impairment will occur. Sensitivity analysis with a range of WACC 6 % to 13 % gives positive headroom and indicates that at reasonable changes in discount rate, no impairment will occur.

NOTE 11. TANGIBLE ASSETS AND INVESTMENT IN ASSOCIATES

2013	Participation in CSV 105	Fast Support Vessels, Machinery & other	Construction and support vessels (CSV)	Total
Historical cost 31 December 2012	6 839	37 844	145 365	190 048
Additions	4 495	9 849	3 766	18 110
Disposals		(33)	(34)	(68)
Historical cost 31 December 2013	11 334	47 660	149 097	208 091
Accumulated depreciation 31 December 2012		(15 650)	(24 228)	(39 878)
Depreciation		(2 993)	(7 496)	(10 489)
Write down		(411)		(411)
Accumulated depreciation 31 December 2013		(19 054)	(31 724)	(50 778)
Accumulated impairments 31 December 2012		(8 553)		(8 553)
Impairments/reversals				
Accumulated impairments 31 December 2013		(8 553)		(8 553)
Reclassification for asset held for sale		(1 644)		
Carrying amount 31 Dec 2013 if CSV's were stated at historical cost	11 334	18 409	117 373	147 116
Revaluation reserve 31 December 2012	7 232		89 119	96 351
Gross change in revaluation surplus	(425)		2 025	1 600
*Revaluation reserve 31 December 2013	6 807		91 144	97 951
Accumulated depreciation 31 December 2012			(4 887)	(4 887)
Depreciation premium values	(289)		(1 929)	(2 219)
Revaluation reserve 31 December 2013	6 518		84 328	90 845
Carrying amount 31 December 2013	17 852	18 409	201 701	237 961
Depreciation rates		3–15 years	5–25 years	
Depreciation method	none	linear	linear	

2012	Participation in CSV 105	Fast Support Vessels, Machinery & other	Construction and support vessels (CSV)	Total
Historical cost 31 December 2011	4 828	33 142	145 519	183 489
Additions	2 011	4 779	1 465	8 255
Disposals		(77)	(1 619)	(1 696)
Historical cost 31 December 2012	6 839	37 844	145 365	190 048
Accumulated depreciation 31 December 2011		(13 039)	(17 444)	(30 483)
Depreciation		(2 611)	(6 784)	(9 395)
Disposals depreciation				
Accumulated depreciation 31 December 2012		(15 650)	(24 228)	(39 878)
Accumulated impairments 31 December 2011		(8 553)		(8 553)
Impairments/reversals				
Accumulated impairments 31 December 2012		(8 553)		(8 553)
Carrying amount 31 Dec 2012 if CSV's were stated at historical cost	6 839	13 641	121 137	141 618
Revaluation reserve 31 December 2011	1 160		86 595	87 755
Gross change in revaluation surplus	6 072		2 524	8 596
*Revaluation reserve 31 December 2012	7 232		89 119	96 351
Accumulated depreciation 31 December 2011			(1 435)	(1 435)
Depreciation premium values			(3 452)	(3 452)
Revaluation reserve 31 December 2012	7 232		84 232	91 464
Carrying amount 31 December 2012	14 071	13 641	205 369	233 081

Depreciation rates

Depreciation method

none

3–15 years

linear

5–25 years

linear

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 ASA is updating the model quarterly
- Two external valuations from independent brokers where the Construction Support Vessel (CSV) and Lay vessel (LV) is traded between a willing buyer and a willing seller in an active market
 - the Brokers opinion of recent newbuilding quotes of similar tonnage
 - the Brokers are evaluating the replacement costs of comparable vessels
 - the Brokers are evaluating if any recent sales of comparable vessels in the market.

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

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

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

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

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.

Please refer to Note 27 for further information on fair value.

NOTE 12. TAX

	USD '000	
	2013	2012
Tax payable Norway	9	2
Tax payable abroad	171	419
Changes in deferred tax Norway	720	4 342
Adjustments previous year		
Changes in deferred tax abroad	(2 169)	
Income tax	(1 268)	4 763
Reconciliation of tax payable		
Tax payable in profit and loss account		
Credit deduction, international		
Tax, international	182	53
Corrections previous years		
Tax payable in balance sheet	182	53
Reconciliation of nominal and effective tax rate		
Profit before tax	(4 552)	(6 654)
Applicable 28 % tax rate	(1 275)	(1 863)
Variance, actual and expected income tax expense	7	2 900
Explanation of why actual tax cost deviates from expected tax cost		
Tax effect from non-deductible costs		
Tax effect from non-taxable income	(3 313)	(3 559)
Effect of foreign trade tax		
Effect of shipping company taxation	604	4 342
Difference between foreign tax rate and Norwegian tax rate	336	(60)
Changes utilization of tax loss carry forward		
Tax previous years		(110)
Non capitalized deferred tax effect	2 380	2 287
Variance compared to applicable tax rate	7	2 900

Income tax in other comprehensive income	2013			2012		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Changes in revaluation model for non-tonnage tax companies	2 236	604	1 632	15 507	4 342	11 165
Other comprehensive income						
Translation differences	(21)			(380)		
	2 215	604	1 632	15 127	4 342	11 165

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	2013	2012
Other current balance sheet items		
Amount linked to current balance sheet items		
Deferred tax on equity transactions		
Deferred tax on revaluation model	(13 814)	(17 575)
Loss carried forward	228 000	211 333
Amount linked to long-term balance sheet items	214 186	193 758
Total basis for deferred tax assets	214 186	193 758
Total deferred tax (-) / tax assets		
– Deferred tax/ tax assets, companies taxed as shipping companies		
Deferred tax assets calculated	59 972	54 252

Calculation of deferred tax / tax asset

Deferred tax recognised in balance sheet		
Deferred tax asset recognised in balance sheet	6 000	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 6.0 million as a deferred tax asset for the operations in the Netherland. The deferred tax asset is related to the equipment business, and is based on latest forecast for this business. Plans indicates that there will be sufficient taxable profit to offset some of the tax loss carry forward before 2018, which is the period of utilization. Contracts and budgeted revenue with customers gives convincing evidence to support the conclusion that the deferred tax asset can be recognized in the accounts.

Parent company Oceanteam Shipping ASA has suffered large tax losses from exiting the contracting business. The basis for potential deferred tax loss is estimated to amount to 169 million USD for the Norwegian entities and EUR 39 million for abroad operations. Confirmation from the tax authorities of a deferred tax loss of NOK 1 017 million has been received in October 2013. 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	
	2013	2012
Trade receivables at nominal value	6 947	7 723
Less: provision for impairment of trade receivables	632	65
Trade receivables net	6 315	7 658
Other current receivables	4 777	7 321
Receivables 31.12.	11 092	14 979

Movements on the Group provision for impairment of trade receivables are as follows:

At 1 January	65	390
Provision for receivables impairment	590	(325)
At 31 December	655	65

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

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

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

	USD '000	
	Trade receivables 2013	Other receivables 2013
USD (Shipping segment)	2 261	2 422
EUR (Engineering and equipment)	4 054	2 007
Other		348
Total	6 315	4 777

NOTE 14. CASH AND CASH EQUIVALENTS

USD'000	2013	2012
Cash	19 945	34 846
Cash and cash equivalents 31.12.	19 945	34 846
Of which is restricted deposits*	560	4 025
Unused overdraft facilities 31.12. (in EUR '000)	500	500

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

The cash on the Group is restricted for USD 0.5 million USD in free cash of total in USD 19.4 million, consisting of EUR 1.8 million, NOK 4.1 million, USD 14.1 million, some GBP and MXN.

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 Shipping GmbH	Amsterdam, Netherlands	**	100 %	100 %
Oceanteam Power & Umbilical GmbH	Amsterdam, Netherlands	***	100 %	100 %
Oceanteam Mexico BV	Amsterdam, Netherlands	*	100 %	100 %
Oceanteam Mexico SA de CV	Mexico	**	49 %	90 %
Oceanwind BV	Amsterdam, Netherlands	*	51 %	51 %
Oceanteam Energy Holding NV	Amsterdam, Netherlands		100 %	100 %
DEP BV	Schiedam, Netherlands	*	70 %	70 %
KCI Holding BV	Schiedam, Netherlands	**	70 %	70 %
KCI BV	Schiedam, Netherlands	***	70 %	70 %
Multi Purpose Platform Research & Development BV	Schiedam, Netherlands	****	70 %	70 %
Oceanteam Shipping Monaco SAM	Monaco, France		100 %	100 %
North Ocean 309 AS	Bergen, Norway		100 %	100 %

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

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

On 20 February 2014, Oceanteam Shipping ASA purchases the remaining 30 % shares of KCI BV.

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

For further information about Joint ventures, associates and subsidiaries, see also Note 25:

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

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

DISCONTINUED OPERATIONS:

There were no discontinued operations in 2013.

NOTE 16. SHARE CAPITAL AND SHAREHOLDER INFORMATION**SHARE CAPITAL:**

Oceanteam Shipping ASA has share capital of NOK 14.796.629,- distributed on 29.593.259 shares. All shares are given equally voting rights.

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

Shareholders	Notes	Number of shares	Prc. of total
UBS AG	1,2	9 538 720	32,2 %
CLEARSTREAM BANKING S.A.		4 037 389	13,6 %
OCEANTEAM SHIPPING ASA (own shares)		2 959 324	10,0 %
SKANDINAVISKA ENSKILDA BANKEN AB		1 549 605	5,2 %
OTTERLEI GROUP AS		1 138 280	3,8 %
ROYAL BANK OF SCOTLAND		447 499	1,5 %
J.P. MORGAN CHASE BANK N.A. LONDON		363 245	1,2 %
VARNER-GRUPPEN AS		350 211	1,2 %
YOUNG NOUGATEERS AS		350 000	1,2 %
DALSETH INVEST AS		300 000	1,0 %
RAGE, PER EGIL		260 665	0,9 %
PACTUM LAMBDA AS		200 000	0,7 %
SKARET INVEST AS		200 000	0,7 %
NETFONDS LIVSFORSIKRING AS		181 970	0,6 %
THUNDER INVEST AS		169 500	0,6 %
HANSEN, DAG KARSTEN		150 000	0,5 %
MJELDE, ARVID BJARNE		140 100	0,5 %
EUROCLEAR BANK S.A./N.V. ('BA')		116 414	0,4 %
BAKKEVIG, BJØRN		109 995	0,4 %
ROLLAND, KURT		102 500	0,3 %
Subtotal 20 largest		22 665 417	76,6 %
Others		6 927 842	23,4 %
Total		29 593 259	100,0 %

Board:

Hessel Halbesma (UBS AG)	1	9 538 720	32,2 %
Total for Board		9 538 720	32,2 %

Shareholders	Notes	Number of shares	Prc. of total
Management			
Haico Halbesma, CEO (UBS AG)	1	9 599 707	32,4 %
Torbjørn Skulstad, CFO	2	28 020	0,1 %
Total of shares owned by executive employees		9 627 727	32,5 %
Related parties			
Norha Invest AS	1	3 526	0,0 %
Tor Arend Halbesma	1	50 000	0,2 %
Total shares owned by related parties		53 526	0,2 %
Total shares controlled by Halbesma family	1	9 653 233	32,6 %

1. UBS AG nominee account and Norha Invest AS is controlled by the Halbesma family. Haico Halbesma is currently CEO and Hessel Halbesma is Chairman of Oceanteam Shipping ASA. Haico Halbesma owns 60.987 shares privately and jointly controls 9.603.233 shares together with Hessel Halbesma. Tor Arend Halbesma is son of Hessel Halbesma.

2. Torbjørn Skulstad is CFO of Oceanteam Shipping. On 14 February 2014 the CFO purchased additional 160.000 shares and owns in total 188 020 shares in 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 2013					
Bank/bond borrowings incl. Interest	24 357	66 340	119 357		210 054
Other current liabilities	8 997				8 997
Total liabilities	33 354	66 340	119 357		219 051

At 31 December 2012					
Bank/bond borrowings incl. Interest	26 212	25 742	186 047		238 001
Other current liabilities	5 874				5 874
Total liabilities	32 086	25 742	186 047		243 875

Loans/ Currency of loan		True rate of interest	31 Dec 2013	31 Dec 2012
CSV 101 (USD)	Secured	LIBOR + margin*	28 875	32 175
CSV 102 (USD)	Secured	LIBOR + margin	15 687	18 675
CSV 104 (USD)	Secured	LIBOR + margin*	36 400	41 098
Two FSV's (USD)	Secured	LIBOR + margin	101	1 177
Bond loan (USD)		LIBOR + margin	90 674	90 197
Total interest bearing debt			171 737	183 322
Amounts due within 1 year**			9 701	11 427
Borrowing costs***			4 614	5 410
Total long-term debt			157 421	166 484

* 50 % of interest is fixed.

** Amounts due within 1 year are related to vessel 101, 102, 104 and FSV's.

*** Bank/bond borrowings are carried at amortised cost. This implies that borrowing costs and any other differences between the initial recognized amount and the maturity amount is amortised according to the effective interest rate method.

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 2013.

Oceanteam Shippng ASA has issued corporate guarantees for the secured debt on CSV 101, CVS 102 and CSV 104. The probability that the guarantees will be exercised are minimal.

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 107 % of nominal value pr 31.12.2013. There is no significant difference between fair value and carrying value at amortised cost for the secured bank loans.

TOTAL BANK FACILITIES

As per 31 December 2013 the total interest bearing debt of the Company is USD 171.8 million. The Company had free cash of USD 19,9 millions and an overdraft facility of EUR 500.000. The equity ratio was 37 % per balance sheet date.

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

The Company has issued an unsecured bond loan in the amount of USD 92.5 million dated 24 October 2012.

The Bonds shall amortize as follows:

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

b) the remaining amount under the Bonds shall mature at the final maturity date 24 October 2017

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

Financial covenants:

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

The applicable redemption price for the bond loan is at any time as follows:

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

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

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

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

Oceanteam Bourbon 101 AS (borrower) has entered into a senior secured term loan and guarantee facility agreement dated 06 July 2012 Sparebank 1 SMN bank, DVB Bank SE nordic Branch and NIBC Bank N.V as banks and with Sparebank 1 SMN as agent for a total amount of USD 66 million. The loan balance per 31 December 2013 is USD 57.75 million. The interest rate of the loan is 3 month LIBOR + 3,4 % p.a. The senior secured term loan will be repaid in 20 quarterly instalments of USD 1.65 million from 17th October 2012 until final instalment of USD 34.65 million at 17th July 2017.

Key loan covenants for the borrower include:

- Free cash of minimum USD 500.000
- Working capital to be positive at all times. First year instalments are deducted from short term liabilities according to NGAAP. Market value adjusted Equity of minimum 25 %
- Vessel Value / Loan balance, minimum 135 %

Other key loan covenants include:

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

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 2013 is USD 31.37 million. The loan will be repaid in quarterly instalments of USD 1.5 million until final instalment of USD 31.37 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 instalments are deducted from short term liabilities according to NGAAP.

Other key loan covenants include:

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

This loan has been refinanced in January 2014 with McDermott International Inc and will be repaid in quarterly instalments of USD 1.5 million starting in Q2 2014 until final instalment of USD 26.8 million in January 2015.

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

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

Oceanteam Bourbon 4 AS (borrower) has entered into a credit and guarantee facility agreement in the amount of USD 81 million with Sparebank 1 SMN Bank, DVB Bank SE Nordic and NIBC Bank N.V as lenders and Sparebank 1 SMN as facility agent. The balance of the loan per 31 December 2013 is USD 72.8 million. The current interest is 3 month LIBOR + 3,40 % margin p.a.. The loan will be repaid in 20 quarterly instalments of USD 2.025 million from 17th October 2012 and a balloon of USD 45.525 million expected in Q2 2017. The Company have entered a Swap agreement with Sparebank 1 SMN where 50 % of the principal will be repaid with a fixed interest rate of 0,815 % + 3,40 % Margin.

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

Key loan covenants for the borrower include:

- Market value adjusted equity of 25 %
- Positive working capital at all times.
First year instalments are deducted from short term liabilities according to NGAAP.
- Free cash of minimum USD 500.000

Other key loan covenants include:

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

OTHER LOANS

The two Fast Support Vessels have been financed with two loans from Amstel Lease. Per 31 December 2013 the total balance of the loan was USD 0.1 million. Each loan is repaid through 90 monthly instalments of USD 50.672 with the last instalment in January 2014. The applicable interest rate is 7,175 %.

NOTE 18. OTHER CURRENT LIABILITIES

USD'000		
	2013	2012
Public charges	266	180
Provisions	173	342
Holiday and wages due	441	396
Incurred interest costs	2 617	2 731
Tax payable	182	53
Other short term debt	5 766	2 405
Other current liabilities	9 445	6 107

Incurred interest costs are for the bond loan in NOK (until refinancing date) and after refinancing in USD. For the other loans incurred interest costs are in USD. The amount of provisions are based on the Company's best estimates of the exposure and on legal opinions.

There has been decrease in provision in 2013 since there are progress in legal cases and the outcome has been booked to result. Provision above are related to accruals for group companies and external companies. Other short term debts include outstanding balances with joint ventures and preinvoicing.

NOTE 19. RELATED PARTIES**OCEANTEAM HOLDING BV**

Oceanteam Holding B.V. is controlled by Chairman, Hessel Halbesma and CEO, Haico Halbesma.

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. Amstel Lease Facility has been fully repaid in January 2014.

HEER HOLLAND BV

This company is controlled by CEO, Haico Halbesma, who has an service agreement with Oceanteam Shipping ASA. Heer Holland provides management services at a fixed monthly fee of EUR 27 500.

FEASTWOOD HOLDING LTD

Feastwood is controlled by Chairman, Hessel Halbesma of Oceanteam Shipping ASA. Transactions consists mainly of invoicing of Board Services at hourly rates and recharges related to disbursements.

CENZO BV

CENZO is controlled by Catharina Pos, director of Oceanteam Shipping ASA. Transactions consist mainly of invoicing of Board Services at hourly rates and recharges related to disbursements.

GROOM HILL

Groom Hill is 33 % owned by James Wingett Hill, director of Oceanteam Shipping ASA. Transactions consists mainly of invoicing of Board Services at hourly rates and recharges related to disbursements.

CHALLENGER MANAGEMENT SERVICES S.A.M

Challenger Management Services S.A.M is controlled by Ronald Moolenaar, director of Oceanteam Shipping ASA until 16 November 2012.

Transactions with related parties:

USD'000	Income/recharge exp.		Cost		
Company	2013	2012	2013	2012	Type of transaction
Cenzo BV			(93)	(41)	Other services than Board committee
Oceanteam Holding BV	2		(36)		Other services than Board committee and Amstel Lease guarantee (ending 2014)
Feastwood Holding Ltd	71	86	(895)	(1 039)	Other services than Board committee
Heer Holland BV	1		(424)	(849)	Management Services
Challenger Management Services S.A.M			(12)	(113)	Other services than Board committee
Bourbon Offshore Norway AS	27	60	(701)	(1 115)	JV Interests, shipman fee, handling fee, recharges
J. Ray McDermott	32		(510)	(215)	Management fee and Accounting services

	Customer balance		Vendor balance	
Intercompany balances	2013	2012	2013	2012
Cenzo BV				
Toha Invest BV				
Oceanteam Holding BV			(1)	(5)
Feastwood Holding Ltd			(284)	(44)
Heer Holland BV			(38)	(36)
Challenger Management Services S.A.M			(3)	(97)
Bourbon Offshore Norway AS			(1 754)	1 764
J. Ray McDermott	3 496		(5 160)	3 529

NOTE 20. CONTINGENT LIABILITIES

In Oceanteam Shipping ASA's legal dispute with Sawicon AS and North Sea Shipping AS concerning rights and use of the North Ocean 100-series design under the Norwegian Marketing Act, Gulating Court of Appeal, by verdict of 7 March 2014, has upheld Oceanteam's appeal. Gulating Court of Appeal has invalidated Bergen City Court's previous verdict in favor of Sawicon AS and North Sea Shipping AS. With this ruling Gulating Court of Appeal releases Oceanteam from the obligation to pay the legal costs incurred by Sawicon AS and North Sea Shipping AS in conjunction with the Bergen City Court case.

As a consequence of the ruling there no longer exists an applicable court decision regarding the rights to the North Ocean 100-series design and the case will have to be restarted in Bergen District Court. Oceanteam Shipping ASA has invited Sawicon to settle on amicable terms.

Legal costs are booked as they occur.

NOTE 21. CONTINGENT ASSETS

The Company is disputing a claim from a former creditor of a liquidated former UK entity for hire of a tugboat. The case was rejected by the Bergen Court in January 2012 and is now back in Bergen Main Court and a decision of venue is expected early 2014. The total claim is EUR 695.581, and late interest calculation will come as an addition. If the claim for payment against Oceanteam Shipping ASA is dismissed, the opposing party will pay all legal fees related to this case. Judgment to be given in favour of Oceanteam Shipping ASA is estimated to be significantly high by our legal advisors.

The Company is pursuing a claim on the 2009 Alpha Ventus project for unpaid remedial cost. A positive outcome is expected.

The Company incurred damages through delays caused by incorrect advice from our external consultants, where a settlement to receive EUR 100.000 is in progress.

NOTE 22. GUARANTEES

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

NOTE 23. EVENTS AFTER THE BALANCE SHEET DATE

- Oceanteam Shipping took a 40 % interest in a joint venture with Grupo Diavaz named DOT Shipping. DOT Shipping will focus on providing high-end vessel solutions and integrated services for the Mexican market and is an important milestone in the companies growth plans.
- A positive ruling from Gulating Appeals Court invalidated a previous ruling against Oceanteam in an infringement case against Sawicon and North Sea Shipping regarding the rights to the North Ocean Series.
- OceanWind, a RentOcean joint venture company, has been awarded a 20 year contract with E.ON for cable storage & handling services.
- OceanWind, has been awarded a contract from Vattenfall for cable storage & handling services.
- OceanWind, has been awarded a contract from Prysmian for cable storage & handling services.
- RentOcean has been awarded a contract for end client McDermott for equipment & transport services
- RentOcean, equipment rental services, has been awarded a contract to supply Ceona for a 2.000 Ton certified modular carousel system and a newly designed loading tower with a built-in 15 Ton tensioner for a one-year project plus option for one additional year (1+1 year) in Brazil..
- Oceanteam Shipping has completed a buy out of some minority shareholders in KCI and owns the engineering company 100 percent
- KCI the engineers, has been awarded a significant number of contracts for providing design engineering to Oil & Gas, Offshore Renewables and complex structure clients.
- The revised Shareholders Agreement enables Oceanteam Shipping ASA to take control over the vessel, CSV Southern Ocean.

NOTE 24. EARNINGS PER SHARE

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

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

The Warrants I is 14,898,607 with a subscription price equal to 0.10 NOK. The total number of shares will then increase to 29,977,446 and it will bring in gross cash to the Company of NOK 14.9 million. The Warrants II is 29,599,668 with a subscription price equal to 0.10 NOK. The total number of shares will then increase to 44,678,507 and it will bring in gross cash to the Company of NOK 29.6 million.

*At 5th June 2012 Oceanteam Shipping ASA performed a consolidate (reverse split) of the shares of the Company so that 10 old shares shall give 1 new share. After the share consolidation, the nominal value of the shares shall be NOK 0,50, increase of NOK 0,45 from NOK 0,05. The Company have in total 1.007.526 of own shares. The purchase price has been deducted in other equity.

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

	2013	2012	2012 Warrants II:	
Net Profit (USD '000)	(1 912)	(11 417)	Net Profit (USD '000)	(11 417)
Shares per 1 January	29 593	150 788	Shares per 1 January	150 788
Share consolidation (10:1)		(135 709)	Share consolidation (10:1)	(135 709)
Issued, not registered shares		14 514		
Shares 31 December	29 593	29 593	Shares 31 December	29 593
Own shares 31 December		(1 008)	Own shares 31 December	(504)
Weighted average of shares during the year	27 063	15 180	Weighted average of shares during the year	29 089
			Warrants issued	29 977
			Weighted shares	59 066
Earnings per share (USD)	(0,06)	(0,75)	Earnings per share (USD) including new shares	(0,19)

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

NOTE 25. JOINT VENTURE COMPANIES

CSV vessel	Head Office	The company's total equity	Equity interest	Voting share
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CSV vessels – operating Construction and Support Vessels

NOK'000

Oceanteam Bourbon 101 AS	CSV Oceanteam Bourbon 101	Bergen, Norway	4 214	50 %	50 %
North Ocean II KS	CSV North Ocean 102	Bergen, Norway	178 234	50 %	50 %
North Ocean II AS	CSV North Ocean 102	Bergen, Norway	17 867	50 %	50 %
Oceanteam Bourbon 4 AS	CSV Southern Ocean	Bergen, Norway	111 788	50 %	50 %
Oceanteam Bourbon Spares & Equipment AS		Bergen, Norway	4 031	50 %	50 %

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

2013	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Income	Expenses
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Oceanteam Bourbon 101 AS	32 817	7 478	(25 223)	(16 527)	10 750	(7 320)
North Ocean II KS	40 376	3 965	(13 422)	(5 588)	9 082	(3 140)
North Ocean II AS	2 921	475		250	369	(8)
Oceanteam Bourbon 4 AS	44 933	4 720	(31 929)	(7 871)	10 035	(4 193)
Oceanteam Bourbon Spares & Equipment AS	1 644	83	1 198	303	978	(610)

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

ASSOCIATES

North Ocean 105 AS is an unlisted company which the Group has 25 % ownership interest. The remaining 75 % ownership interest is owned by McDermott International Inc.

The Group has classified its interest in North Ocean 105 AS as associate, which is equity accounted.

The following is summarised financial information for North Ocean 105 AS, based on its financial statements prepared in accordance with Norwegian GAAP, modified for fair value adjustments and differences in the Group's accounting policies.

	North Ocean 105 AS
Nature of relationship with the Group	Operating vessel LV 105
Principal place of business	Bergen, Norway
Ownership interest	25 %
Voting rights held	25 %

The following is summarised financial information for North Ocean 105 AS, based on its financial statement prepared according to Norwegian GAAP, modified for fair value adjustments on acquisition and differences in Group's accounting policies.

In NOK '000	North Ocean 105 AS	
	2013	2012
Revenue	137 903	97 717
Profit before tax	483	42 984
Tax	(19)	(11)
Net result	464	42 973
Current assets	59 287	31 151
Non current assets	643 794	661 533
Current liabilities	(62 982)	(65 766)
Non-current liabilities	(468 864)	(584 087)
Net assets	171 235	42 832

Change in result for North Ocean 105 AS from 2012 to 2013 is materially related to currency fluctuations.

USD'000	North Ocean 105 AS	
	2013	2012
Group's interest in net assets of investee at beginning of year	14 071	5 988
Total comprehensive income attributable to the Group	2 561	2 011
Total other comprehensive income attributable to the Group	1 220	6 072
Carrying amount of interest in investee at end of year	17 852	14 071

Please refer to Note 11 for further information on the carrying value.

Please refer to Note 27 for further information on fair value.

NOTE 26. BUSINESS COMBINATIONS**KORNDÖRFFER CONTRACTING INTERNATIONAL (KCI) BV**

In February 2014 Oceanteam acquired the remaining 30 % of the shares in the engineering company KCI BV.

Voting shares in KCI BV will after completion date be 100 %.

Primary reasons for buying the remaining 30 % shares in KCI is that Oceanteam see the advantages by fully implementing the engineering business within the Group and make use of the synergi effects that arises by this business combination.

100 % goodwill has been taken into account when Oceanteam increased its ownership from 50 % to 70 % in April 2010 through a conversion of debts. Goodwill is therefore not affected for this acquisition.

Consideration is not reported in this annual report due to commercial reasons.

NOTE 27. FAIR VALUE MEASUREMENTS**FAIR VALUE MEASUREMENT OF VESSELS**

A valuation of the group's vessels and the participation in LV 105 was performed by the Company to determine the fair value of the vessels and the interest in LV 105 as at 31 December 2013 and 31 December 2012.. The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income and is shown in 'Other reserves' in Shareholders equity. The following table analyses the non financial assets carried at fair value, by valuation method.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Fair value measurements at 31 December 2013		Figures in USD '000	
	Level 1	Level 2	Level 3
Recurring fair value measurements			
Construction and support vessels			201 700
Investment in associates			17 852
Total carrying amount 31.12.13			219 552

There were no transfers between levels 1 and 2 during the year.

Fair value measurements using significant unobservable inputs (Level 3)

Opening balance 31.12.2012	219 440
Transfers to/(from) Level 3	
Depreciation	(2 251)
Change in revaluation	2 363
Closing balance 31.12.2013	219 552



VALUATION PROCESSES OF THE GROUP

The Group's finance department includes a team that performs the valuations of the vessels and the interest in LV 105, measured at fair value required for financial reporting purposes, including level 3 fair values. This team reports directly to the CFO and the audit committee. Discussions of valuation processes and results are held between the CFO and the valuation team at least once every quarter, in line with the Group's quarterly reporting dates.

On an annual basis, the Group engages external, independent and qualified valuers to review the Group's fair value measurements models.

The valuations of the level 3 vessels and interest in LV 105 have been performed using a combination of a market approach and an income approach. The model for the calculation of the revaluation has the following features:

- Two external valuations from independent brokers is used as a basis for the market approach. The brokers' valuations are based on the assumption that the construction support vessels and Layu vessels are traded between a willing buyer and a willing seller in an active market. Inputs in the valuation include brokers' opinion of recent new building quotes of similar tonnage, evaluation of the replacement costs of comparable vessels and any recent sales of comparable vessels in the market. These assumptions form the brokers' sole opinion of the fair market value. The valuations are based on each vessel traded in the market free of any charter. The brokers' valuations are performed at end of each quarter.
- As the market for CSV vessels are characterized by few transactions of similar tonnage, and charter rates are often adjusted to specific projects, the valuations are mostly based on brokers' opinion of recent new building quotes of similar tonnage and equipment.
- In general, the brokers state that they cannot as brokers give any assurance that the valuation can be substantiated or realized in any actual transactions. The vessels are also valued individually. If any or all 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 estimated economic lifetime is 25 years from delivery of the vessel
- The calculated cash flow from the time charter on the revalued vessel is being compared with the estimated brokers' charter implied by market values estimated by brokers
- The premium value of the vessel is depreciates linear over the useful life of the assets
- The cash flow from the charter is discounted with a WACC of 8.6 %. The calculation of the WACC has the following assumptions:
10 year state USD
A 40/60 ratio of equity/debt

- The option price for the CSV North Ocean 1012 and the LV North Ocean 105 are included in the cash flow connected to the vessels. The options can be called in Q4 2014 and Q2 2017 respectively. When the relevant option period commences, McDermott will have 60 days to call the option. If the option is not called within the option window, the call option will go to Oceanteam Shipping. The call option exercise price for CSV 102 is USD 120 million at the initial transaction date of 19 December 2009 depreciated over 20 years with working capital adjustments. The option exercise price for the LV 105 is USD 95.9 million at the initial transaction date of 20 April 2012 depreciated over 20 years with adjustments for working capital and adjustment for equipment set at an initial value of USD 22.1 million.

Information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair value at 31 December 2013	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
CSV 101	121 600	Market approach	Broker's estimated charter free market price	USD 105-112m	Higher estimated market price result in higher fair value
CSV 102	106 600	Market approach	Broker's estimated charter free market price	USD 144-150m	Higher estimated market price result in higher fair value
CSV 104	175 200	Market approach	Broker's estimated charter free market price	USD 136-143m	Higher estimated market price result in higher fair value
LV 105	46 528	Market approach	Broker's estimated charter free market price	USD 145-152m	Higher estimated market price result in higher fair value
CSV 101	121 600	Income approach	Utilization	85 %-100 %	Higher utilization results in higher fair value
CSV 104	175 200	Income approach	Utilization	8 5%-95 %	Higher utilization results in higher fair value
CSV 101	121 600	Income approach	Implied TC rate (annual)	USD 11.5-13m	Higher implied TC result in higher fair value
CSV 104	175 200	Income approach	Implied TC rate (annual)	USD 14.5-16m	Higher implied TC result in higher fair value

NOTE 28. CLASSIFICATION FINANCIAL ASSETS AND LIABILITIES

Financial current assets	2013		2012	
	Loans and receivables	Total	Loans and receivables	Total
Trade receivables	6 315	6 315	7 658	7 658
Other current receivables	4 777	4 777	7 321	7 321
Cash and cash equivalents	19 945	19 945	34 846	34 846
Total financial assets	31 037	31 037	49 825	49 825

Non-current financial liabilities	2013			2012		
	Liabilities held to maturity	Other liabilities	Total	Liabilities held to maturity	Other liabilities	Total
Loans and borrowings	157 421		157 421	166 484		166 484
Non-current financial liabilities						
First year instalments	9 701		9 701	11 427		11 427
Trade payables and other current liabilities		15 517	15 517		11 433	11 433
Total financial liabilities	167 122	15 517	182 639	177 911	11 433	189 344

Liabilities held to maturity are carried at amortised cost. For further information, please refer to loans and borrowings in Note 17, and accounting principles in Note 2.

NOTE 29. IMPACT OF APPLICATION OF IFRS 11 JOINT ARRANGEMENTS

IFRS 11 is issued and is effective from 2014. The Company has not applied IFRS 11 in the 2013 financial report. The effect of applying IFRS 11 will be that the recognition of Joint Ventures will change from proportionate consolidation to the equity method. If IFRS 11 had been adopted from 1 January 2013 the implication on the financial figures would have been as follows:

Figures in USD '000 000			
	Financial Report 2013	Effects of IFRS 11	Estimated Figures 2013
Revenue	60	(31)	29
Net Result	(3)	0	(3)
Total Equity	157	0	157
Tangible Assets	238	(96)	142
Total Assets	291	(76)	215
Equity %	54 %		73 %



FINANCIAL STATEMENTS PARENT

5	Shareholders letter
7	Directors Report
23	Confirmation from the board of directors and CEO
25	Corporate Governance Policy
35	Financial Statements Group
0	Financial Statements Parent
124	Auditors Report
127	Company's Assets

INCOME STATEMENT

01.01 2013 – 31.12 2013

PARENT				
Amount in NOK '000		Notes	2013	2012
OPERATING EXPENSES				
Payroll expenses	3, 14		13 542	15 138
Depreciation	7		385	271
Other operating expenses	3, 16		31 112	15 466
Total operating expenses			45 040	30 875
OPERATING PROFIT/ (LOSS)			(45 040)	(30 875)
FINANCIAL INCOME AND EXPENSE				
Profit on investment in joint ventures, subsidiaries and associates	2, 4		144 953	143 912
Interest from group companies	4		5 987	7 169
Foreign exchange result	4		(12 901)	(2 727)
Reverse write off of financial assets	4, 18		658	4 963
Other financial expenses	4		(1 296)	(679)
Net financial income/expenses	4		(72 500)	(97 016)
Net finance			64 901	55 622
PROFIT/ (LOSS) BEFORE INCOME TAX			19 861	24 747
Tax on ordinary income				390
NET PROFIT/ (LOSS)			19 861	24 357
Attributable to:				
Other equity	13		19 861	24 357
Total			19 861	24 357

FINANCIAL POSITION 31 DECEMBER 2013

ASSETS

PARENT			
Amount in NOK '000	Note	2013	2012
NON CURRENT ASSETS			
Tangible assets			
Project strategy, concessions & rights	7	2 547	
OTS Designs	7	7 147	3 275
Office equipment	7	1 088	1 454
Total tangible assets		10 782	4 729
Financial assets			
Investments in joint ventures and subsidiaries	8	402 692	431 253
Loans to group companies	9, 10	369 549	238 051
Investments in associates	7, 8	30	30
Total financial assets		772 271	669 334
Total non current assets		783 053	674 063
Receivables			
Other receivables		5 903	7 705
Total receivables		5 903	7 705
Cash and cash equivalents	11	26 711	82 244
Total current assets		32 614	89 949
TOTAL ASSETS		815 668	764 013

FINANCIAL POSITION 31 DECEMBER 2013

EQUITY AND LIABILITIES

PARENT				
Amount in NOK '000	Note	2013	2012	
EQUITY				
Owners equity				
Share capital	12, 13	14 797	14 797	
Holdings of own shares	12, 13	(1 480)	(504)	
Share premium reserve	13	7 257	7 257	
Total owners equity		20 574	21 550	
Accumulated profits				
Other equity	13	242 591	230 236	
Total accumulated profits		13	242 591	230 236
Total equity		263 165	251 787	
LIABILITIES				
Bond loan	10	530 822	474 353	
Other non-current liabilities	9, 10		8 205	
Total other non current liabilities		530 822	474 353	
Current liabilities				
Payable tax	5		390	
Accounts payable		8 050	8 396	
Public duties payable		535	317	
Other current liabilities		13 096	28 769	
Total current liabilities		21 680	37 872	
Total Liabilities		552 503	512 225	
TOTAL EQUITY AND LIABILITIES		815 668	764 013	

Bergen, 24 April 2014

The board of Directors Oceanteam Shipping ASA



Hessel Halbesma
Chairman



Catharina Pos
Director



James Hill
Director



Haico Halbesma
Chief Executive Officer

CASH FLOW STATEMENT

01.01 – 31.12

PARENT		
Amount in NOK '000	2013	2012
Cash flow from operating activities		
Profit/ (loss) before income taxes	19 861	24 747
Depreciation	385	271
Paid taxes	(390)	
Change in accounts receivables	1 802	5 805
Change in accounts payable	(346)	1 268
Items classified as investment/financing activities	49 377	(27 196)
Change in other accruals	(7 858)	3 586
Net cash flow from operating activities	62 831	8 481
Cash flow from investing activities		
Paid-out from purchase of fixed assets	(19)	(2 723)
Paid in from subsidiaries	85 854	10 080
Paid-out for loan to associates	(195 715)	(4 264)
Net cash flow from investing activities	(109 880)	3 093
Cash flow from financing activities		
Paid-in from new loans raised		474 353
Paid out – non current liabilities		(497 587)
Treasury shares	(8 482)	(4 047)
Paid in Equity		14 514
Paid-in dividend		75 051
Net cash flow from financing activities	(8 482)	62 284
Net change in cash and cash equivalents	(55 531)	73 858
Cash and cash equivalents at 01.01	82 244	8 386
Cash and cash equivalents at 31.12	26 711	82 244

NOTES TO THE FINANCIAL STATEMENTS PARENT

NOTE 1. PRIMARY ACCOUNTING PRINCIPLES

The financial statements, which have been presented in compliance with the Norwegian Public Liability Companies Act, the Norwegian Accounting Act and Norwegian generally accepted accounting principles in effect as of 31 December 2013, 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. The different accounting principles are further commented on below.

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

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

ACCOUNTING PRINCIPLES FOR MATERIAL ITEMS

REVENUE RECOGNITION

Revenue is normally recognized at the time of delivery of services. Oceanteam Shipping ASA issues management fees to companies in the same Group which goes to cost reduction in the same account group as the invoiced companies will book to cost. There are also calculated interests for intercompany receivable based on intergroup cash pooling agreement.

OTHER OPERATING EXPENSES

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.

DIVIDENDS

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.

Dividend from subsidiaries and Joint ventures will only be recognized per balance sheet date if it's significantly more likely than not that the dividend will be approved in the relevant company. Any dividend received from Joint venture companies must be paid directly into the dividend account to serve the bond loan according to agreement.

USE OF ESTIMATES

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

PENSIONS

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

DEPRECIATION

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

INCOME TAX

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

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

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

FOREIGN CURRENCY TRANSLATION

FUNCTIONAL AND REPORTING CURRENCY

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's functional currency is in NOK, which is the Parent Company's presentation currency in 2013.

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'.

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.

INTANGIBLE ASSETS

Intangible assets are recognized to the extent that the criteria for capitalization are met and are measured at cost and accumulated impairment losses.

Intangible assets are to be tested annually for impairment and 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.

TANGIBLE ASSETS

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

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

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

INVESTMENT IN JOINT VENTURES. SUBSIDIARIES AND ASSOCIATES

Subsidiaries and investments in joint ventures and associates 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.

ACCOUNT RECEIVABLES AND OTHER RECEIVABLES

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

CASH FLOW STATEMENT

The cash flow statement is presented using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows. 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. PROFIT ON INVESTMENT

NOK '000	2013	2012
By business area		
Dividend from joint venture companies	149 283	122 500
Dividend from subsidiaries (specification below)*	(4 330)	21 412
Income from associates		
Total	144 953	143 912
Geographical distribution		
Europe	144 953	143 912
Total	144 953	143 912

*Dividend from subsidiaries

Subsidiaries KCI BV has not formalized the dividend for 2012. The booked dividend from KCI BV in 2012 was reversed in the account for 2013.

Dividend from KCI BV booked in 2012	21 412
Actual dividend 2012	13 013
Reversed dividend booked in 2013	(8 399)
Dividend from subsidiaries booked in 2013	4 069
Total	(4 330)

NOTE 3. EMPLOYEES, BOARD AND AUDITOR

NOK '000		
	2013	2012
Employee benefits expense		
Salaries	3 116	3 839
Social security	530	479
Pension costs	166	205
Other benefits	162	112
Payroll expenses invoiced from other group companies	9 568	10 504
Total	13 542	15 138
Employees in Oceanteam Shipping ASA in average	6	6

Management remuneration						
	Position	Board fees	Wages	Wages	Other remuneration	Total
2013						
Haico Halbesma	CEO		2 593		1 373	3 966
Torbjørn Skulstad	CFO		766	62	1 776	2 604
Hessel Halbesma	Chairman	300			4 057	4 357
Mrs Catharina Pos	Director	200			554	754
Mr James Hill	Director	200			451	651
Total		700	3 359	62	8 210	12 331
2012						
Haico Halbesma	CEO		2 450		1 216	3 666
Torbjørn Skulstad	CFO		1 500	62	375	1 937
Hessel Halbesma	Chairman	300			5 920	6 220
Mrs Catharina Pos	Director	200			247	447
Mr Ronald Moooleenaar	Director	200			652	852
Total		700	3 950	62	8 410	13 122

Guidelines for determination of salary and other remuneration to the CEO and senior employees of Oceanteam Shipping ASA.

The guiding principle of Oceanteam's senior management salary policy is to offer senior employees terms of employment that are competitive in relation to salary, benefits in kind, bonus and pension scheme, taken together. The Company shall offer a salary level that is comparable with corresponding companies and activities, and taken into account of the Company's need to have well qualified personnel at all levels. The determination of salary and other remuneration to senior employees at any given times shall be in accordance with the above guiding principle. Senior employees shall only receive remuneration in addition to basic salary in the form of a bonus. The amount of any bonus to the CEO shall be set by the Board. There is a bonus/incentive scheme for the CEO. There are no options, or pensions agreement with the CEO. The CEO has also waived his protection in relation dismissal. For this waiver twelve month salary is offered as compensation.

The management has an incentive scheme where the incentive is connected to "HR SMART" objectives and appraisals and is based on the yearly gross salary. If payment should be in shares, share prices will be calculated at market value.

The management of the Company has not received any share-based payment in 2013.

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

There has not been given loans, advance payments and security by the Company or other companies in the Group to the individual senior executives and the individual members of the board of directors, audit committee and other elected corporate bodies.

There has neither been given remuneration or other benefits to members of audit committee or other elected corporate bodies.

AUDITOR

Auditor's fee consists of the following:

NOK '000	2013	2012
Statutory audit	1 206	727
Other assurance services	325	688
Tax advisory	281	218
Other	7	5
Total	1 819	1 638

VAT is not included in the auditor's fee.

NOTE 4. FINANCIAL INCOME AND FINANCIAL EXPENSES

NOK '000		
	2013	2012
Finance income		
Income investment in joint ventures	149 283	122 500
Income investment in subsidiaries	(4 330)	21 412
Interest income from group companies	5 987	7 168
Other interest income	192	255
Other financial income (agio)	41 789	61 515
Total finance income	192 922	212 850
Finance costs		
Reversing write-down investment in subsidiaries	658	4 963
Interest expenses	(62 708)	(48 772)
Call premium	(2 810)	(48 648)
Other financial expenses	(8 471)	(530)
Other financial cost (disagio)	(54 691)	(64 242)
Total finance costs	(128 021)	(157 229)
Result financial items	64 901	55 622

NOTE 5. INCOME TAXES

NOK '000	2013	2012
Income tax expense		
Tax payable		390
Tax payable previous year		
Changes in deferred tax		390
Total income tax expense		
Tax base calculation		
Profit before income tax	19 861	24 747
Permanent differences	(116 690)	(118 672)
Changes in temporary differences	(1 776)	(2 479)
Tax base	(98 605)	(96 404)
Temporary differences:		
Fixed assets	(9 032)	(11 309)
Non-current receivables		
Non current assets		
Current assets		
Profit and Loss account	2 006	2 507
Tax-deductible part of write-down		
Taxable income from Subsidiaries		
Effect foreign exchange on long-term liabilities		
Other temporary differences		
Total	(7 026)	(8 802)
Loss carry forward	(1 116 366)	(1 017 761)
Taxable income from Subsidiaries	4 352	4 317
Total	(1 119 041)	(1 022 246)
Temporary differences not included in base for calculating deferred tax	(1 119 041)	(1 022 246)
Deferred tax liability (asset)		
Effective tax rate	2013	2012
Expected income taxes at statutory		
tax rate 28%	5 561	6 929
Permanent differences (28%)	(32 673)	(33 228)
Change in temp. differences not recognised	27 112	26 299
Income tax expense		390
Effective tax rate in %	0,0 %	1,6 %

NOTE 6. DEFERRED TAX

Confirmation from the tax authorities of a deferred tax loss of NOK 1 017 million has been received in October 2013. Deferred tax assets are not recognised in the balance sheet as there is uncertainty regarding utilization in foreseeable future.

NOTE 7. ASSETS

NOK '000	2013	2012
Participation in LV 105		
Acquisition cost at 01.01	30	30
Disposals		
Book value 31.12.2013	30	30
Property, plant and equipment. Movables, fixtures a.o.		
Acquisition cost at 01.01.	3 435	2 575
Additions	19	860
Disposals		
Acquisition cost 31.12.	3 454	3 435
Accumulated amortisation at 31.12.	(2 365)	(1 980)
Accumulated impairments 31.12.		
Reversed impairments 31.12.		
Book value at 31.12.2013	1 088	1 454
Depreciation for the year	(385)	(271)
Impairments for the year		
The useful economic life is estimated to be:	3–5 years	3–5 years
OTS Designs		
Acquisition cost at 01.01	3 275	1 412
Additions	3 872	1 862
Disposals		
Book value 31.12.2013	7 147	3 274

This balance item include cost related to design of vessel for 300-series. This project started already in 2011 and so far been through different performance studies where KCI, Marin and several external consultants have been engaged. Oceanteam have also initiated for research work related to a whole new design and will have the rights and ownership to all outcome of this project when it comes to drawings, researches, tests etc. The design project is not finalized and is therefore not depreciated.

Total MNOK 3.9 is capitalized in 2013 because the Company has made assesement around this and considered that this meets the criteria for capitalization. It is assumed that the total expected earnings from ongoing research and development corresponds to total expenses.

NOK '000	2013	2012
Project strategy,concessions & rights		
Acquisition cost at 01.01.		
Additions	2 547	
Disposals		
Book value 31.12.2013	2 547	

The balance item include cost for all work related to the vessel in DOT Shipping.

Total tangible asset 31.12.2013	10 782	4 728
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NOTE 8. INVESTMENT IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

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

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

** The remaining 30% shares have been acquired on 20 February 2014.

Investments valued at cost (company accounts)					
Company name	Share capital	Number of shares	Book Value	The Company's total equity	Net profit 2013
	NOK		NOK	NOK	NOK
Oceanteam Bourbon 101 AS	2 613	2 610	1 911	4 214	10 541
Oceanteam Bourbon 4 AS	114 805	100	57 403	111 788	29 105
North Ocean II KS	177 730	177 730	80 050	178 234	59 370
North Ocean II AS	17 863	17 863 000	8 932	17 867	25 397
North Ocean 105 AS	138 000	19 119	30	171 235	43 158
North Ocean 309 AS	100	100	110	261	(336)
Oceanteam Bourbon Equipment & Spares	30	15	31	4 031	4 163
Sum			148 450	487 631	128 702

Abroad companies in EUR '000	Share capital	Number of shares	Book Value	The Company's total equity	Net profit 2013
	EUR		NOK	EUR	EUR
Oceanteam II BV	18	18 000	173 633	(205)	(49)
Oceanteam Energy Holding NV	45	45 000	79 475	(269)	(390)
Oceanteam Shipping Monaco SAM	150	1 500	1 164	130	71
Sum			254 272	(344)	(368)

NOTE 9. INTERCOMPANY BALANCES WITH GROUP COMPANIES AND ASSOCIATES

NOK '000		
Intercompany balances	2013	2012
Oceanteam Bourbon 101 AS	73 778	39 934
North Ocean II AS	11 887	(7)
North Ocean II KS	108 268	38 063
Oceanteam Bourbon 4 AS	19 796	45 286
Oceanteam Bourbon Spares & Equipment AS	1 099	
Oceanteam II BV	1 194	1 312
Oceanteam Mexico SA de CV	63 043	52 987
Imera NV	522	426
Oceanteam Mexico BV	613	492
Oceanteam Energy Holding NV	10 035	16 608
Oceanteam Equipment Base Ltd	1 329	638
North Ocean 309 AS	2 861	2 194
Oceanteam Shipping Monaco SAM	329	4 189
OceanWind BV	(21)	169
North Ocean 105 AS	39 136	25 008
Oceanteam Shipping BV	34 013	9 691
Sum	369 549	238 051

NOTE 10. RECEIVABLES AND LIABILITIES

NOK '000	2013	2012
Receivables/ liabilities due in more than one year		
Loans to group companies	369 549	238 051
Long term liabilities due in more than one year		
Bond Loan – nominal value	(551 452)	(501 630)
Bond Loan – expected call premium accrued	(2 810)	(446)
Borrowing cost (to be amortized over loan period)	23 439	27 723
Liabilities to group companies		
Total	(530 822)	(474 353)

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

The Company has issued an unsecured bond loan in the amount of USD 92.5 million dated 24 October 2012.

The Bonds shall amortize as follows:

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

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

Financial covenants:

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

The applicable Redemption Price for the bond loan is at any time as follows:

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

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

CORPORATE GUARANTEES

Oceanteam Shipping ASA has issued corporate guarantees for the secured bank loans, Oceanteam Bourbon 101 AS and Oceanteam Bourbon 4 AS and North Ocean II KS. The probability that the guarantees will be exercised are minimal.

NOTE 11. BANK DEPOSITS

Tax deducted from employees, deposited in a separate bank account NOK 360.034.
Oceanteam Shipping ASA deposit bank guarantee for legal case amount NOK 5.325.425.

NOTE 12. SHARE CAPITAL AND SHAREHOLDER INFORMATION**SHARE CAPITAL PR PR 31.12.2013**

Oceanteam Shipping ASA has a share capital of NOK 14.796.629, distributed on 29.593.259 shares.

Below shows the current 20 largest shareholders:

Shareholders		Number of shares	Equity interest
UBS AG	1	9 538 720	32,2 %
CLEARSTREAM BANKING S.A.		4 037 389	13,6 %
OCEANTEAM SHIPPING ASA (own shares)		2 959 324	10,0 %
SKANDINAVISKA ENSKILDA BANKEN AB		1 549 605	5,2 %
OTTERLEI GROUP AS		1 138 280	3,8 %
ROYAL BANK OF SCOTLAND		447 499	1,5 %
J.P. MORGAN CHASE BANK N.A. LONDON		363 245	1,2 %
VARNER-GRUPPEN AS		350 211	1,2 %
YOUNG NOUGATEERS AS		350 000	1,2 %
DALSETH INVEST AS		300 000	1,0 %
RAGE, PER EGIL		260 665	0,9 %
PACTUM LAMBDA AS		200 000	0,7 %
SKARET INVEST AS		200 000	0,7 %
NETFONDS LIVSFORSIKRING AS		181 970	0,6 %
THUNDER INVEST AS		169 500	0,6 %
HANSEN, DAG KARSTEN		150 000	0,5 %
MJELDE, ARVID BJARNE		140 100	0,5 %
EUROCLEAR BANK S.A./N.V. ('BA')		116 414	0,4 %
BAKKEVIG, BJØRN		109 995	0,4 %
ROLLAND, KURT		102 500	0,3 %
Subtotal 20 largest		22 665 417	76,6 %
Others		6 927 842	23,4 %
Total		29 593 259	100 %

Shareholders		Number of shares	Equity interest
Board:			
Hessel Halbesma (UBS AG)	1	9 538 720	32,2 %
Total for Board		9 538 720	32,2%
Management			
Haico Halbesma, CEO (UBS AG)	1	9 599 707	32,4%
Torbjørn Skulstad, CFO	2	28 020	0,1%
Total of shares owned by executive employees		9 627 727	32,5%
Related parties			
Norha Invest AS	1	3 526	0,0%
Tor Arend Halbesma	1	50 000	0,2%
Total shares owned by related parties		53 526	0,2%
Total shares controlled by Halbesma familiy	1	9 653 233	32,6%

1. UBS AG nominee account and Norha Invest AS is controlled by the Halbesma family. Haico Halbesma is currently CEO and Hessel Halbesma is Chairman of Oceanteam Shipping ASA. Haico Halbesma also owns 60.987 shares privately and jointly controls 9.603.233 shares together with Hessel Halbesma. Tor Arend Halbesma is son of Hessel Halbesma.

2. Torbjørn Skulstad is CFO of Oceanteam Shipping. 14 February the CFO purchased additional 160.000 shares and owns in total 188 020 shares in Oceanteam Shipping ASA.

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

NOTE 13. EQUITY

NOK '000				
	Share capital	Premium fund	Accumulated profit	Sum
Equity 31.12.12	14 292	7 257	230 236	251 786
Write down of shares				
Capital Increase				
Purchase of own shares	(976)		(7 506)	(8 482)
Reserve for valuation variances				
Reclassifying funds				
Net profit for the year			19 861	19 861
Equity 31.12.13	13 316	7 257	242 591	263 165

Purchase of own shares see specification in Note 15.

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

On 22 February 2013 Oceanteam Shipping ASA purchases 1.951.798 own shares at NOK 4.30 per share in the market. After this transaction Oceanteam owns a total of 2.959.324 own shares representing 9.99 % of the shares in the Company. The calculations are made on the basis of 29.593.259 shares in the Company.

NOTE 16. EVENTS AFTER THE BALANCE SHEET DATE

- Oceanteam Shipping took a 40% interest in a joint venture with Grupo Diavaz named DOT Shipping. DOT Shipping will focus on providing high-end vessel solutions and integrated services for the Mexican market and is an important milestone in the companies growth plans.
- A positive ruling from Gulating Appeals Court invalidated a previous ruling against Oceanteam in an infringement case against Sawicon and North Sea Shipping regarding the rights to the North Ocean Series.
- OceanWind, a RentOcean joint venture company, has been awarded a 20 year contract with E.ON for cable storage & handling services.
- OceanWind, has been awarded a contract from Vattenfall for cable storage & handling services.
- OceanWind, has been awarded a contract from Prysmian for cable storage & handling services.
- RentOcean has been awarded a contract for end client McDermott for equipment & transport services
- RentOcean, equipment rental services, has been awarded a contract to supply Ceona for a 2000T certified modular carousel system and a newly designed loading tower with a built-in 15 Ton tensioner for a one-year project plus option for one additional year (1+1 year) in Brazil..
- Oceanteam Shipping has completed a buy out of some minority shareholders in KCI and owns the engineering company 100 percent
- KCI the engineers, has been awarded a significant number of contracts for providing design engineering to Oil & Gas, Offshore Renewables and complex structure clients.
- The revised Shareholders Agreement enables Oceanteam Shipping ASA to take control over the vessel, CSV Southern Ocean.

NOTE 17. MARKET RISK

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

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

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

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

The market risk is currency risk reflected on the bond loan since this loan is in USD. The bond loan has quarterly roll over on the interest rate which is 3 month LIBOR plus 11,25% margin. Please also see Note 10 where Bond Loan is described in further details.

NOTE 18. CONTINGENT LIABILITIES

In Oceanteam Shipping ASA's legal dispute with Sawicon AS and North Sea Shipping AS concerning rights and use of the North Ocean 100-series design under the Norwegian Marketing Act, Gulating Court of Appeal, by verdict of 7 March 2014, has upheld Oceanteam's appeal. Gulating Court of Appeal has invalidated Bergen City Court's previous verdict in favor of Sawicon AS and North Sea Shipping AS. With this ruling Gulating Court of Appeal releases Oceanteam from the obligation to pay the legal costs incurred by Sawicon AS and North Sea Shipping AS in conjunction with the Bergen City Court case.

As a consequence of the ruling there no longer exists an applicable court decision regarding the rights to the North Ocean 100-series design and the case will have to be restarted in Bergen District Court. Oceanteam Shipping ASA has invited Sawicon to settle on amicable terms.

Oceanteam Shipping ASA has appealed the verdict based on a thorough analysis of the case together with its external advisors.

Legal costs are booked as they occur and periodized to relevant period.

NOTE 19. CONTINGENT ASSETS

The Company is disputing a claim from a former creditor of a liquidated former UK entity for hire of a tugboat. The case was rejected by the Bergen Court in January 2012 and is now back in Bergen Main Court and a decision of venue is expected early 2014. The total claim is EUR 695.581, and late interest calculation will come as an addition. If the claim for payment against Oceanteam Shipping ASA is dismissed, the opposing party will pay all legal fees related to this case. Judgment to be given in favour of Oceanteam Shipping ASA is estimated to be significantly high by our legal advisors.

Legal fees of NOK 504.000 related to this case has been booked as a balance item.

The Company is pursuing a claim on the 2009 Alpha Ventus project for unpaid remedial cost. A positive outcome is expected.

NOTE 20. TRANSACTIONS WITH RELATED PARTIES

Company	Income/recharge exp.		Cost		Type of transaction
	2013	2012	2013	2012	
Cenzo BV			(93)	(247)	Cenzo is controlled by Catharina Petronella Johanna Pos, director of Oceanteam Shipping ASA. Transactions consists mainly of invoicing of Boad Services at hourly rates and recharges related to disbursements.
Oceanteam Holding BV	2		(36)		Oceanteam is controlled by CEO, Haico Halbesma and Chairman, Hessel Halbesma Oceanteam Shipping ASA. Oceanteam Holding BV 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. The financing was ended in Q1 2014.
Feastwood Holding Ltd	71	477	(895)	(5 961)	Feastwood Holding Ltd is controlled by Chairman; Hessel Halbesma of Oceanteam Shipping ASA. Transactions consists mainly of invoicing of Boad Services at hourly rates and recharges related to disbursements
Heer Holland BV	1		(2 544)	(4 882)	Heer Holland BV is controlled by CEO, Haico Halbesma of Oceanteam Shipping ASA. Monthly management services.
Challenger Management Services S.A.M			(12)	(652)	Challenger Management Services S.A.M is controlled by Ronald Moolenaar, director until 16 November 2012. Transactions consists mainly of invoicing of Boad Services at hourly rates and recharges related to disbursements. The relation has been formally ended in Q1 2013.
Groom Hill			(67)		Groom Hill is 33% owned by James Wingett Hill, director of Oceanteam Shipping ASA. Transactions consists mainly of invoicing of Boad Services at hourly rates and recharges related to disbursements

Company	Customer balance		Vendor balance	
	2013	2012	2013	2012
Cenzo BV				
Toha Invest BV				
Oceanteam Holding BV			(1)	(29)
Feastwood Holding Ltd			(284)	(246)
Heer Holland BV			(38)	(202)
Challenger Management Services S.A.M			(3)	(539)
Groom Hill			(8)	

NOTE 21. TRANSACTIONS WITH GROUP COMPANIES

NOK '000	Income		Cost	
	2013	2012	2013	2012
Imera NV	32	26		
AA to KCI Holding				
Oceanteam Shipping BV	1 128	6 921		
Oceanteam Mexico BV	38	30		
Oceanteam Mexico SA de CV	3 958	3 669		
Oceanteam Shipping GmbH	89	710		
Oceanteam Equipment Base Ltd	85	180		(59)
Oceanteam Bourbon 101 AS		1 817		
North Ocean II KS				
North Ocean II AS				
Oceanteam Bourbon 4 AS	72	1 216		
North Ocean 309 AS	173	115		
Oceanteam Shipping Monaco SAM	134	97		
OceanWind BV	10			
Oceanteam Bourbon Spares & Equipment	21			

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

Please also see Note 9 for intercompany balances.

AUDITORS REPORT



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To the Annual Shareholders' Meeting of Oceanteam Shipping ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Oceanteam Shipping ASA, which comprise the financial statements of the parent company Oceanteam Shipping ASA and the consolidated financial statements of Oceanteam Shipping ASA and its subsidiaries. The parent company's financial statements comprise the balance sheet as at 31 December 2013, 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 statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

Auditor's Responsibility

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

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

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

Offices in:

Oslo	Haugesund	Sandnessjøen
Ålesund	Karvik	Stavanger
Bergen	Kristiansund	Ski
Bodo	Larvik	Struma
Bærum	Mari Rana	Thomso
Finnsnes	Molde	Tordahlstun
Grimstad	Narvik	Tromsø
Hauger	Perse	Ålesund
	Sandnessjøen	

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Statutsensert revisor - medlemmer av Den norske Revisjonsforening.



Independent auditor's report 2013
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 2013, 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 2013, 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 the statements on Corporate Governance and Corporate Social Responsibility

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 in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the coverage of the loss is consistent with the financial statements and complies with the law and regulations.

Opinion on Accounting Registration and Documentation

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

Bergen, 25 April 2014

KPMG AS

Knut Olav Karlsen

State Authorized Public Accountant



COMPANY'S ASSETS

- 5 Shareholders letter
- 7 Directors Report
- 23 Confirmation from the board of directors and CEO
- 25 Corporate Governance Policy
- 35 Financial Statements Group
- 99 Financial Statements Parent
- 124 Auditors Report

Company's 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 and 31). The first of the standard design NorthOcean 100 series is jointly owned by Oceanteam Shipping and Bourbon Offshore Norway. The ship is 125 meters in length with a 27 meter beam. Its excellent seafaring capabilities, one 150 tonnes and one 100 tonnes fully heave compensated cranes, moon pool, 2000m2 free deck space and 120 accommodation enables CSV Bourbon Oceanteam 101 to be utilised for field support, construction, installation and IRM support.

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



CSV NORTH OCEAN 102

This DP2 Construction Support Vessel was delivered in Q4 2008. The vessel has worked for ABB High Voltage AB from its delivery and was mobilised with a 7000T, 2 x 120T tensioners flexible product installation spread. CSV North Ocean 102 is equipped with one 100T heave compensated crane. The second of the standard design North Ocean 100 series has been converted into one of the largest flexible product installation vessels in the world suitable for both subsea power cables and umbilicals. 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 umbilical 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. This DP2 Construction Support / Flexible Product Installation vessel combines a moon pool, two large cranes (1 x 250 tonnes and 1 x 100 tonnes, heave compensated), 2500m² deck space, 120 accommodation and excellent seafaring capabilities, enabling her to be utilised for field support, construction, installation and IRM.



LAY VESSEL NORTH OCEAN 105

High-capacity, rigid-reeled vertical pipe lay vessel, with 3000T payload reel capacity for subsea construction and installation, and deepwater moorings installation; which was delivered on 20th April 2012. The vessel has started a five year charter contract with McDermott at delivery.

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 MANTARRAYA / FSV TIBURON

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

EQUIPMENT



1250T, 2000T AND 4000T MODULAR CAROUSELS

The RentOcean carousel systems consists of a basket, spiderframe, gooseneck tower and 20ft Containerised HPU. The basket can be raised or lowered via jacking cylinders on the spider frame so that during vessel transit the basket can be lowered into storage position. Rotation speed is varied by means of proportionalhydraulic valves on the HPU.

The new patented carousel series are designed for flexibility and quick mobilisation on standard PSV/CSV with limited deck load, as our carousels have fully loaded a maximum deck load of 8T m2 which can avoid under deck reinforcement. The modular systems are delivered to the mobilisation site in 40ft containers. All system components are 'plug and play' and interchangeable. The 4000T carousel is delivered in such a way that it can be downgraded to a 2000T load capacity carousel and the 2000T carousel can be extended to a 4000T load capacity in a short period of time.



As a result of this new philosophy the equipment is sea and road transportable and can be mobilised to any port around the world in a highly cost effective manner.



EQUIPMENT



10T TENSIONERS

RentOcean has available two 10te Baricon tracked tensioners for installation of power cables and umbilicals. The tensioners are delivered with a control cabin and HPU. Also available are the in 2012 build two 10te tensioners with a 3,185mm track length. These robust systems can be easily bolted or welded to the deck and are road transportable.



15T TENSIONER

New to the equipment pool is the 15te Caterpillar tensioner for installation of a variety of cables with a diameter ranging from 70 – 630mm. The tensioner is delivered with a control cabin and HPU and has a 3,000mm contact length and a maximum opening of 700mm. The cable is always positioned in the centre line, and can be set to speed-mode or tension mode, depending on the specific site and situation. The lower track is fixed, and it is possible to load and unload the cable from the side. This robust system can be easily bolted or welded to the deck and is road transportable.

PROJECTS

Typical design engineering projects



Design of large buoyancy tanks for the Sylwin Alpha substation jacket.



Conversion to a cable lay vessel for Tideway.



Relocation of KCI's own design multipurpose platform from P6-S to Q1-D for Wintershall.



Design of gas production plant for Oranje-Nassau Energie.



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